



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

KEYNOTE ADDRESS BY

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AT THE

**COMMEMORATION OF THE 58TH ASEAN DAY AND
THE 7TH ASEAN ECONOMIC INTEGRATION FORUM**

**FRIDAY, 8 AUGUST 2025
PERDANA HALL, MITI TOWER**

Datuk Hanafi Sakri, Datuk Bahria Mohd Tamil, Puan Mastura Ahmad Mustafa
Deputy Secretary-Generals of MITI

Yang Berusaha Professor Dr. Sufian Jusoh
Vice Chancellor of Universiti Kebangsaan Malaysia (UKM)

His Excellency Tetsuya Watanabe
President of the Economic Research Institute for ASEAN and East Asia (ERIA)

Yang Berbahagia Dato' Mohd Khalid Abbasi Abdul Razak
Ambassador of Malaysia to the Kingdom of Belgium and the Head of Mission of Malaysia to the European Union (EU)

Excellencies, Distinguished Guests, Expert Speakers and Convenors

Ladies and Gentlemen,

Salam sejahtera and Salam Malaysia Madani.

May I welcome you to MITI to celebrate the 58th ASEAN Day Commemoration and the official opening of 7th ASEAN Economic Integration Forum (AEIF).

I would like to congratulate MITI and UKM for organising this gathering.

A bit of history

As the saying goes, “nature abhors vacuum”. When the old order dies and the new order is yet to be born, there will be vacuum, and with vacuum comes conflicts, until a new equilibrium is finally reached.

The global shift that we are dealing with could be the greatest change since the end of the Second World War, when most nations in Southeast Asia had not attained independence yet.

But there was a period of volatility which ASEAN was familiar with. In fact, the founding of ASEAN 58 years ago this day had a lot to do with two intertwined historic events.

First, the British withdrawal from the East of Suez. In 1964, the British's defence presence in Malaysia and Singapore was the largest and most expensive component of the country's world-wide role. As the British economy was in shambles, the Members of Parliament from the ruling Labour Party revolted over defence policy in early 1967, forcing the Harold Wilson government to withdraw the military bases in Singapore and Malaysia that year. In 1968, the British government announced the full withdrawal of military presence from the East of Suez by 1971.

Up until then, Singapore and Malaysia depended heavily on Britain for external defence. To put in context, the first two Chiefs of Armed Forces of Malaya were foreigners. The first Malaysian to helm the position was the late General Tunku Osman Mohammad Jawa who took over in 1964. The first Malaysian Air Force Chief, Air Vice Marshall Tan Sri Sulaiman Sujak, who is 91 years old now, and whom I flew with on the same military flight to Langkawi for LIMA this May, took over from a foreigner in 1968. Likewise, the first Malaysian Navy Chief, Tan Sri K Thanabalasingam, who is 89 years old and whom I just met last week, took over as Chief from a foreigner, also in 1968.

Second, the end of Malaysia-Indonesia *Konfrontasi*. The British security “umbrella” was even more important because Malaysia (together with Singapore when it was part of the Federation) fought a low-level but no less deadly war with Sukarno’s Indonesia from 1963 to 1965 over the formation of Malaysia.

By 1967, the Suharto government and Malaysia warmed up to each other bilaterally. Yet the peace between the two nations was achieved against the backdrop of the Vietnam War which drew in hundreds of thousands of American troops to Southeast Asia. At the same time, China was mired in the chaotic Cultural Revolution which had spilled over into Hong Kong and other parts of Southeast Asia.

In short, ASEAN was formed in 1967 to solidify the new found peace between Malaysia and Indonesia, as well as to avoid wars among member states in a time of chaos. It was also influenced by the fear of the domino theory during the Cold War era - if South Vietnam fell to the North Vietnamese communists, other Southeast Asian countries could also become victims of communism.

The lessons that we can draw upon that:

- ASEAN is no stranger to a changing world order and a troubling world;
- ASEAN knew very well in 1967, just as it knows now, that only with a peaceful region will make member nations grow richer; and
- To maintain peace, ASEAN does not need the “security umbrella” of any super powers, but to build peace and prosperity among ASEAN member states.

