

**40 Years of Look East Policy**  
(1982-2022)

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Published by

Japan Malaysia Association

1-1-1 Hirakawacho Chiyoda-ku Tokyo Japan

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Photographs courtesy by Tourism Malaysia and by Cabinet Office of Japanese Government

Transrathion corporate with Language House, Inc., Ms. Sakiko Mogami,

Ms. Mari Peña & Ms. Ayumi Schaal

Editing support by PHP EDITORS GROUP Co., Ltd.

Printed in Japan by SHINANO PRINTING Co., Ltd.

Cover & Book Design by Masakazu Kanemaki

## Preface

The year 2022 marks the 65th anniversary of Malaysia's independence as well as the 40th anniversary of the Look East Policy advocated by Tun Dr. Mahathir bin Mohamad.

Malaysia has grown into one of the most developed countries in Southeast Asia over the past 40 years. Today the country is a multi-ethnic nation with a diverse population of approximately 30 million people living in peace and affluence.

Forty years ago, Tun Dr. Mahathir, who was deeply committed to the future development of his nation, looked not to the United States or Europe for a model to follow but instead to Japan, which was still recovering from the devastating defeat after World War II.

His call to learn from Japan became a national policy called Look East, and more than 20,000 students from both public and private sectors have been sent to Japan over these 40 years. Even today, students from Malaysia continue to come study in Japan.

On the profound cooperation between the two countries over the 40 years of the Look East Policy, we can only find some documents here and there. No book exists that summarizes this policy in a comprehensive manner.

By writing this book, I wanted to look back over the past 40 years and leave a record that would allow us to see at a glance how our two countries have worked together to form and develop mutual trust.

## Preface

We are publishing this book as a milestone, although we are not sure how much value it will have as an objective source of history.

In concluding the preface, I would like to express my deepest gratitude to President Masashi Takai of KINOKUNIYA COMPANY Ltd., Director Syuichiro Ikeya of PHP EDITORS GROUP Co., Ltd., and Ms. Akiko Kato who has covered Malaysia for 25 years as a journalist, forming close relations with Tun Dr. Mahathir, for all their work and support in publishing this book.

December 7, 2022

Japan Malaysia Association

Takakazu Ogawa, President

## Introduction

In December 1981, five months after becoming Prime Minister, I announced the Look East Policy as a part of our national policy.

I had visited Japan in 1961 for the first time with my wife. The construction of the Metropolitan Expressway was underway throughout the city of Tokyo in preparation for the Olympics.

I was amazed at the rate of development that Japan was experiencing. After all, not too long ago Japan had suffered massive devastation from war.

As I observed, I concluded that the recovery of Japan is very much attributed to the Japanese culture and values.

I admired their discipline, hardworking attitude and commitment to responsibility and most of all their deep sense of shame if they failed in their duty. Shame from failure to them was a matter of life and death.

In the Japan of today, that deep sense of shame is still an integral part of the Japanese way of life.

We have heard of how Japanese Railway staff would perform a mass apology ceremony to its passengers if the train is late even by a few minutes!

When I became Prime Minister, I remembered all these admirable qualities of the Japanese. I believed if Malaysians were to have the same attitude, ethics and work culture, then we could progress and develop as Japan.

## Introduction

Of course Japan had conquered Malaysia during the war and was known for their brutality. But we move on, and what we want to emulate is their positive values which to me were key in the rebuilding of their nation from the destruction of war.

Introducing the Look East policy was challenging as Malaysians were more accustomed to Western culture.

Colonial occupation influenced our behaviour and mannerism and even the way some of us speak.

But after my exposure to Japanese culture, I decided that Japanese culture was superior to the West, especially in terms of developing the country and that if this can be adopted by our people, we will be able to develop as the Japanese did.

The Japanese Government was very cooperative towards the Look East Policy and we were able to send our students to Japan for further education and to work.

The policy worked well. It produced good results for those sent to study and work in Japan. Of course, some decided to stay there permanently. However, these values did not extend beyond those who benefited from the policy directly.

Forty years on, I believe the Look East Policy is still relevant. Although the subsequent Malaysian governments after me continued to support the policy, the emphasis was not as strong.

I hope the Look East Policy will continue for many more years. It provides a balance to other cultures, especially the West that we are more

accustomed to and find impossible to do away with totally.

I would like to express my appreciation to the government, companies, and people of Japan for their support in helping us implement the Look East Policy.

A handwritten signature in black ink, consisting of several fluid, connected strokes that form a cursive representation of the name Mahathir bin Mohamad.

Dr. Mahathir bin Mohamad  
4th & 7th Prime Minister of Malaysia  
24th November 2022

# Chapter 1

Malaysia as a Multi-ethnic Nation  
and Its Road to the Look East Policy

### Malaysia as a multi-ethnic nation

Malaysia is located in the southernmost part of Southeast Asia on the Malay Peninsula and part of the island of Borneo. The country has resorts with pristine beaches, and its capital, Kuala Lumpur, is a modern city surrounded by greenery. It is an exceptionally peaceful, stable, and conflict-free multi-ethnic country. It is also a popular destination for the Japanese, whether on vacation or for longer stays.

Behind Malaysia's popularity among Japanese tourists compared to other countries is the fact that it is known as a pro-Japanese country, where Tun Dr. Mahathir bin Mohamad became its fourth Prime Minister in 1981 and advocated the Look East Policy to emulate the hardworking Japanese people.

Walking through any town in Malaysia, people warmly welcome you when they learn that you are Japanese, asking if you are from the country of the Look East Policy. Despite the fact that Malaysia is an Islamic nation and is governed by people of the Islamic faith, which is unfamiliar to the Japanese, it places great importance on harmony with people of other religious faiths. This dynamism attracts people not only from Japan but also from various nations as a place to study or for retirement.

Contributing to the country's reputation as a peaceful and stable country is the legacy of the leadership of Mahathir, who led Malaysia over two periods for a total of 24 years. The national policy that Mahathir implemented for as long as 40 years is the Look East Policy. Before explaining this policy, let us first take a look at the overview and history of Malaysia.

To summarize basic data on Malaysia, the country covers an area of

approximately 330,000<sup>2</sup>, equivalent to 90% of the land area of Japan. The population of 32.66 million (as of 2021) is composed of 69.8% Malays, 22.4% Chinese, and 6.8% Indians. Malay is the national language, but much of the population can speak English because of the English education which began under British colonial rule in the 19th century. Malaysia is a multi-ethnic country where each ethnic group is free to practice its own religion including Buddhism and Hinduism, although the state religion is Islam.

In Malaysia, the Malacca Sultanate was established in 1396, where Islam was declared the state religion in the early 15th century. Malacca was conquered by Portugal in 1511, then by the Dutch in 1641, followed by the British Empire, whose rule of Malacca started in 1824 and expanded to include the entire Malay Peninsula in 1896. In 1941, during the Pacific War, Japanese troops occupied the Malay Peninsula, which was once again placed under the British rule after the war ended in 1945. Twelve years later, the country gained independence from British colonial rule as the Federation of Malaya on August 31, 1957. In 1963, the Federation of Malaysia was established, together with Singapore, Sabah, and Sarawak. After Singapore separated from it to become independent in 1965, Malaysia has remained a federation of 13 states, including 11 states on the Malay Peninsula and Sabah and Sarawak on Borneo Island.

Each state is headed by a Sultan, and the Sultans of the 9 states in the Malay Peninsula take turns to become the king every five years. Malaysia is a constitutional monarchy (parliamentary democracy) under the king, and the head of the political party that wins a majority in general elections for the lower house (222 seats) becomes prime minister, forms a cabinet, and

runs the federal government.

### Malaysia after World War II

To give a brief history of Malaysia after World War II, the British restored military rule following the defeat of Japan on August 15, 1945. In October, the British proposed the idea of the Malayan Union with 9 states, excluding Singapore, managing to get the Sultans to sign in approval. The proposal limited the Sultans' authority to Islamic and traditional matters while a British governor ran the government under the British King.

In response to the proposal which restricted the authority of Sultans and denied the Malay people their status, Dato'Sir Onn bin Dato' Jaafar, who was serving as Chief Minister of Johor, organized a Malayan movement. Later, more than forty organizations met in Kuala Lumpur for a national rally and established the Pan Malaya Malay Council (PMMC).

In Kedah, the opposition movement grew because of the strong-arm tactics used to threaten the Sultan into signing. Mahathir, then a college student, was one of those who joined the movement. However, the British launched the Malayan Union in April 1946, and the PMMC established the United Malays National Organization (UMNO) with Dato'Onn as its first president.

UMNO would go on to campaign nationwide for Malaya's independence, the defense of Islam, Malay privilege, the Malay language, and parliamentary democracy. From then on UMNO was at the center of power, producing Prime Ministers as the ruling party after becoming independent from Britain in 1957, until Mahathir, who organized an opposition coalition, won the 2018 general election for the House of

Representatives.

After the establishment of UMNO in 1949, internal opposition arose to the proposal to include Chinese, Indians, and other political groups. This proposal to include non-Malays was rejected at the 1951 UMNO National Convention, and Hussein Onn resigned. The son of the Sultan of Kedah and a lawyer, Tunku Abudul Rahman was elected President because the acting President, Abdul Razak, was only 29 years old.

UMNO conducted politics to stabilize a multi-ethnic nation by forming a ruling coalition called the National Front (BN) with the Malaysian Chinese Association (MCA), a political party of the Chinese, and the Malaysian Indian Congress (MIC), a political party of the Indians.

In 1954, Rahman consulted with the Secretary of State for the Colonies in England to hold elections for Legislative Council members. The following year, the first Legislative Council member elections were held, and UMNO, MCA, and MIC won 51 of the 52 seats, each party of the coalition putting up candidates in areas with large Malay, Chinese, and Indian populations respectively. In August, Rahman became the first Chief Minister of Malaya, forming his first cabinet with 6 Malays, 3 Chinese, and 2 Indians.

The following year, representatives of this Alliance Party and those of the Sultans held three weeks of negotiations with the British government, which resulted in the independence of the Federation of Malaya on August 31, 1957. A defense treaty was signed with the British, under which British troops would remain stationed in the country even after its independence.

Rahman, who persistently negotiated with the British for independence and succeeded, became the first Prime Minister. His political focus was on

maintaining harmony among Malays, Chinese, and Indians of this multi-ethnic nation, taking a stance to have “the Malays run the government and the Chinese run the economy,” so to speak.

In 1961, the Malaysia Initiative was launched to bring the former British colonies of Sabah, Sarawak, Singapore, and Brunei into the Federation of Malaya to form the Federation of Malaysia. Two years later in 1963, all but Brunei joined this initiative. However, not all the privileges granted to the Malays were granted to the other states.

Meanwhile, Lee Kuan Yew who was a leader of the Chinese rose to power in Singapore, leading to riots by the Malays in 1964. At that time, Lee was clearly against privileging the Malays. The state of Singapore declared its separation and independence on August 9, 1965.

### **Racial Riots and Mahathir’s Expulsion from the Ruling Party**

After the first general election for the House of Representatives on May 10, 1969 following Singapore’s secession, simmering racial tensions surfaced in response to Rahman’s conciliatory policy of “Malays for politics, and Chinese for economics.”

Of the 104 seats in the general election, the ruling coalition lost a significant number of seats, from 89 to 66; UMNO lost seats from 59 to 51; MCA, from 27 to 13; MIC, from 3 to 2. The opposition Chinese party, the Democratic Action Party (DAP), on the other hand, increased its seats significantly from a single seat to 13. This was due to the dissatisfaction of lower-middle class Chinese with the Malay language being the official language and other preferential policies toward the Malays. The Malays were

also frustrated that the wealth gap between them and the Chinese had not narrowed, and that rural development had not progressed.

On May 13, immediately after the election, the worst case of ethnic conflict in Malaysia’s history took place, with 196 people killed and 439 injured in a shooting and arson attack.

Following this incident of racial conflict, Mahathir, who was one of the candidates to succeed Rahman, became increasingly opposed to Rahman’s conciliatory policy and demanded Rahman to resign as prime minister, taking responsibility for the general election defeat and racial riots. As a result, Mahathir was expelled from UMNO. He returned to his hometown of Alor Setar in Kedah, where he published *The Malay Dilemma* the following year while working as a doctor.

