

## **2009: Reasons for optimism**

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*Straits Times*, 7 January 2009

THIS is the first of the Think-Tank columns of 2009. It would be customary to wish our readers a Happy New Year. However, given the gloom and doom which envelop us, what should we be happy about? As a contrarian, I believe that, when faced with adversity, one should remain calm, have a sense of balance, be aware of the challenges but also of the positives. The following is my partial list of the good news 2009 is likely to hold.

First, I believe that the Asean integration project is on track. The Asean Charter came into force on Dec 15 last year. Singapore has appointed one of its able ambassadors as our first permanent representative to Asean, based in Jakarta. The Asean Human Rights Body will be established when its terms of reference, currently being drafted, are adopted by the foreign ministers. Six of Asean's economic ministers met in Singapore last Dec 16 to sign three economic agreements, thereby ensuring that the momentum for the grouping's economic integration is maintained. The Asean Summit will be held no later than next month.

Second, the current global financial and economic crisis will not derail the rise of Asia. The simultaneous re-emergence of China and India, as well as the less spectacular but steady progress of the Asean economies and the rest of Asia, constitute the biggest growth story of the 21st century. According to the latest World Bank's calculation, 70 per cent of world growth is coming from Asia.

Third, the minds of Asian governments and peoples are focused, not on making mischief, but on promoting convergence, cooperation and compromise. They want to build a new Asia which is peaceful and prosperous. They are seeking to institutionalise this vision by building an East Asian community. There are two community-building processes in progress: Asean Plus Three, comprising the 10 Asean countries as well as China, Japan and South Korea; and the East Asia Summit, comprising Asean Plus Three together with Australia, India and New Zealand. Each grouping has its own history and rationale. They can be viewed as mutually reinforcing intersecting circles.

Fourth, one of the potential hot spots in Asia is the Taiwan Strait. Following the election of Mr Ma Ying-jeou as Taiwan's President, much of the tension in cross-strait ties has dissipated. Chinese and Taiwanese can now visit each other without having to go through a third country; and Chinese and Taiwanese ships and aircraft can sail and fly directly to each other's ports and airports. The warm welcome accorded to two giant pandas from China, Tuan Tuan and Yuan Yuan, by the people of Taiwan is symbolic of the improving relations between the mainland and the island. The prospect of armed conflict across the Taiwan Strait has been substantially reduced.

Fifth, another potential threat is North Korea's nuclear ambitions. The United States, China, Japan, South Korea and Russia are against the nuclearisation of the Korean peninsula. They, together with North Korea, make up the six-party talks. This is the forum which has been negotiating the de-nuclearisation of North Korea and related issues. The policy of the US to engage and negotiate with North Korea has yielded results. The last round of the six-party talks was, however, not so successful. I suspect that this was due in part to the wish of the North Koreans to wait for the Obama administration to take office; and in part to the rumoured ill health of the North Korean leader.

Sixth, it is both economically and strategically important for the countries on both sides of the Pacific Ocean to be linked to one another. Older Asians like me, who have lived through the

Pacific War, are determined to avoid another such war. Twenty years ago, Australia convened the inaugural meeting of the Asia-Pacific Economic Cooperation or Apec in Canberra. The 21 economies of Apec together constitute 55 per cent of world GDP and 50 per cent of world trade. Apec's leaders share the common vision of promoting free trade and investment in the Pacific. Singapore will chair Apec this year, followed by Japan in 2010 and the US in 2011. They should consolidate the achievements of the past 20 years and take Apec to new heights.

Seventh, on Jan 20, the US will inaugurate its 44th President, Mr Barack Hussein Obama. President-elect Obama reminds me of several of his illustrious predecessors. He seems to have the intellect of Thomas Jefferson, the inclusiveness of Abraham Lincoln, the optimism of Franklin D. Roosevelt, the charisma of John F. Kennedy and the eloquence of Ronald Reagan. The President-elect has appointed some of the ablest men and women in America to his team. He faces formidable challenges, both at home and abroad. We wish him well. We wish America to succeed because, although wounded and no longer a hegemon, it remains the indispensable leader of the world.

Eighth, thanks in part to the dynamic leadership of French President Nicolas Sarkozy as the European Union chairman in the second half of last year, the EU can no longer be ignored as irrelevant or dismissed as a 'political dwarf'. It played an instrumental role in making peace between Russia and Georgia. It is leading the world in reducing the emission of greenhouse gases that contribute to global warming. It has also galvanised the navies of some of its member states to fight the Somali pirates. The EU can make many positive contributions to world peace and prosperity and not just as a normative power.

2009 will be a very difficult year for the whole world. Economies will shrink; companies will go out of business; whole industries may die. However, it is not a totally bleak picture. There are positives as well as negatives. I have given eight reasons to be optimistic. Happy New Year.

The writer is chairman of the Institute of Policy Studies. Think-Tank is a weekly column rotated among eight leading figures in Singapore's tertiary and research institutions.