The Kuala Lumpur Declaration of 1971 to make Southeast Asia the Zone of Peace, Freedom and Neutrality (ZOPFAN) is a non-aligned vision that we in ASEAN still hold on to dearly.

I took time to take you on this tour of history because I want to share with you that we are in a time of unprecedented crisis and change, knowing history gives us the rocks to step upon as we attempt to cross the river into the unknown.

That was then

Since the end of the Cold War, and as the multiple conflicts in Indo-China drew to a close in the 1990s, ASEAN has grown leaps and bounds economically. But just like the East Asian economies, ASEAN has gotten rich by pursuing an export-led industrialisation strategy that presupposed the United States as the final destination for our exports. ASEAN also benefited from a very young population over the past few decades, enabling the region to prosper.

There was also a lack of concerns about climate change and the environment as ASEAN grew in the past decades. The thinking among most leaders at the time was that to develop means we have to sacrifice the environment.

As the economies were vertically integrated with foreign investors but not exactly linked to each other, often the ASEAN economies see each other as competitors.

The prevalent idea then was for the government to negotiate trade deals and to liberalise trade flow, and the rest will be done by the private sector.

This means the ASEAN Secretariat was not equipped with the capacity and capability to integrate ASEAN economies beyond just the trade deals that we signed. There was no serious ASEAN industrial policy, the financial markets were not exactly integrated, and there was no public money or blended financing to advance a common agenda in a big way.

This is now

Now we are facing a complex polycrisis. This means we need a bold re-framing of the situation that we are in right now.

First, peace is no longer guaranteed, and misunderstandings could escalate into conflicts very quickly. The recent Cambodia-Thailand border war is a cautionary tale. ASEAN leaders, especially Prime Minister Datuk Seri Anwar Ibrahim, should be commended for his quick and successful peace-making efforts. But we must go one step further to ensure that we could avoid and prevent wars before even the first shot is fired.

Second, the export-led industrialisation strategy is ending, or at least it is no longer the same. The United States doesn't want to be the consumer of the first or last resort for foreign countries.

We will have to create a middle class among our midst to turn ASEAN into a consumer base, and not just a production base. To have a strong middle class in ASEAN means that the world will have more than the current three large consumer markets: namely, the United States, Europe, and China, which in turn would enhance ASEAN's leverage over other regions.

Third, ASEAN must grow richer before it gets older, and we need to be more empathetic and inclusive in our economic policies. We are becoming an ageing society at a rapid pace. We

cannot afford to have hundreds of millions of people, both poor and old, which is a recipe for political and societal disaster. We need to think about how to grow the incomes of our population and provide better care for our people.

Fourth, climate change is real, and this region is the most vulnerable. We must summon courage, political will, and blended financing that could be deployed to move the needle fast enough to avert the climate crisis. The ASEAN Power Grid is a great idea that needs financing and it is also crucial that it will improve equitability, bringing power to ordinary people who never had access to energy.

Fifth, ASEAN needs much more funding to create common goods, such as a Secretariat that has more resources, capacity, and capability.

All these must be done sooner than later. Allow me to borrow the quote from our Prime Minister during his speech last week in Jakarta when he said:

“... We cannot afford an ASEAN that is weak, fragmented or in conflict with each other – our national fortunes rise or fall with the region. In these increasingly polarised times, ASEAN must continue to harness its convening power to advance dialogue, diplomacy, and strategic trust, while fostering space for meaningful cooperation.”

ASEAN Community Vision 2045 which was adopted on 26 May 2025 at the 46th Summit in Kuala Lumpur, provides a comprehensive framework emphasising a resilient, innovative, dynamic, and people-centred ASEAN.

We will strengthen political-security cooperation to sustain peace and stability, accelerate economic integration underpinned by digital transformation and sustainable growth, and foster socio-cultural development that leaves no one behind. Enhanced connectivity within ASEAN will ensure we are more integrated and agile to face future uncertainties together.

As the ASEAN anthem goes, “we dare to dream, we care to share”. Let us build a peaceful, resilient, inclusive and sustainable ASEAN.

Thank you very much.