In the book he analyzes why the Malays who are the “rightful owners” of Malaya are poor. During the colonial period, the British operated rubber plantations in Malaya, mined tin, and accumulated wealth by seizing control of finance, transportation, and trade, while the indigenous Malays were poor and made a living by farming or, in some cases, by working as officials in the cities. A multi-ethnic society was brought about by the British colonial policy, where the Chinese immigrated to take charge of commerce, creating an economic disparity between them and the Malays. Furthermore, during the Japanese occupation, some Malays became pro-Japanese. When Malaya came under British rule again after the war, the anti-British movement by the Communist Party of Malaya intensified, worsening the relations between the Malays and the Chinese. *The Malay Dilemma* tells us that in order for the Malays to escape poverty, an affirmative action policy that favors the Malays must be adopted. The book was immediately banned. However, because it



was available in Singapore, it became a bestseller among Malays.

### **Prime Minister Razak and the introduction of the Bumiputra Policy**

Razak became the second Prime Minister in 1970, being credited with weathering the turmoil of racial riots in May 1969 as Chairman of the National Operations Council. As Prime Minister, in addition to strengthening the foundation of the ruling coalition, he launched the New Economic Policy (NEP) to increase the participation of Malays in commerce and industry over a period of 20 years beginning in 1970. Also known as the Bumiputra Policy, it was a preferential policy for Malays that granted them privileges and became the cornerstone of Malaysian politics to be implemented under a succession of prime ministers. Bumiputra means “children of the land.”

Under the Bumiputra Policy, job creation was promoted to rectify economic inequality among ethnic groups and to drive economic growth, providing technical training to encourage participation of the Malays in manufacturing and other industries while also offering support for Malay business owners, with the cooperation between industry and government. Prime Minister Razak ordered Federal Industrial Development Authority, Malaysian Industrial Development Finance, and other public institutions to give priority in financing Malay businesses. In agriculture sector, he also encouraged preferential treatment for Malay farmers in developing markets and obtaining financing. Similar measures were taken in forestry and fisheries sectors.

In the field of education, measures were also put forth to increase

the percentage of Malays in higher education. The Bumiputra Policy would gradually develop to grant privileges not only to the Malays, but also to the indigenous peoples of Sabah and Sarawak. Razak's Bumiputra Policy would soon be regarded as a sweeping structural reform.

### **Mahathir's Return to UMNO and Pineapple Canning**

Meanwhile, Mahathir, who had been stripped of his membership by the ruling party, was reinstated into UMNO on March 8, 1972 by Prime Minister Razak as part of the New UMNO. The following year, he became Chairman of the Food Industries of Malaysia (FIMA), whose main business was the production of canned pineapples. He inspected a factory in Johor and was astonished by its management system. The factory floor was sticky with spilled pineapple juice, and some of the pineapples dipped in honey had rotted and were dumped outside the factory to be burned. The fence at the back of the factory was broken, through which intruders entered the factory. Canned pineapples ready to be sold had been stolen and sold at the market. There had also been cases where the finished products were sold through illegal channels.

Management's relations with workers and unions were also at their worst.

Workers skipped work during the workday, smoked cigarettes at the production line, and sometimes cigarette butts would get mixed in with the canned goods. When cigarette butts were found in the canned pineapple exported to Canada, an enormous amount of money had to be paid including the cost of transportation, as returned goods had to be carried back to Malaysia in containers.

The problem with FIMA was that its management was made up of retired government employees who gained the position through their government connections, who had no motivation for making profits because of the government subsidies they were able to obtain. Mahathir patiently consulted not only with management but also with labor union representatives and persuaded them that even a government-run corporation could manufacture good products, which in turn would raise their salaries if profits were generated.

During this time, Mahathir met Tan Sri Kazumasa Suzuki, who was later instrumental in establishing the Japanese Chamber of Trade & Industry, Malaysia (JACTIM) and served as its president for many years. Suzuki was posted to Mitsui's Kuala Lumpur office at the time, and he was impressed with Mahathir's political leadership skills. Suzuki taught Mahathir why canned pineapples made in the U.S. tasted so good, and he shared his expertise with Mahathir. It eventually enabled FIMA to produce canned pineapples of competitive quality for export.

Mahathir visited Kawasaki Heavy Industries' steel mill in Chiba Prefecture to learn about the aluminum can manufacturing process. He was overwhelmed by the size of the factory that stretched for 500 meters. It is difficult to keep a steel mill clean, but the manufacturing site and the area through which visitors pass were skillfully divided. The production lines were automated, and all systems were in place as they should be. This visit made Mahathir realize that process is the most important thing, and that it is essential to establish systems.

He had thought that political leaders only had to make decisions, leaving practical operations to bureaucrats once he gave them orders what

to do; however, he drastically changed his perspective on the issue. He started to ask his subordinates in detail what they themselves were doing, and if it was apparent that they did not know, he explained it to them. He created flowcharts, manuals, and process charts. Mahathir's starting point when he eventually became Prime Minister and promoted the country's industrialization was the lessons he learned in Japan while he was the head of the pineapple factory.

Mahathir won the 1974 general election for the House of Representatives and made his return to politics, becoming Minister of Education. The following year, he was elected Deputy Prime Minister in a party election.

### **Birth of Prime Minister Dr. Mahathir**

Meanwhile, Prime Minister Razak died of illness in London in January 1976 at the young age of 53.

The next to become the third Prime Minister was Tun Hussein bin Dato'Onn, the eldest son of Dato' Onn who founded UMNO, who at the time was Deputy Prime Minister. Hussein Onn continued with the Bumiputra Policy and made efforts to allay the discontent of the Chinese in the coalition party, successfully winning the support of the people for his high integrity. However, he resigned as Prime Minister in 1981 after undergoing heart surgery in England. Mahathir, who had been Deputy Prime Minister and Minister of International Trade and Industry (MITI), was elected Prime Minister at the party congress without voting.

While the previous three Prime Ministers had come from royalty or the upper class and studied law in England, Mahathir was born into a

family of English school principal in Kedah, and although he had hoped to study in England, he had not been able to get a recommendation to study there because he was outspoken enough to point out his English teachers' mistakes in high school. Giving up on the idea of becoming a lawyer, Mahathir received a scholarship to become a medical doctor at the King Edward VII College of Medicine in Singapore. He would mark his first steps as a young politician during his time at the university, criticizing British rule and writing insightful columns on the path to independence or the problems of the Malays for the Sunday Times under a penname, "C.H.E.Det".

In his autobiography, Mahathir writes about how his career as a physician later helped him as a politician. As a medical student he was afraid of facing human death, but he overcame his fear by treating dead bodies in forensic science classes. He became a doctor and faced many deaths. He witnessed that death comes equally to the rich and the poor, and that no matter how rich you are, you cannot take your money with you to the afterlife.

He said, "Facing death is a challenge for me because what I did in my life will still be questioned after I am gone. I do not want to leave a legacy of shame for my children and grandchildren after I die." His philosophy that it is important to be honest and incorruptible as a politician is largely due to his confrontation with death as a physician.

He was also an internal medicine doctor, so he learned how important it was to interview patients. He would listen to their symptoms and examine them before deciding whether more tests were necessary. Such procedures are essential for medical treatment, and they could decide its outcome. As

a politician, and when taking office and formulating and implementing policies, what is important is the same as this meticulous medical interview: take up each issue that needs to be resolved, one by one, ask people, investigate, and resolve. Mahathir often says, "My knowledge is limited. Even if you are the Prime Minister, it is important to be willing to ask people about what you don't understand and to read books and materials to solve problems."

Patients often told Mahathir as an internal medicine doctor not only about their health problems, but also about other issues in life. Each time, he would patiently listen to them before offering advice. This ability to listen was at the core of Mahathir's political skill as he rose from the grassroots to the center of the political arena.

### **Prime Minister Dr. Mahathir's Emphasis on Educational Administration and Economic Policy**

Mahathir's experience as Minister of Education and Minister of International Trade and Industry before becoming Prime Minister is the background to his many years as Prime Minister and his subsequent contributions to Malaysia's development. Shortly after becoming Minister of Education, a demonstration was held by farmers in his home state of Kedah demanding higher rubber prices and lower food and commodity prices. This triggered 5,000 Malay students at the University of Malaya, National University of Malaysia, University of Technology Malaya, and other universities, to stage demonstrations, claiming that lower rubber prices had led to further rural poverty. Dato'Seri Anwar Ibrahim, who later became Deputy Prime Minister in the Mahathir administration, organized

a student movement calling for full education in the Malay language and staged a massive demonstration in Independence Square to rally against Kedah farmers' poverty problem.

Mahathir later amended the University Law to prohibit students from joining student organizations, labor unions, and political parties, and for the president of the university to be appointed by the King, thereby tightening control over universities. This was unpopular with students, who found it undemocratic and repressive. They criticized that by tightening control in such a manner, young students who would bear the nation's future could lose their creativity, stifling the potential for their becoming good leaders. Mahathir, however, countered by saying, "Universities are places of learning, and if students are immersed in demonstrations, they will have no time for study. Malaysia is a developing country and only a few people are granted scholarships. Malays in particular should not waste their time."

Regarding Malay, Mahathir emphasized his view that Malay should be regarded as a common language in terms of nation-building, and that English education as a universal language would also be essential in order to enter a global market. He cited the fact that the Chinese and Indians in Malaysia also learn their native languages at their respective schools and are fluent in three languages. Through his experience as Minister of Education, Mahathir further recognized how crucial it was to improve the quality of education and to address its significance as a country.

Mahathir was appointed Deputy Prime Minister and Minister of International Trade and Industry under Prime Minister Hussein Onn. It was not an easy task to simultaneously promote the introduction of foreign capital to drive economic development as well as the Bumiputra Policy as

two halves of the whole.

Under Prime Minister Razak's administration, the Industrial Coordination Act was enacted, which stipulates that companies must have 30% of their shares held by Bumiputra investors, that Malaysians, including Bumiputras, must be appointed as directors of companies, and that 30% of products must go through Bumiputra wholesale dealers in domestic sales. Also, while the new export substitution industry would be 100% Malaysian owned, it would be allowed to include 30% foreign capital if domestic technology was inadequate. For export industries, the government also announced a long-term plan that foreign capital would range from 51% to 70% for those exporting more than 80% of their products, and 100% foreign capital for those exporting 100% of their products, and for existing manufacturing industries, 70% of the capital would be owned by Malaysia by 1990, with 30% of that 70% to be by Bumiputra.

When Mahathir was Minister of International Trade and Industry, he visited many countries and realized the need for foreign investment. "I am a pragmatist, and I was determined to introduce business ideas that I found around the world that could be applied to Malaysia. At the time, there were no entrepreneurs in the country, and there was no idea of investing in industry. Then we should learn from foreign capital," Mahathir decided.

The transformation of education and the development of the country's economy by bringing in foreign capital while respecting the Bumiputra Policy were his top priorities when he became Prime Minister, which would eventually lead to his implementation of the Look East policy.

# Chapter 2

The Launch of the Look East Policy

### **The Birth of Prime Minister Dr. Mahathir and Civil Service Reform**

Deflation caused by the second oil crisis that began in the late 1970s was long-lasting, and the prices of natural rubber and tin continued to fall in Malaysia in the 1980s. There was no foreign direct investment to compensate for this, and exports were dependent on natural rubber, palm oil, and tin. The palm oil output, which was Malaysia's last resort, was only 28 million tons.

In 1981, when Mahathir became prime minister, he submitted a budget proposal to parliament that would reduce the salaries of the ministers including the Prime Minister, and senior officials of ministries by 10%. Although he became Prime Minister in the midst of an economic recession, Mahathir wanted to implement the new ideas he had envisioned.

He also mentioned Islamic values and was misunderstood to be approaching Islamic fundamentalists. The Chinese and Indian citizens feared that Malaysia will move away from a multi-ethnic nation and transform to an Islamic state. However, this was never his intention. All Mahathir wanted to show was that Islam was a religion of peace and moderation.

Mahathir's first mission as Prime Minister was to reform government offices. He ordered ministers to "ensure that the administration is speedy, efficient, and clean." After each Cabinet meeting, ministers were required to hold executive meetings at their ministry or agency, chaired by themselves.

Each ministry and agency created manuals for all staff members, who were required to perform their tasks promptly following the manuals. Such procedures were inspired by how pilots prepare for take-off by carefully

following a detailed checklist.

To prevent corruption, Mahathir also made sure that tasks were never carried out by one official, and ensured multiple staff were involved throughout. Further, Mahathir declared that he would take severe measures against any corrupt government official. This led to several officials asking for early retirement.

Mahathir also decided to have officials wear "name tags" in the same manner employees in Japanese factories wore them. Ministers and the Prime Minister himself were no exception and wore the nameplates. The public was encouraged to report any corrupt officials, and this was made easier with the name tags.

The Cabinet also asked ministers to give their opinion on other ministries, as such feedback from outside the ministry would enable ministers to realize problems that might otherwise be never noticed from the inside. The country needed to transform itself from an agricultural country to an industrial country. To this end, the cabinet needed to work as a whole, and give all their blood, sweat and tears for the development of the country.

Mahathir himself knew how much power the office of Prime Minister carried but focused on being a good listener. He knew that if the Prime Minister was a good observer, listened to criticisms and opinions brought to him carefully, and made sound and solid decisions, Malaysia would develop and prosper. During every general election, Mahathir told voters that his ruling coalition must win two-thirds of the seats, not just a simple majority. This was because Mahathir believed a strong government was needed to carry out policies that would truly improve the country.

While he concentrated power, Mahathir also made sure that his power

was never abused. He forbade roads, bridges, schools, and buildings to be named after him, and did not allow his portrait to be shown at government offices, which was typical for people in such power.

### **The Look East policy based on Japan's rapid postwar growth as a role model**

Since independence and the founding of the country in 1957, the three Prime Ministers before Mahathir focused on establishing a multi-ethnic nation by promoting reconciliation between the Malays, who make up over 60% of the population, and the wealthy Chinese and Indians. Mahathir, who inherited this legacy, sought to further expand the distribution of wealth through economic growth, by transforming the nation from an agrarian to an industrial state. Malaysia became a multi-ethnic nation as a result of British colonialization and the immigration of laborers from the commonwealth. The only way to resolve social tension between ethnic groups was to expand the economy and continue to promote multi-ethnic harmony.

To rapidly develop Malaysia from a developing country to a middle-income country, Mahathir decided to use Japan, which grew rapidly after the war and rose to become the second largest economy in the world, and South Korea, which followed Japan's footsteps and grew its economy, as role models. On December 15, 1981, when he became Prime Minister, Mahathir announced the "Look East Policy" in which Malaysia would learn from these two eastern countries.

Mahathir explained why the Look East Policy was at the center of his plan to develop Malaysia: "Patriotism, discipline, diligence, and capacity

management system of the Japanese people was to be admired. The close cooperation between the government and the private sector as well. We wanted to imitate these ways and absorb the culture as well."

Mahathir further explained to the Malaysian public: "Akio Morita, the founder of Sony said that Japanese people worked hard at an amazing speed even post-wars, scratch and rebuilding with passion just as if it were another natural disaster. According to Western thinking, that would be an exploitation of the workers. However, the Japanese worked hard not for themselves as individuals but for the nation as a whole, to get out of poverty and rebuild their industry. They knew very well that their lives would be better if they could rebuild their country, even if they had nothing now. They did not complain and were willing to make sacrifices to achieve this. That is why they are now the highest paid people in Asia."

Mahathir also mentioned the advantages of the lifetime employment system in Japanese companies, which is completely different from that of Western countries. Mahathir believed that the Western corporate practice of firing workers according to short term profits only led to an increase in unemployment and higher social security costs for the government.

Although Japanese products had previously acquired the stereotype of being "cheap and jerry-built" by Westerners, Mahathir said that he had always admired Japanese products even before the war. Mahathir later said in his memoir: "Pencil sharpeners were excellent, and Japanese toys, such as propeller-driven airplanes and peashooters, were ingenious. Soichiro Honda was a bicycle mechanic, not a properly educated engineer, but nonetheless succeeded in developing his own engine for a small motorcycle. When he held an exhibition in the UK, the British were astonished by his mechanical

device. It was precisely engineered, just like a mechanical watch. When Honda started producing small cars instead of motorcycles, the British scoffed at the Japanese for mistaking a car for a motorcycle, but it was the Japanese who smiled in the end.”

When the government announced its “Look East Policy” and its intention to learn from Japan, opposition and dissatisfaction immediately erupted from within the government. Bureaucrats in particular opposed the policy. Since many Malaysians were studying abroad in the West, they argued that Malaysia “should learn from Europe, which is more developed than Japan” and that “Japan also developed by learning from the West, so we should learn directly from Europe, not indirectly from Japan.”

Mahathir responded patiently: “Europe took more than 200 years to develop, but Japan achieved rapid economic development after the war. Malaysia cannot achieve economic development unless we learn from them.” Eventually, most of the cabinet members agreed with Mahathir that Japan could be a positive influence for Malaysia. However, Deputy Prime Minister Tun Musa bin Hitam kept refuting Mahathir’s argument. Mahathir decided not to care, since he was the Prime Minister and was in control of power.

At the time, Japan was Malaysia’s largest trading partner, and trade between the two sides reached 5.351 billion U.S. dollars. Japan was also the largest direct investor for Malaysia. The Chinese Malaysians, who had already partnered with Japanese corporations through their business, strongly supported the plan.

### **Prime Minister Mahathir’s visit to Japan**

On February 8 and 9, 1982, the fifth joint meeting of the Japan-

Malaysia Economic Council was held in Kuala Lumpur, attended by 200 people from both countries. The Malaysian side requested the participation of Japanese companies in public projects during the Fourth Five-Year Plan (1981-85) as well as the expansion of investment by Japanese companies especially in the raw material processing industry and subcontracting businesses.

The Fourth Five-Year Plan, announced in March 1981 just before Mahathir became Prime Minister, estimated the average annual real GDP growth rate to be 7.6% compared to 8.6% in the Third Plan; manufacturing was to grow at 11% and agriculture was projected to grow by 3%. In exports, a high growth rate of 24.5% per year was planned, mainly driven by textiles and electronics. Approximately RM42.8 billion, 1.7 times the amount in the third plan, was allocated for public sector development spending.

The breakdown of funds allocated was as follows: 21.3% for agriculture and rural development, 13.8% for commerce and industry, and 10.5% for transportation. In particular, the funds allocated to the commercial and industrial sector was distributed to institutions that promote the entry of Bumiputras into the commercial and industrial sector, such as the Majlis Amanah Rakyat (MARA).

Immediately after the joint meeting, in April 1982, the general election for the House of Representatives was held one year ahead of schedule, and the ruling National Front won 103 of the 114 seats (70 seats for UMNO, 24 for MCA, 4 for MIC, and 5 for the Peoples’ Movement Party) allocated to regions in the Malayan Peninsula. In Sabah, the National Front won 10 of the 16 seats, and in Sarawak, the National Front won 19 of the 24 seats. The National Front also won all 11 state assembly elections in the Malayan



Peninsula, giving Mahathir's government a huge mandate.

With his political victory, Mahathir made his first official visit to Japan as Prime Minister in January 23 to 29, 1983, and met with Prime Minister Yasuhiro Nakasone for a summit meeting. On January 24, during a dinner hosted by Prime Minister Nakasone, Mahathir expressed his gratitude for the support he received. "I would like to thank Japan for its quick understanding of the Look East policy and for its willingness to cooperate in the industrialization of Malaysia." Mahathir also noted that while Western nations were in recession, "It is interesting to see that only Japan is experiencing economic growth, and its success story owes to the Japanese people's dedicated and positive attitude toward work. I hope Malaysians will learn from Japan by 'Looking to the East.'" Mahathir Continued: "Until now, since the dawn of time, our eyes only looked toward the West. However, from now on, we need to build a balanced relationship between the West and the East. It is not material wealth or advanced technology that we Malaysians want to imitate, but it is the work ethic, the Japanese attitude and the management system we need to learn from, because I believe this is the secret of Japan's rapid economic development."

In his speech at the dinner, Prime Minister Nakasone addressed and praised Prime Minister Mahathir: "I highly regard the achievement of your country in a quarter of a century not only for its success in nation-building, but also for its positive contribution to the peace and prosperity of Southeast Asia, which would lead to the further development of Asia as a whole. And now under the new leadership of such a brilliant leader as Your Excellency, Malaysia has embarked upon a new course of national development amid the severe international circumstance in accordance with your 'Look East

Policy.' Your Excellency, you suggest in the Look East Policy that Asian countries, including Japan, should pay due heed to traditional ethics in Asia in seeking their own development, in addition to learning from the Western experiences. You stated very convincingly that Asia had its own values, ethics, ways of life, and production systems which all Asians could share, and proposed that Asians should promote an organic combination between these Asian virtues and Western merits in order to facilitate economic and social development. In the light of the turn of the tides of history from the West to the East, your suggestion bears invaluable significance for Asia."

Nakasone continued: "The fact that Japan has been chosen as one of model countries to which you seek for traditional Asian ethics is a great honour for the people of Japan and means Japan has an extremely heavy responsibility to fulfill. At the same time, this provides us Japanese with great opportunities to learn from the Malaysian people. I expect that mutual understanding between the peoples of our two countries will be further deepened through the promotion of the Look East Policy, to which the Government of Japan is determined to extend utmost cooperation."

At the end of his speech, Nakasone expressed his gratitude for the agreement to export an average of 6 million tons of liquefied natural gas (LNG) from Malaysia to Japan over the next 20 years, and for the fact that the first ship will soon sail from Malaysia to Japan. Nakasone was a bureaucrat at the Ministry of Home Affairs during the war, but entered the Naval Accounting School soon after, and was commissioned as a chief lieutenant paymaster for the Navy. He experienced how Japan's lack of natural resources led to the war, and caused its eventual defeat, as an impressionable young man. Nakasone knew that securing energy was crucial

for Japan's further development, and felt a special need to address the deal in his speech.

While in Japan, Mahathir also requested the Japanese government to further accept the so-called "Look East students," as he believed that education was key to Malaysia's growth. The first batch of Look East students, who were technical interns, had already arrived in Japan in September 1982, but Mahathir was enthusiastic about further expanding the program. He said: "I hope that many more Malaysian students will be accepted in the future, because it is essential to be in Japan to truly learn Japanese ethics."

During his visit to Japan with his wife Tun Dr. Siti Hasmah Mohamad Ali, Mahathir met with His Majesty the Emperor, and held discussions with the Japan Chamber of Commerce and Industry, Keidanren, Japan Association of Corporate Executives, and other economic organizations, as well as a meeting at the Japan Press Club, and visited companies throughout the country. He inspected the Shinkansen command center and the operation room for both Shinkansen and local lines, visited Nomura Securities, and toured the Electronic Technology Research Institute and the Tsukuba Branch of the National Research Institute for Metals and Materials Technology in Tsukuba Science City. Mahathir and Siti Hasmah visited the Yamaha Motor Iwata Plant and the Suzuki Motor headquarters plant in Shizuoka Prefecture, then went to Mie Prefecture to visit the Honda Motor Suzuka Plant, and toured the Mitsubishi Motors Okazaki Plant and the Mitsubishi Fuso Bus Plant. Finally, they visited Kobe Port Island and returned to Malaysia from Osaka International Airport after a one-week stay.

## **"Malaysia Incorporated" and the National Car Concept**

After returning from Japan, on February 24, 1983, Mahathir made a speech at the National Institute of Public Administration and announced the concept of "Malaysia Incorporated," modeled after "Japan Incorporated." At the time, Japan was constantly criticized for the close cooperation between the government and business enterprises, which the West suspected was the reason Japan was successful in securing a number of international contracts. They implicitly characterized Japan and its industry as an organized crime syndicate and accused it for not following proper business practices.

However, Mahathir did not buy such argument: "For centuries, cooperation between governments and the private sector had been the norm in Europe. The British and Dutch East India Companies had strong government support and colonized other countries to do business," he said, recalling history. "The WTO (World Trade Organization) is just a different form of government-private sector cooperation, so to speak, that targets and pressures countries to open their markets. Western governments pressuring developing countries to open up government procurement to their companies is an example of government-private sector cooperation," he said, condemning the criticism. He further argued that the close relationship between government and the private sector was not an issue at all: "An active private sector brings wealth to the country by creating jobs and paying taxes. By supporting the private sector, the government helps itself and promotes the nation's economic development. In the end, the government can profit without investing any capital at all." With that,

Mahathir formally introduced the “Malaysia Incorporated” policy.

Specifically, Mahathir’s vision was to promote a tight cooperation between the public and private sector to achieve rapid industrialization and for the government to provide services to the private sector. Deputy Prime Minister Tun Musa bin Hitam announced that privatization would be pursued in all government sectors, except for education.

In May 1983, Proton and Mitsubishi Motors signed a joint venture agreement to create a domestic car manufacturing industry. Two years earlier, in the fall of 1981, Mahathir met Mitsubishi Corporation President Yohei Mimura in Tokyo, and asked for cooperation in realizing a national car concept. After numerous exchanges with Mitsubishi Motors Chairman Tomio Kubo, President Toyoo Tachi, and other concerned parties, an agreement was finally reached.

Proton was established with a capital of 150 million ringgit as a joint venture among three companies: 70% by Heavy Industries Corporation of Malaysia (HICOM), 15% by Mitsubishi Corporation, and 15% by Mitsubishi Motors Corporation. With the realization of the project, Prime Minister Mahathir felt that the Look East policy had finally begun to move and change Malaysia.

The symbolic project of the Look East Policy was set in motion.

## Chapter 3

### The Early Years of the Look East Policy and the Development of the Malaysian Economy

## **The Birth of the Japanese Chamber of Trade & Industry, Malaysia (JACTIM)**

The Japan-Malaysia Economic Council was formed in 1977, four years before the inauguration of Prime Minister Mahathir, by an agreement between Prime Minister Hussein Onn and Prime Minister Takeo Fukuda “to deepen mutual economic understanding and goodwill between Japan and Malaysia and to promote trade, investment, economic cooperation, tourism and cultural exchange between the two countries.” In November of the same year, the Japan Malaysia Economic Association (JAMECA) was established on the Japanese side and the Malaysia Japan Economic Association (MAJECA) on the Malaysian side. The first joint meeting was held in Kuala Lumpur, and since then joint meetings have been held once a year.

In Kuala Lumpur, Japanese companies in Malaysia had established four voluntary associations according to their specific business. The “Coral Association (Sango-Kai)” was established by the trading industry, the “Kenryu Association (Kenryu-Kai)” by the construction industry, the “Friday Association (Kinyou-Kai)” by the banking service industry, and the “Nisui Association (Nisui-Kai)” by manufacturers.

Of these associations, Nisui-kai had a long history, having been established in 1962 jointly by six companies. These Japanese pioneers in Malaysia had been troubled by problems such as the constant resignation of employees, and employees being absent once they received their paychecks, which occurred frequently with workers who came from rural areas and had never worked in a factory. On the other hand, the government offices

complained that there were too many Japanese staff, and not enough local employment. With such difficulties, the need to create an organization among Japanese companies arose, and thus the Nisui-Kai had been established.

In the 1970s, as an increasing number of Japanese companies began to enter the Malaysian market, the demand for technology transfers and capital transfers from these companies, and problems relating to the introduction of the Bumiputra policy faced by these companies started to grow as well. The Japanese corporate community’s need for a proper Japanese chamber of commerce was increasing by the day. The introduction of Mahathir’s Look East policy was seen as a perfect opportunity to make this happen.

On November 28, 1983, two years after the Look East Policy was announced, the Japanese Chamber of Trade & Industry, Malaysia (JACTIM) was officially established at a general meeting. The establishment of JACTIM was formally proposed at a summit meeting held during Prime Minister Nakasone’s visit to Malaysia in May of 1983, and Prime Minister Mahathir’s agreement officially started the process. The Malaysian Ministry of Trade and Industry approved the establishment of JACTIM in October that year as a public benefit corporation under the Malaysian Companies Act. Shigeo Matsumoto, president of Ajinomoto Malaysia, was appointed as the first chairman. At the time of its establishment, JACTIM had 140 member companies.

The fact that Malaysia had never allowed the establishment of a chamber of commerce before JACTIM, even to its former suzerain state the United Kingdom, made the event historic. The announcement of Prime Minister Mahathir’s Look East Policy provided a tailwind for Japanese companies in Malaysia to organize the chamber, which took two years of

careful preparation.

Prime Minister Nakasone commented: “Although we first proposed this idea in May of this year, we were concerned about whether or not it would be realized, but thanks to the understanding and support from Prime Minister Mahathir and Minister of International Trade and Industry Tengku Ahmad Rithauddeen, and numerous other government officials, it has become a reality. I hope that the Chamber will contribute to the economic and social development of Malaysia, as well as the promotion of a friendly and cooperative relation between Japan and Malaysia.”

On the Malaysian government side, Minister Rithauddeen requested at the luncheon following the inaugural meeting that “the Japanese Chamber of Commerce and Industry Malaysia be a think tank that provides constructive opinions and suggestions to the Malaysian government on Malaysia’s economy and development, and promote direct investment from Japan.”

He also revealed that the Malaysian government had made it a top priority to develop the natural resource industry, and that it hoped to develop export-oriented industries such as engineering, parts, and other supporting industries, as well as high-tech related industries.

Minister Rithauddeen also asked JACTIM and Japan to respect Malaysia’s opinions: “I need JACTIM to make it clear to the Japanese government that we do not want Malaysia to be positioned as a plantation for agricultural products or a mine for raw materials, nor as a market for simply selling high value-added products from Japan, nor a concentration of manufacturing companies that merely assemble products.”

The Malaysian government certified 434 Japanese projects at the end

of August 1983, which resulted in an inflow of 654.4 million dollars in direct investment. By September of the same year, 59 branches of Japanese trading companies and 8 joint venture trading companies were created, and 33 representative offices were established in Malaysia. Japan became Malaysia’s largest trading partner. Private direct investment had also increased more than two-fold between 1977 and 1982.

The founding officers of JACTIM were Shigeo Matsumoto, Chairman (Ajinomoto), Hiroshi Hiyama, Vice Chairman (Mitsubishi Corporation), Tetsuzo Kuzutani, Vice Chairman (Bank of Tokyo), Hitoshi Nakamura, Vice Chairman (Toray Industries, Inc.), as well as presidents and branch managers of local subsidiaries of Sato Industries, Mitsui, Itochu Corporation, Matsushita Electric Industrial, Southern Cross, Shin-Etsu Handotai, Taisho Marine & Fire Insurance, Japan Airlines, and Hazama Corporation, as directors, who were elected to represent their respective industries. In February of the following year, the chairman was replaced by Kazumasa Suzuki, General Manager of the Kuala Lumpur Branch of Mitsui & Co.

### **Expectations and Criticisms towards Japanese Companies**

In March 1984, the Japan External Trade Organization (JETRO) held the “Japan Techno Fair ’84” in Kuala Lumpur. It showcased Japanese industry and technology, with a focus on cutting-edge technology. The Japanese government’s corner featured exhibits and demonstrations of solar technology, industrial robots, sailing tankers, and working models of new transportation systems.

The Malaysian side requested a shift in focus: “If high-tech industries are emphasized too much, it may cause antipathy. Please consider to include exhibits that will be immediately useful to Malaysian industry and society.”

In response, JETRO decided to introduce traditional handicraft techniques, particularly the production of hanagoza (plant-based rug), which can be applied in Malaysia. A loom was imported from Okayama Prefecture, and several trainees were dispatched from Kedah to demonstrate the production of a prototype rug using menelon, a plant that grows naturally in the state.

As expected, robots, computers, telecommunications equipment, audio equipment, and office automation equipment were popular at the private companies’ section, where 55 companies exhibited their products and services. However, the Oil Palm Harvester, a product developed for Malaysia, received a lot of attention as well, and was a hot topic among palm oil executives.

Mahathir cut the ribbon at the opening, and many ministers also visited the fair. 146,000 visitors flocked to the event during the 10-day fair, which was equivalent to 15% of Kuala Lumpur’s population. Mahathir’s speech, which was delivered in Malay, was a topic of conversation among the Japanese, as it was atypical for him. People guessed that Mahathir had made that choice probably because he wanted to especially tell the Malays, the Bumiputra, to “follow the example of Japan.”

At the end of March 1984, Mahathir’s interim report on the Fourth Malaysian Economic Plan called for an end to foreign borrowing to finance public sector spending. Instead he called for a shift to large scale farming, further human resource development through the Look East Policy,

promotion of heavy industries, and leaving economic growth in the hands of the private sector.

Before this report, on March 5 and 6, Mahathir had addressed representatives of both JAMECA and MAJECA at the Japan-Malaysia Economic Conference held in Kuala Lumpur. About 70 people from the Japanese side, including Tokyo’s leader Noboru Gotoh, attended the conference, and about 200 businesspeople from the Malaysian side were present in total. Mahathir emphasized the importance of the Look East policy in his speech: “Malaysia has no choice but to industrialize. Japan achieved rapid growth in the 1960s and 1970s, setting an example for developing countries. Malaysia’s working population is currently expanding rapidly at an annual growth rate of 4.9% and is expected to reach 6.3 million by 1985. 41 percent of them are young middle-class people between the ages of 25 and 39, and the Look East policy, which provides them with new values, is the key to giving them job opportunities and making them active participants in the country’s development.”

However, Mahathir was absent from the Malaysia-Japan Colloquium held on August 27, only five months after he had made his speech in front of JAMECA and MAJECA representatives. Trade and Industry Minister Tunku Razaleigh Hmzah read Mahathir’s speech on his behalf. In the speech, Mahathir requested an improvement of Japanese companies and their economic imperialist policies, opening of markets to Malaysia’s industrial products, improvement of the non-trade balance, training of engineers, technology transfer, and use of Malaysian subcontractors for construction. The sudden change in tone is attributed to the domestic criticism of Japanese and Korean construction companies, which had simultaneously

monopolized large-scale construction projects, and the fact that negotiations on an air transport agreement between Japan and Malaysia had reached an impasse. The Japanese Chamber of Commerce, which had been in existence for only one year, needed to respond to the excess prominence Japanese companies acquired by the introduction of the Look East Policy.

### **The Plaza Accord and the Malaysian Economy**

On September 22, 1985, a meeting of finance ministers and central bankers from five industrialized countries was held at the Plaza Hotel in New York at the call of the United States, in order to correct the excessive strength of the dollar. At the meeting, the five industrialized countries reached the Plaza Accord, which called for coordinated intervention to correct the dollar's strength. Specifically, the agreement consisted of a uniform revaluation of the currencies of the participating countries against the dollar, the key currency, in a range of 10% to 12%, and coordinated intervention in the foreign exchange market. The goal was to increase the competitiveness of U.S. exports, which had been affected by the foreign exchange rate, and reduce the trade deficit by weakening the dollar. Japan's correction of the dollar's strength caused the yen to appreciate rapidly. By the end of September, the yen exchange rate, which had been 235 yen per dollar, dropped by 20 units; a year later, the yen rose rapidly to the 150-yen per dollar level. As a result, Japan's current account balance hit a record high of 49.2 billion dollars.

In April 1986, the Study Group on Economic Structural Adjustment for International Cooperation, a private advisory body to Prime Minister Nakasone (chaired by the Bank of Japan Governor Haruo Maekawa), released

the Maekawa Report, which focused on expanding domestic demand, industrial restructuring, promoting imports, and opening markets. Two months later, in June, JACTIM President Suzuki introduced the Maekawa Report to Mahathir, who saw the report as a historic opportunity for the Malaysian economy, and asked that concrete measures be recommended for introducing foreign capital to overcome the recession in the Malaysian economy, while taking advantage of the strong Japanese yen. JACTIM immediately formed a task force and submitted a report titled "Investment from Japan to Malaysia" at the end of August of the same year.

The report made 15 comprehensive recommendations, including (1) adherence to policy consistency, (2) equal treatment for new investment and existing companies entering the market, (3) flexible visa issuance (automatic approval of visas for export-oriented and high-tech industrial sectors), and (4) corporate tax reduction and simplification of taxation procedures.

In response, the Malaysian government made changes to Malaysia's foreign investment policy at the end of September. Then, during a visit to the U.S. on the occasion of the UN General Assembly, Mahathir mentioned at the Malaysia Investment Seminar that he would promote export-oriented industrialization at an early stage, in order to break out of the negative growth of the previous year, 1985, caused by the collapse of prices of primary commodities such as crude oil, natural rubber, tin, timber, and palm oil, which had been triggered by the second oil crisis. Specifically, from October 1986 to December 1990, changes included (1) allowing foreign ownership of up to 100% in export-oriented enterprises with 50% or higher foreign ownership, and (2) allowing any foreign ownership ratio in enterprises employing 350 or more full-time workers.

On his way back from the U.S., Mahathir stopped in Japan for a summit meeting with Nakasone. He explained the new foreign investment policy, including items requested by the Japanese side, such as the elimination of restrictions on stock ownership and more flexible visa issuance.

After the Plaza Accord, Japanese investment in Malaysia grew drastically, boosted by the strong yen. According to a survey by the Malaysian Industrial Development Authority (MIDA), the amount of approved Japanese investment rose dramatically from 58 million ringgit in 1986 to 231 million ringgit in 1987, 561 million ringgit in 1988, and 1.065 billion ringgit in 1989. JACTIM presented proposals to Mahathir on how to improve Malaysia's financial problems, including easing borrowing regulations, liberalizing forward exchange contracts, and establishing an insurance system for export bills, in order to promote Japanese investment.

It was difficult for financial reform to change regulations from the standpoints of balance of payments, currency stability, and protection of local banks, but an export bill insurance system was realized when an insurance company called MECIB was established through joint investment by local banks. In addition, although there had been no clear penalty for non-payment, a rule was introduced whereby all banks would suspend transactions after three non-payments. Also, the areas in which checks could be exchanged the next day was widened, and a bill clearing system was established.

In February 1988, JACTIM also advised the Malaysian Administrative Modernization and Planning Unit (MIDA), a Malaysian government agency, to improve the cumbersome procedures of the administrative structure, which had been a pending issue. Subsequently, the Coordination Centre of

Investment was established within MIDA, and the approval and licensing process, which used to be handled by individual government agencies, was centralized at MIDA. Senior officers from the five related ministries with the authority to make final decisions on investment approval and licensing were also brought together. In line with this, local investment centers were established at state level.

On labor issues, JACTIM also advised Mahathir in advance of the February 1989 revision of the labor law. At that time, wage increases were not accompanied by productivity gains. Since productivity must be increased in order to increase international competitiveness, JACTIM advised him, from the standpoint of a foreign company operating in Malaysia, on revisions to employment laws, such as a review of the number of vacation days, as well as to labor union and labor relations laws.

The application of the foreign investment policy introduced in October 1986 was scheduled to expire at the end of 1990, but due to delays in the formulation of the Sixth Malaysia Plan (SMP), the policy was provisionally extended for one year, and the new foreign investment policy was announced in November 1991. At that time, foreign investment was on the rise and the economy was achieving high growth, but the gap between the rate of economic growth and the rate of tax revenue growth was becoming wider. The reduction or exemption of taxation on the manufacturing sector was pointed out as the cause of this discrepancy. Prior to the announcement of the new foreign investment policy, Mahathir asked JACTIM about possible incentives, other than fiscal incentives, for foreign investment.

JACTIM therefore formed a task force to make recommendations, eyeing investment measures that would lead to the quantitative expansion of



the scale of operations of foreign companies already in the region, qualitative upgrading, and the upgrading of the industrial structure, in an environment where competition with other Asian countries such as China, Indonesia, and Vietnam was growing stronger, with tighter labor supply and demand and evident infrastructure bottlenecks.

In contrast to the traditional processing and assembly-based industries, the recommendations strategically focused on two areas: peripheral industries and service/software industries. Specifically, the recommendations to the Malaysian government included (1) easing or liberalizing restrictions on foreign work permits, (2) approving majority shareholdings, including 100% shareholdings, for peripheral industries and service/software industries that support the manufacturing industry to expand, (3) relaxing the maximum royalty rate of 5%, and (4) considering semiconductor front-end processing by industry sector, along with high-quality infrastructure, government support in terms of financing for large investments, and the supply of engineering graduates.

In terms of fiscal incentives, the new foreign investment policy announced in November reduced the maximum 100% tax exemption for pioneer status foreign investment to a 10% tax rate on taxable income, and the Investment Tax Allowance (ITA) from a maximum 100% credit to a maximum of 60%. However, it was added that a 100% reduction may be granted for projects of strategic importance as recommended by JACTIM. As for non-financial incentives, recommendations by JACTIM were followed with respect to equity and work permits.

Later at the end of the year, a dialogue was held between Mahathir and JACTIM task force members. Mahathir stated that the new foreign

investment policy had been announced against the backdrop of insufficient tax revenue due to infrastructure development, worsening trade balance due to increased imports of capital goods and intermediate goods resulting from the introduction of foreign investment, and the state of full employment. He also stated that immigration was under the direct control of the Prime Minister, and that he would like to be contacted directly in case of work permit problems. He added that the marketing field would be initially open to foreigners, but would be later taken over by Malaysian citizens.

It is unusual for the Prime Minister to hold discussions with local chambers of commerce and industry in a foreign country, which shows how, along with the Look East Policy, Japanese companies in Malaysia were playing a major role in driving the Malaysian economy.

With the announcement of the New Foreign Investment Policy, the appeal for small and medium-sized component industries to manufacture quality products would be in full swing to further advance the assembly-type manufacturing industry that had entered the market in the 1970s and 1980s. This attracted Japanese small and medium-sized enterprises in the fields of precision and multicolor molded plastics, molds requiring micron-level precision, machine cutting, pressed parts, and plating and surface treatment technologies applying various types of heat treatments and coatings to metal surfaces. Japan's peripheral industries are dominated by privately owned small and medium-sized enterprises (SMEs) that have survived through their efforts to reduce costs in addition to their technological capabilities. There is a high level of commitment to self-ownership of these companies and their shares. JACTIM served as a bridge to the Malaysian government in response to this situation. When Mahathir came to Japan, JACTIM President Suzuki

organized visits to not only large companies but also places such as Ota Ward, in Tokyo, where small and medium-sized manufacturing companies are concentrated. Mahathir took time to visit each one of them in person.

The Japan-Malaysia Economic Council also played a role. The Council has been held once a year in either of the countries since 1977, with more than 200 businesspeople from Japan's JAMECA and Malaysia's MAJECA gathering each time to discuss measures and issues in order to drive economic growth in Malaysia. Mahathir and cabinet ministers attended the meetings and held a series of discussions on increasing employment opportunities, the state of direct investment, and other issues.

#### **Vision (Wawasan) 2020**

The Malaysian economy grew at a real economic growth rate (GDP) in the 8% to 9% range from the late 1980s, with the automobile and semiconductor industries as the two main manufacturing sectors. In the 1990s, per capita GDP was over 3,000 dollars. What would be the next goal? What would the country demand from its people in the following 30 years?

On February 28, 1991, Mahathir announced his "Wawasan 2020" at the inauguration of the Malaysian Business Council. 2020 means perfect vision in both eyes. Malaysia's goal as a country was not merely economic development, and achieving a per capita GDP of 16,000 dollars, required to join the developed world. It aimed to become politically mature and socially and culturally advanced, without losing its spiritual and moral values. The quality of life must be balanced with the level of development to be reached. Mahathir thought that Malaysians should be able to look at the world from

a bird's eye view and yet remain humble in their social and economic status, as well as grow into a nation that people can be proud of as Malaysians. To achieve this, Mahathir expressed nine challenges in his Wawasan 2020.

The first is to create one federated nation. Malaysians of different races are citizens of one nation, residents of the House of Malaysia (Bangsa Malaysia), and can be integrated as Malaysians regardless of their diversity.

Second, as a nation, they must be mature, have confidence in themselves and be proud of what they have accomplished. They must never be subservient to the West, especially to their colonial masters. As an independent nation, they must also win their spiritual independence.

Third, politics must grow. It must be a grassroots democracy, mature and based on consensus in spirit and practice.

Fourth, each individual must create a moral society; and fifth, religious values must be respected. Past racial conflicts must not be repeated. Differences and diverse identities must be cherished, while respecting each other's religions, cultures, and customs.

Sixth, for the development of science and technology, technology must not only be used, but also innovated and developed. Social change cannot come from passiveness. Malaysia must be on par with other creative nations and be a pioneer in technological innovation.

Seventh, the country will not rely on social welfare systems rooted in the West, and will not give in to individualism, but will create a society and culture that is based on strong family foundations, which are the strength of Asian societies, being cooperative and compassionate, and balancing individual and collective interests.

Eighth, society must be just and equal, and economic development

should not create racial imbalance or poverty.

Ninth and last, Malaysia must develop a strong, diversified economy that will be competitive, bold, and able to overcome any challenge. To do this, the country must develop its middle class and become economically and socially strong, not through mere growth based on economic indicators, but in a way that allows people, as human beings, to accomplish what is needed through their own efforts.

It had been 10 years since the Look East policy had been announced. By imitating the Japanese way of manufacturing and, to some extent, paving the way for industrialization and economic development to become evident in figures, Mahathir had set the national goal of becoming a developed country by 2020.

Looking back, why did the Malaysians try to learn from the Japanese when introducing the Look East Policy 10 years earlier? They thought that Malaysia, as a nation, needed to achieve rapid economic development while ensuring that Malaysians, a multi-ethnic society that includes Malays, Chinese, and Indians, remained economically and spiritually prosperous. What kind of advanced country did Malaysia want to become 30 years later, and how could that be achieved? The nine strategic challenges listed in this report, and the results that had been achieved by the Look East Policy in the previous 10 years, help us understand that the Look East Policy was the backbone of Malaysia's Wawasan 2020 and its goal to become a developed country by 2020.

### **National cars born from the Look East Policy**

Among individual industries, the automobile industry was the most

important in the Look East Policy which began in 1981, and its centerpiece project was undoubtedly the realization of the "National Car Initiative" initiated by Mahathir.

The passenger car model was developed at Mitsubishi Motors Corporation's Passenger Car Engineering Center with employees working together to develop Proton. During the development process, a full-size clay model was flown to Kuala Lumpur to be presented to Mahathir, and models were also shown to Mahathir when he visited Japan.

In his autobiography, Mahathir wrote that when he saw the prototype model in a hangar at Kuala Lumpur Airport, he was "deeply moved that we had finally come this far." The name SAGA was chosen for it.

In July 1985, Mahathir attended a ceremony on completion of the first car and said, "We were able to show people at home and abroad that Malaysia has the ability to develop an automobile industry. I am proud that we have domestically produced cars. With the will and dedication of our people, we can achieve our goals." He then drove the blue metallic finished car. The construction of the Proton plant began at the northern end of the Heavy Industries Corporation of Malaysia (HICOM) industrial estate in Shah Alam, Selangor, next to Kuala Lumpur. July 1985 saw the start of the manufacturing of Proton, which consisted of a four-door sedan with two types of engines (1300 and 1500 liters); the production of a hatchback version began in 1987.

Production was 19,000 units in the first year, with a capacity of 80,000 units in two shifts. The company needed about 1,200 employees, all of whom were new university graduates, so 260 were sent to Japan for training in welding and other skills at Mitsubishi Motors' Mizushima

Plant (in Okayama Prefecture). Later, a training center was also built at Proton's plant, and training was provided there as well. Many engineers from Mitsubishi Motors, numbering almost 100, traveled from Japan on long-term assignments to train Malaysians.

However, due to the economic recession, sales in 1986 were only 25,000 units. To increase sales, the company had to focus on exports. In the 1990s, the economy recovered and sales gradually increased, leading to the launch of a new model called WIRA in 1993. The company focused on domestic production in the component base industry, and engines and transmissions were also produced domestically.

In 1993, Daihatsu supported the establishment of a second national car company, Perodua, specializing in mini cars, with UMW holding 38%, Daihatsu Motor 20%, and Mitsui & Co. 7% of the capital. The company aimed to differentiate itself from Proton, which handled larger vehicles such as regular and midsize cars.

Passenger car production has been treated as a symbol of the Look East Policy, but at the same time, since the 1980s, the Malaysian government has also been developing the country's road network, including expressways. During his visit to Japan, Mahathir drove through the Tomei Expressway and other expressways many times, stopping at rest areas for reference.

Proton had a nearly 60% share of the domestic market in the early 1990s. In 1996, it acquired the British sports car manufacturer Lotus Cars. In 2000, it launched its first independently developed car, the WAJA, and February 2004 saw the launch of the first GEN-2, equipped with an independently developed engine, which became a symbol of Malaysian industrialization.

In 2004, MMC sold its shares in Proton (7.93%) and dissolved the capital alliance. Proton's domestic sales share halved to 30% in 2005. In contrast, Perodua's second national car, the Perodua mini-car, made a breakthrough and gained popularity as a mass-market car; in 2006, Perodua overtook Proton to become the top domestic automaker.

Under the Najib administration in 2017, Chinese automaker Geely Automobile Holdings acquired a 49.9% stake in Proton. At the same time, Geely Automobile Holdings also acquired Proton's 51% stake in Lotus Cars. Geely Automobile Holdings is a manufacturer that began in 1986 with the production of refrigerators. Its management is close to President Xi Jinping. The company began producing cars in 1997, began exporting cars in 2003, and in 2010 its parent company, Zhejiang Geely Holding Group, acquired Volvo Cars from Ford.

In 2018, Proton began importing the X70, a right-hand drive version of the multi-purpose sports car, from China. It was so well received that the following year it was assembled in Malaysia, and the X50, a smaller SUV, was introduced.

Proton's domestic sales share dropped to 12% in 2018, but in 2019, the company launched four new models, the Saga, Persona, Iris, and Exora, and overtook Honda and Toyota Motors to regain second place in domestic sales. It also announced a business plan to sell over 300,000 units in 2023 and then over 400,000 units in 2027, take its domestic market share to 30% in 10 years and its market share in ASEAN to 10%.

However, in the words of a Malaysian car dealer, "The Proton is a car based on a Volvo mold. It is not a Malaysian car. It is no longer positioned as a national car." Following the acquisition by the Chinese, the National

Car, created under the Look East Policy, was no longer the Malaysian car that Mahathir had envisioned.

### **Look East Policy and the modernization of the Malaysian retail industry**

Another major achievement of the Look East Policy was the establishment of a Japanese-style retail system in Malaysia. Tun Mahathir, recognizing the need to modernize the retail industry, asked Takuya Okada, then-president of JUSCO Co. Ltd., now honorary Chairman of AEON Japan to initiate Japanese-style supermarkets in Malaysia.

In 1984, Jaya Jusco Stores was formed in a joint venture by JUSCO Co. Ltd., Peremba Berhad, and Cold Storage Malaysia. Peremba's Dato' Abdullah bin Mohamed Yusof was appointed chairman of the joint venture.

JUSCO had been operating suburban stores in Japan, but in June 1985, the first Jusco store opened in Malaysia in the heart of Kuala Lumpur, in the new Dayabumi Shopping Center.

Six months later, a second store opened in Taman Tun, Kuala Lumpur. The Japanese-style supermarket, which included not only food but also clothing, stationery, household goods, and a bakery called La Boheme that sold freshly baked bread, became very popular. The second store was very successful and sales grew steadily. The joint venture was successful as the Malaysian and Japanese partners not only worked well but became close friends in the process. Takuya Okada had extensive retail experience in building and growing JUSCO in Japan, and Abdullah Yusof was a senior lawyer with deep knowledge of the market environment in Malaysia. Despite their different backgrounds, they had a common sense of the mission to

modernize the retail industry in Malaysia, overcoming early difficulties to grow AEON, JUSCO's first international operation to become the market leader that it is now in Malaysia.

While expanding its store network, the company also focused on sharing knowledge between the two countries, with local management staff receiving training in operations, merchandising, marketing, and Japanese staff given the opportunity to learn as well as improve their knowledge of international retailing and marketing.

In 1994, the company established Malaysia's first distribution center to ensure the supply of products needed for the expansion of its store network. Suppliers were now able to ship products directly without having to go through third-party wholesalers reducing costs and enabled consumers to purchase high-quality products at affordable prices. By 1995, "JUSCO" was already a household name, opening its first flagship store in Bandar Utama managing more than 200 tenants in a shopping center.

Listed on the Kuala Lumpur Stock Exchange in December 1996, AEON Co's public offering of 8 million common shares was oversubscribed by 21.3 times at the offering price of 4.3 dollars and priced at 6.8 dollars at the close of trading. 3 million of the 8 million shares were held by employees and the rest was for public investors. Ten years later, AEON Malaysia would successfully take its financial business, AEON Credit Services to listing as the second public listed company under the AEON brand name.

Today and 40 years later, AEON which started as Jaya Jusco in 1984 has 28 AEON Malls and Shopping Centers, 34 AEON Stores, 64 AEON Wellness, 9 MaxValue, and 35 Daiso stores in Malaysia. The overseas expansion, which began in Malaysia, now includes operations in Vietnam,

Indonesia, and Cambodia.

### **Japanese companies and the fixed exchange rate system in the Asian currency crisis**

The Asian currency crisis that began in July 1997 with the devaluation of the Thai baht led to a sell-off of currencies in Southeast Asian countries. Malaysia was no exception. Until then, Malaysia's economy had been healthy, with low public and private debt, and there was no reason to buy foreign currencies. The currency crisis caused the ringgit to fall, as currency speculators outside of Malaysia repeatedly sold their ringgit. In order to prevent short selling by foreign speculators and to stop the outflow of ringgit abroad, the Malaysian government issued a law stating that ringgit in foreign countries must be returned to Malaysia within one month. This made it impossible for speculators to buy ringgit for speculation as the foreign-held ringgit flowed back into the country.

Currency speculation ceased, allowing for the introduction of a fixed exchange rate, and on September 2, 1998, measures were taken to fix the exchange rate at 3.8 ringgit to the dollar. The balance of trade turned into a huge surplus of 58.4 billion ringgit that year. GDP economic growth had been negative, going from 7.3% in 1997 to -7.4% in 1998, but recovered rapidly the following year with a 6.1% increase.

The introduction of this fixed exchange rate system was meticulously prepared and implemented after six months of daily morning discussions at the Supreme Council of the National Economic Action Council, chaired by Mahathir. The capital controls were met with objections. The Governor and deputy Governor of Bank Negara, the Central Bank, submitted their

resignations shortly before the fixed exchange rate system was introduced. Tan Sri Dr. Zeti Akhtar Aziz, became the acting Governor (and later governor), banned foreign trading of the ringgit, required all shareholders investing in Malaysian companies to register with the Kuala Lumpur Stock Exchange.

“General capital controls would cut off the country from the world of financial relations, but the growth of the Malaysian economy relies heavily on trade and finance, including direct investment from other countries. Unlike the U.S., which can survive and prosper even if severing ties with other countries, Malaysia, with its small population and low overall per capita income, will not be able to grow and prosper if it entirely avoids relying on others economically. Malaysia must maintain strong economic ties with other countries. Capital controls had to prevent manipulation from speculators but not interfere with normal trade,” Mahathir wrote in his book on the reasons for the fixed exchange rate system. The capital controls had only a minor impact on long-term direct investment. Rather, the introduction of the fixed exchange rate system made budgeting easier and resulted in an increase in foreign direct investment.

The Japan-Malaysia Economic Council was held in Kuala Lumpur in March 1999, the year after the fixed exchange rate system was adopted, with 55 Japanese and 65 Malaysian participants. At the previous meeting in 1997, the two sides had discussed “prospects for cooperation between Japan and Malaysia in the 21st century and the role of JAMECA-MAJECA.” A special study committee had been established by both sides, and the future role of the Economic Council was to be finalized by the next meeting.

Both sides agreed that while 90% of the Japanese members wanted

the Economic Council to continue, it was actually becoming less effective at meetings, and the Malaysian side recognized the need to improve it to cover a wider range of industries.

The Japanese Chamber of Trade & Industry, Malaysia (JACTIM) also reported that 81% of Japanese companies operating in Malaysia supported or were neutral on capital controls and the fixed exchange rate system, and that manufacturing companies appreciated that fixed exchange rates made it easier to forecast their business prospects. However, with regard to future investment, it was pointed out that it was the start of an era of selection in which Japanese companies must strategically allocate production resources for global business development, given the fact that Japanese companies lacked the capacity to continue large-scale investment, especially due to the economic downturn in Japan. Which fields were of comparative advantage to Malaysia, and which should be strengthened? Among them, they pointed out the importance of concentrating on multimedia based on the electronics industry, petrochemicals based on natural resources, supporting industries, and service industries, as well as developing business in ASEAN as a whole by making the most of the advancements made in the AFTA (ASEAN Free Trade Area) and AIA (ASEAN Investment Area).

### **The 21st Century and the Look East Policy**

In the 20 years following the 1981 introduction of the Look East Policy, the number of member companies of the Japanese Chamber of Trade & Industry, Malaysia (JACTIM) had grown from 140 at the time of its establishment in 1983 to 542 at the end of November 2002, with 220,000 employees in the manufacturing sector, or one tenth of all manufacturing

employees in Malaysia. The 40 major electrical and electronics companies exported 45 billion ringgit, or 24% of Malaysia's total electrical and electronics manufacturing exports. In addition, Japanese FDI in Malaysia from 1980 to 2001 totaled 38.1 billion ringgit, or 20% of total FDI in Malaysia's manufacturing industry.

However, since the end of the 1990s, China had emerged as the "world's factory," and at the beginning of the 21st century, Japanese companies in the manufacturing industry in Malaysia began to point out the challenges they faced in order to remain in Malaysia. The private sector's excessive dependence on the government, which had been manifested in Mahathir's promotion of "Malaysia Corporation" led to JACTIM's idea that the private sector must support itself more, with the government assisting to strengthen international competitiveness.

Specifically, JACTIM's initiatives included the implementation of supply chain management to realize speed-oriented management, the introduction of advanced technology and innovation in production know-how to improve productivity, and the promotion of regional hub operations for manufacturing with R&D.

It was also requested that the Malaysian government conduct a nationwide campaign to reaffirm the importance of manufacturing and foreign investment to the entire nation, develop tax infrastructure, improve transportation infrastructure, deregulate the financial system, allow more flexibility in hiring foreign workers, and develop engineers and other technical personnel.

In November 2003, the number of small and medium-sized companies among JACTIM members had reached 113, accounting for

more than 20% of the total membership. From 2001 they have been active in sending “business environment survey missions” to China every year, to Guangzhou and other areas in southern China, Beijing and Dalian in northern China, and Hangzhou, Shanghai and other areas in eastern China. In addition, they have worked with the Malaysian side on how to contribute to the development of supporting industries, but the major issue was how to deal with rising labor costs and a shortage of technicians that did not match the increase in productivity.

Malaysia’s GDP per capita exceeded 4,000 dollars for the first time in 1995, but it did not rise above the 4,000-dollar level in the following 10 years. It may be said that the country was unable to escape from the “middle-income country trap.” In Japan, too, since the burst of the economic bubble in the 1990s, the “lost 30 years” and the stagnation of the Japanese economy have become apparent.

Comparing some indicators of the Japanese economy between 1989 and 2019 (before COVID-19), the Nikkei Stock Average was 38,915.87 yen at the end of December 1989 and had reached 23,656.62 yen at the end of December 2019. Nominal GDP was 557 trillion yen in 2019 compared to 421 trillion yen in 1989. Nominal GDP per capita went from 3.42 million yen in 1989 to 4.41 million yen in 2019. Japan’s national and local long-term debt rose from 254 trillion to 1,122 trillion yen, and the government debt to GDP ratio rose from 61.1% to 198%.

Although Japan’s nominal GDP appears to have increased in monetary terms, according to the IMF, as a percentage of the world economy, its weight has decreased significantly from 15.3% in 1989 to 5.9% in 2018; the United States has remained flat, decreasing from 28.3% to 23.3%, and

China has instead risen sharply from 2.3% to 16.1%.

Mahathir retired from the government in 2003. He was replaced by Prime Minister Tun Abdullah bin Ahmad Badawi and then by Prime Minister Dato’Sri Najib Tun Razak, and Malaysia’s economy became increasingly dependent on China. In 2009, Malaysia’s trade with China was 127.9 billion ringgit, making China its largest trading partner. Since then, China has consistently topped the list.

In 2013, on the 30th anniversary of Look East Policy, Prime Minister Najib announced the Look East Second Wave (LEP 2.0). The LEP 2.0 plan set forth the following priority areas: (1) advanced technology, (2) services, and (3) management technology, and included the promotion of cooperation, such as the transfer of technological know-how while continuing study programs in Japan.

In the service industry sector, in 2018, Mitsui became the largest shareholder of IHH Healthcare (IHH), Asia’s largest private hospital group. IHH operates 80 hospitals and 15,000 beds in 10 countries, including Singapore, Malaysia, Turkey, and India. In addition to its hospital business, which focuses on advanced medical care, IHH also operates clinical laboratories, diagnostic imaging and specialty clinics, and medical education institutions. It plans to further expand its business with a focus on India and China.

NTT Limited, which oversees NTT Group’s overseas operations, invested 50 million dollars to begin construction of its sixth data center in Malaysia in Cyberjaya in September 2022. Combined with Cyberjaya 5, the total power capacity it will have in Cyberjaya will be 22 megawatts. The Malaysian government aims to create a digital nation where the digital



economy accounts for 22.6% of GDP by 2025, and “NTT’s investment will contribute to achieving this goal,” assesses the Malaysian Investment Development Authority (MIDA).

However, Japanese companies in the electronics and electrical machinery fields that had entered Malaysia before the implementation of the Look East Policy took firm root in the country and continue to support the Malaysian economy. Murata Manufacturing invested 4 billion yen to complete construction and start operation of a new plant in the states of Perak and Selangor in 2020 for smartphones and automobiles, which are becoming increasingly electric. Denso invested 4.2 billion yen in 2021 to add a manufacturing line for high-performance semiconductors for automobiles. ROHM invested 25.5 billion yen in March 2022 to complete a new plant for electric vehicles in Kelantan state. “The top 20 manufacturing companies employ 340,000 people and boast annual sales of 3 trillion yen. Malaysia’s international advantage is in the electronics and electrical machinery sectors. We are requesting the Malaysian government to make it even easier, overall, for small and medium-sized companies from Japan to enter the country, including supply chains such as supporting industries,” said Daiji Kojima, President of JACTIM. Now JACTIM membership has grown up to 616 companies. Although Japan’s presence in direct investment in Malaysia is often thought to be lower than in the past, in 2020 it was second only to Singapore, with 2.2 billion ringgit.

# Chapter 4

## Look East and the Policy of Studying in Japan

### **Education is the Foundation of the Look East Policy**

Education is a fundamental aspect of the Look East Policy. In the past, Prime Minister Hayato Ikeda launched the “Income Doubling Plan” to double the real gross national product to 26 trillion yen in 10 years from 1961, with Japan then achieving an annual economic growth rate of 10%. Particularly notable, was the groundbreaking policy that put human resource development on the agenda of the economic plan in order to focus on fostering the heavy and chemical industries.

In 1960, despite Japan’s high school enrollment rate being around 60%, the percentage of students going on to four-year universities was still only in the single digits, at a mere 8.2%. The Income Doubling Plan projected there to be a shortage of 170,000 technologists, as well as 440,000 engineers with technical high school diplomas. During a 10-year span from 1960, the number of technical high schools nearly doubled from 225 to 419, and in 1961, the School Education Law was revised to open technical colleges (*kosen*) throughout Japan.

Focus was also placed on expanding the number of students studying science. Initially, the Ministry of Education had planned to increase the number of science and technology students to 16,000, with a later goal of 20,000. However, this target was achieved in only three years with the number of science and engineering students tripling within 10 years.

In order to become an exporting country in the future, the Japanese government will encourage *monozukuri* (manufacturing) by fostering small and medium-sized component industries and providing them with advanced technology. By creating this foundation for science and

engineering education, Japan would transform itself into a nation of science and industry.

Wishing for a similar period of high growth that took place in Japan from the 1960s to ‘70s, was Prime Minister Mahathir. A major pillar of the Look East Policy was education to promote industrialization.

For this reason, from 1982, many “Look East Study Abroad Students” were sent to university science and engineering departments, as well as technical colleges, for the purpose of learning from the manufacturing powerhouse that was Japan. This system of study abroad centered on higher education, including Japanese universities and technical colleges. As a signature program under the Look East Policy that began in the same year, it has sent more than 17,000 Malaysians, including those on short-term training programs, to Japan.

During an official visit to Japan in 1983, Mahathir asked Prime Minister Nakasone at a summit meeting to provide support for Malaysian Look East students, saying, “In order to learn the work ethic and sense of responsibility of the Japanese people, it is essential not only to study in Japan and learn knowledge, but also to live in Japan and share life with Japanese people and learn from their spirit.”

### **Overview of Education in Malaysia**

Before introducing the study abroad program under the Look East Policy, the following is a brief summary of Malaysian education.

Since Malaysia was a British colony, the school system is based on the British 6-3-2 system, which consists of six years of elementary school (primary education), three years of junior high school (first semester

secondary education), and two years of high school (second semester secondary education). This was followed by one to one and a half years of preparatory university education.

Primary and secondary education are free, and primary education is compulsory. Because of the multi-ethnic nature of the country, some elementary schools conduct classes in Malay, the national language, and some in Chinese and Tamil, however Malay is a requirement in all schools. In order to maintain educational standards up until the secondary school level, a unified curriculum is set by the Ministry of Education. Students then take a common examination (UPSR) during their sixth year in primary school and another common examination (SPM) at the end of their last year of secondary education (second year of high school), which determines where they will go on to higher education.

Higher education institutions include national and private universities, polytechnics, community colleges, and junior colleges. Students enter Form 6, a preparatory course for university studies, which lasts one and a half years, and then pass the national examination (STPM) before continuing on to higher education.

### **Over 17,000 Look East Students Studying Abroad at Japanese Institutions of Higher Education**

The Malaysian government has set a target of 250,000 international students by the year 2025. Currently, approximately 100,000 international students are studying in Malaysia, with approximately 2,750 students from Japan (2017, Japan Student Services Organization survey).

In Malaysia, there are many students who wish to study abroad. With

history as a British colony, the British-style education system is the most familiar, so most students chose to study in the United Kingdom, Australia, and other Commonwealth countries, as well as in the United States. According to UNESCO, approximately 63,000 students have studied abroad to date.

According to a survey by the Japan Student Services Organization (JASSO), the number of Malaysian students studying in higher education institutions, including universities (undergraduate, junior college, and technical college), graduate schools, special training colleges, and preparatory schools, peaked at 3,094 in 2018, and then declined in 2020 due to the COVID pandemic. In 2021, the number of students totaled 2,426, which as a country ranked 12th, the same rank Malaysia had during its peak in 2018.

The large number of international students in Malaysia, one of the smallest countries in the world, is largely due to the fact that the Malaysian government continues to offer scholarships from the national budget for Look East students. By 2019, the number of students, including trainees, who had studied in Japan as Look East students totaled over 17,000.

In 1997, due to Malaysia being affected by the Asian Economic Crisis, it became difficult to allocate funds for foreign student dispatch programs. Later, the yen loan program ended in 2004. From 2005 onwards, the Malaysian government has been able to continue to send students for international studies as it had done until 1997.

Having started in 1982, the Look East Policy offers two types of study abroad programs: one for undergraduate study at universities, and one for study at technical colleges. Scholarships are provided by the MARA

Education Foundation, a subsidiary of the Malaysian Human Resources Institute and People's Trust (Majlis Amanah Rakyat). To date, more than 8,000 Malaysians have studied at Japanese technical colleges.

The Undergraduate Study Abroad Program is funded by a scholarship from the Malaysian National Personnel Authority, and students are educated for two years prior at a preparatory school in Malaysia. The Science Preparatory Course and the Social Sciences Preparatory Course will be offered at the University of Malaya (Ambang Asuhan Jepun, 100 students per year) and Teikyo Malaysia Institute of Japanese Language (Pusat Bahasa Teikyo, 50 students per year), respectively. After which, based on their grades and preferences, the students will take a study abroad examination administered by JASSO and enroll in a national university. The Ministry of Education, Culture, Sports, Science and Technology dispatches a delegation of Japanese teachers (one leader and 18 subject teachers), and the Japan Foundation dispatches seven Japanese language teachers to this special course at the University of Malaya, a preparatory educational institution. The program is limited to Bumiputra students.

The Technical College Study Abroad Program, on the other hand, is limited to 40 students, who will receive two years of preparatory education in Japanese language, mathematics, physics, and chemistry at the Center for Technical College Preparatory Education (Kumpulan Teknikal Jepun) of the International Education College of the Instituto Teknologico Mara. They will then transfer to the third year of a national technical college in Japan. For this program, students from outside Bumiputra are also accepted.

The Twinning Program, which began in 1993, is a program conducted by the Mara Education Foundation that provides preparatory

education within Malaysia in Japanese language, mathematics, physics, and chemistry, as well as pre-university education, for transfer to the third year of undergraduate study at a Japanese university. The first phase started in 1993 and the second phase began in 1999. From the third phase, starting in 2005, it was known as the Higher Education Loan Fund Project, with most of the costs being covered by Japanese yen loans. The fourth phase is known as the Malaysia Japan Higher Education Program. Students who have studied in Malaysia for three years and meet the requirements to study in Japan are transferred to a consortium of 24 universities in Japan based on their grades and preferences.

### **Establishment of Malaysia-Japan International Institute of Technology (MJIIT)**

As the culmination of its Look East policy, the Japanese government envisioned the establishment of a university research institute in Malaysia that would provide Japanese-style engineering education. At the 2001 Japan-Malaysia Summit Meeting, the Malaysian government proposed the establishment of the Malaysia-Japan International Institute of Technology (MJIIT), and both countries agreed to pursue the initiative. Japanese government provided yen loans and technical cooperation, and currently implementing the second stage of technical cooperation. The school building was established as one academic institution (faculty) of UTM at the University of Technology Malaysia (UTM) International Kuala Lumpur Campus, and started in September 2011 with 100 undergraduate and graduate students.

The university have four undergraduate departments: Electronic

Systems Engineering, Chemical Process Engineering, Mechanical Precision Engineering, Software Engineering. Graduate school departments included Electronic Systems Engineering, Mechanical Precision Engineering, Sustainability and Environmental Science, Technology and Innovation Management, Disaster Risk Management. Since MJIIIT students are affiliated with UTM, they receive support from UTM faculty and have access to research facilities and other equipment.

Cooperating universities from Japan include: Osaka University, Okayama University of Science, Kanazawa University, Kanazawa Institute of Technology, Kyushu University, Kyushu Institute of Technology, Kyoto University, Kinki University, Saitama University, Shibaura Institute of Technology, Takushoku University, University of Tsukuba, Tokai University, Tokyo University of Agriculture and Technology, Tokyo University of Technology, Tokyo Denki University, Tokyo City University, Tokyo University of Science, Toyohashi University of Technology, Nagaoka University of Technology, Nagoya Institute of Technology, Japan Advanced Institute of Science and Technology, Meiji University, Ritsumeikan University, Ritsumeikan Asia Pacific University, Yamagata University, Yamaguchi University, Muroran Institute of Technology, Saga University, National Research Institute for Earth Science and Disaster Prevention (NIED), and the International Center for Water Hazard and Risk Management (ICHARM).

A consortium has been formed from the Ministry of Foreign Affairs, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Economy, Trade and Industry, Japan Chamber of Commerce and Industry, and Japan International Cooperation Agency (JICA) to manage

MJIIIT, including curriculum development, dispatch of Japanese faculty, joint research, joint degree programs, and student exchange.

Currently, there are 96 faculty members, of which 7 are full-time members from Japan and 2 teachers are teaching Japanese full-time at MJIIIT. Three experts have been dispatched from JICA and one JICA Overseas Cooperation Volunteer is also providing Japanese language education to students. As of 2022, there are 757 undergraduate students and 496 graduate students.

One of the main features of MJIIIT is the establishment of research groups called i-Kohza (innovative courses), Rinko (rotating lectures: seminars), and research activities based on a Japanese-style system in which senior and junior students help each other under the supervision of professors.

The current i-Kohza programs include: Advanced Integrated Devices and Materials Engineering, Atmospheric Resources, Algae Biomass, Biomimetics, Chemical Energy Conversion and Applications, Communication Systems and Networks, Embedded Systems, Engineering Materials and Structures, Intellectual Property Strategy Research Intelligent Dynamics and Systems, Microbial Metabolism, Optical Devices and Systems, Pattern Recognition, Robotics and Automation, Natural Material Conversion and Separation Technology Research, Industrial Revolution Soft Engineering, Takasago Thermal Environmental Systems, Tribology and Precision Processing, Vehicle and Systems Engineering, Wellness Innovation Technology, and Urban Environmental Wind Engineering.

Going forward, MJIIIT will focus on educational collaboration programs such as international, interactive, inter-university degree

programs, creation of innovation through international industry-academia-government collaboration projects, and fostering ventures originating from MJIIT. It is expected to become a hub of engineering education in ASEAN and develop into a leading higher education institution in Asia.

### **Alumni organizations of International Students in Japan and Alumni Students in Action**

Look East international students are, upon their return, required to work for a Malaysian ministry or company. Currently, there are two major alumni associations, the Alumni Look East Policy Society (ALEPS) and the Japan Graduates' Association of Malaysia (JAGAM).

ALEPS was established in 1988, the year the first Look East students returned home, under the leadership of the Ministry of Public Service of the Government of Malaysia. Membership is open to Malaysians who have graduated from a Japanese institution of higher education with the Malaysian Government's Look East Scholarship or a Japanese Ministry of Education Scholarship. Currently, there are approximately 5,000 principal members. As an alumni association, it organizes events for alumni members, develops business aspects among members, provides benefits to members as well as their families, and holds fairs for the next generation to study in Japan. It also serves as a bridge between Malaysia and Japan through programs such as weekend homestays with students from a Japanese school in Kuala Lumpur.

JAGAM, on the other hand, is an alumni association that includes not only government-sponsored scholarship students, but also those who were privately-funded. The association was founded in 1973 through a merger of three regional associations (northern, central, and southern) of students who

had studied in Japan. The new association expanded membership beyond graduates from four-year universities to graduates from other institutions including junior colleges. Currently, there are approximately 2,000 members, with branches in Kuala Lumpur, Penang, Johor, and Japan. Since many privately-funded students are Chinese, the majority of the members are Chinese.

Currently, JAGAM provides educational opportunities for the next generation, including scholarships, cultural exchange, assisting with job hunting, and business matching among alumni since many are entrepreneurs.

JAGAM Chairman Gary Tang came to Japan to study in 1983 when Prime Minister Mahathir announced to the Japanese government that he wanted to send foreign students to Japan under the Look East Policy. As a Chinese national, he paid his own expenses and studied Japanese for one year at the International Gakuyukai Japanese Language School in Tokyo. He then went on to enroll in the Department of Electronics and Information Science in the Faculty of Engineering at the University of Electro-Communications.

Gary, born in Johor, had an English education in high school and had originally wanted to study in England or the US. Just as he was considering this, Fujitsu designed, manufactured, and sold the first supercomputer in Japan, which was attracting worldwide attention. His father strongly recommended that he should study in Japan, so he did a complete 180-degree turnaround and made the decision to pursue studying in Japan. Having been taught in English, he could not speak Japanese at all, let alone write kanji. Gary would start from the bottom of his class in Japanese language school, but worked hard and pushed forward.

After arriving in Japan, Gary found that each school had its own

entrance examination, and the door to take exams for schools like Tokyo University was closed to privately funded students like himself. He would go on to study hard for a year and eventually passed the entrance examination of the University of Electro-Communications, Waseda University, and Tokyo University of Science, all of which had science majors. Of course, Gary took the entrance examinations in Japanese, the same as Japanese students.

Following graduation, Gary joined Daiwa Securities as the first foreign employee in a career-track position and joined the team in charge of Southeast Asia. After three months of training, he was assigned to the International Department, where he took his first steps as an investment banker. One year later, in 1989, amidst fierce competition, he was granted the lead manager position for a samurai bond worth approximately 30 billion yen for Malaysia. In 1991, he was transferred to Singapore, where he was in charge of the listing of Tenaga Nasional Bhd, a Malaysian power company, and raising funds in the global market. He then left Daiwa Securities, where he had worked for six years, and moved to CIMB, a major Malaysian bank, where he worked in the financial industry until 2001, selling to institutional investors and investments from abroad. Following this, Gary worked in Abu Dhabi and Dubai as an advisor connecting Asia and the Middle East before returning to Malaysia in 2018.

Gary currently serves as President of JAGAM and as a member of the International Council of the National University of Singapore's Faculty of Medicine, president of a Lions Club, and as an advisor and non-executive director of many foundations and companies, where he is committed to fostering the next generation.

"I am very grateful for the opportunity to have been able to study

abroad because it allowed me to learn many good things about Japan. Japanese people have a strong sense of ethics, respect for others, and value the relationship between seniors and juniors, as well as their elders. This is completely different from the 'Me, Me' attitude of the West, where emphasis is placed on oneself and is a bit self-centered. I also like the fact that even if they make mistakes, they never give up and keep trying until they succeed," said Gary.

The JAGAM Japan Chapter was established in 2018 when Mahathir became Prime Minister for a second term and Datuk Tan Hui Guan (Steven Tan) became the Japan Chapter President. Steven is fourth-generation Chinese and has loved automobiles since he was a child. He knew that if he wanted to work in the automotive industry, he would have to study in Japan. He was studying at the prestigious La Salle High School in Malaysia when Mahathir announced the Look East Policy. After attending a presentation on Japanese language schools in Kuala Lumpur he decided to go to Japan.

Steven came to Japan in April 1983, and after studying at a Japanese language school in Tokyo, he graduated from the Tokyo College of Technology, where he studied automobile maintenance, design, and computers for three years. He decided to stay in Japan and joined Isuzu Motors as their first foreign employee in the country. Within the company, although opinions were divided about choosing to hire a foreigner, the president and managing director at the time encouraged him. After four months of experience in maintenance, he moved to the sales department and worked as a dealer. Steven felt he had to produce good results at all costs, so he worked hard in his first year and achieved top sales.

"It was my job to go door-to-door every day. When Japanese people

say ‘I’ll think about it,’ it means ‘I won’t buy it.’ So, I would visit the house every day, and gradually they’d start to give in, and finally would make a purchase,” said Steven. In his second year, he was entrusted with the responsibility of instructing new employees. Forty years ago, foreign salespeople were rare, and the company and its customers took good care of them. He sold everything from passenger cars to trucks.

In his second year, he was headhunted by Nichia Corporation, famous for its blue diodes. This offer came after they had purchased three Isuzu vehicles. With a salary at the time of 150,000 yen, he was offered a salary of 1 million yen for the position of president of the local subsidiary in Malaysia.

However, because Steven had promised to work for Isuzu Motors for five years, he introduced a junior of his, also an international student, for the position instead. He sold Isuzu Motors’ vehicles in Cambodia in 1992 when the Japanese government conducted PKO activities in Cambodia.

Later, after being given the okay from Isuzu Motors to move on to other things and “graduate,” Steven started I.M. Automobile Sales, which exports Isuzu Motors and other Japanese cars overseas. He started it in Omori, Tokyo, where he was familiar with working as a dealer. Since then, he has exported cars to Hong Kong, Macau, and Singapore, as well as Malaysia, and currently mostly deals with new and used Toyota vehicles. More than a decade ago, the company reported record sales of 12.7 billion yen.

In addition to exporting cars, for the past several years he has imported a long-established Malaysian retort food manufacturer to Japan and also operates a Malaysian restaurant in Tokyo.

Steven, a foreign student from the founding days of Look East, said,

“In our time, everything was new to us. For Japanese companies, it was the first time to hire a foreigner, let alone a Malaysian. So, we had to work hard and produce results that would be as good as the Japanese at any cost, and our hunger was not half bad,” he recalls.

Both Gary and Steven are of the first generation of Look East Policy students. Not only have they mastered the top-notch science studies that Mahathir aimed for, but they have also learned the ethics of the Japanese people, which they have passed on to their juniors in Malaysia and are putting into practice.



# Chapter 5

Prime Minister Mahathir's Resumption of  
Office and New Look East Policy

## **Launch of the New Look East Policy and Establishment of the University of Tsukuba Malaysia Overseas Branch**

On May 9, 2018, Malaysia's opposition coalition, Pakathan Harapan (PH), won the general election, leading to the first change of government since gaining independence in 1957, and returning 92-year-old Mahathir as Prime minister for the second time. He would later be listed in the Guinness Book of Records as the world's oldest elected prime minister in a democratic country.

Prime Minister Mahathir visited Japan from June 10 to 12, where a summit meeting was held with Prime Minister Shinzo Abe. There, he called for a "New Look East Policy" with education as its pillar. He expressed his desire to invite Japanese universities to Malaysia, which he had long advocated for in order to place more emphasis on general education and to offer courses in Japanese. Prime Minister Mahathir's idea was for students to take a two-year general education courses in Japanese, at a Japanese university that offers the same Japanese curriculum in Malaysia, and with funds to study abroad for four years, they could go to Japan, focus on their major area of study at an undergraduate level for two years, and then proceed on to postgraduate studies.

Since 1982, over 17,000 foreign students have studied in Japan through the Look East program, as well as over 26,000 short-term trainees from JICA and other organizations. Privately-financed students greatly outnumber government sponsorship recipients, further increasing the number of foreign students in Japan.

The Malaysian government has been sending many science and

engineering students to Japanese universities and technical colleges based on the belief that in order to transform itself from an agricultural nation to one of industry and become a developed country, it is necessary to cultivate excellent human resources in the fields of science and technology.

However, nearly 40 years after the start of the Look East Policy, he instructed the government to reconsider "Look East Students" as it was necessary to reevaluate the nature of study in Japan, go back to basics, and clarify its objectives. Central to this was the establishment of a Japanese university branch in Malaysia. Dr. Makio Miyagawa, then Japanese Ambassador to Malaysia, heard from Mahathir about the establishment of this university branch.

Mahathir stated, "Education is the foundation of a nation. In order to develop a nation, each citizen must have in-depth knowledge, each must be able to discern right from wrong, and each must be able to judge what is necessary for the prosperity of the nation. Education must be reformed from scratch. To do this, it is necessary to learn from the Japanese people, who have a strong sense of morality and are hardworking." Immediately after becoming prime minister, he announced his intention to serve as Minister of Education in order to spearhead educational reform, but decided against it because the manifesto of Pakathan Harapan, with which he formed a coalition, prohibited him from serving both as Prime Minister and Minister at the same time.

At the Japan-Malaysia Summit Meeting on May 12, in addition to the establishment of a Japanese university branch, Mahathir indicated plans to continue and improve the Look East Students, which has been in operation for nearly 40 years, stressed the importance of a New Look East

Policy placing focus on education, and asked for cooperation from Prime Minister Abe.

Upon his temporary return to Japan, Miyagawa immediately set about establishing a branch school. Miyagawa presented five conditions for the branch school: (1) it must be at a high education standard in Japan, (2) it must send excellent faculty members who teach directly at the university, (3) it must send many Japanese language teachers from Japan to provide thorough Japanese language education, (4) the number of students must be large enough to attract students from all over Malaysia, and (5) it must have a unique presence in Malaysia, a one-of-a-kind entity that will grow its roots in Malaysia.

Several universities were mentioned within the Japanese government, but the University of Tsukuba came forward, and the establishment of a branch school was decided. If realized, the University of Tsukuba would be the first Japanese university to establish a university that can offer Japanese degrees overseas. Although Japanese universities have previously been set up abroad as institutions of higher education that offer degrees from that foreign country, this would be the first time a Japanese degree is offered overseas. The decision was made to establish the university within the University of Malaya in Kuala Lumpur. The president of the University of Malaya had studied at Kyoto University and was very understanding.

In preparation for the establishment of the branch school, President Dr. Kyosuke Nagata of the University of Tsukuba met with Mahathir many times in Kuala Lumpur and Tokyo. Mahathir told him, “I want you to convey the diligence of the Japanese people to young Malaysians through education and research at Japanese universities.” President Nagata explained

the reason for the University of Tsukuba’s expansion into Malaysia in light of Mahathir’s Look East Policy. He stated, “Of course, we must conduct world-class academia as a university, but the essence of the Look East is not only diligence but also compassion. How can we maintain consensus and treat others while confronting them in society? I understand that the culture of shame in Bushido teaches how to live without causing trouble to others in society. It is a challenge to teach students how to have that kind of compassion in their daily lives as a Japanese way of life.”

Unlike other national universities, the University of Tsukuba set forth its founding principles when it was established in 1973. It states that conventional universities were “confined to narrow areas of specialization, stagnant and fixed in both education and research, and tended to be detached from the realities of society,” and that as an open university, it “will develop new educational and research functions and a new organization that is international, diverse, and flexible, while constantly responding to the changes in modern society.”

The University of Tsukuba accepted the request to establish a branch school in Malaysia from the Japanese government precisely because it has a mission based on the founding principle to break down fixed systems. At the University of Tsukuba, there is no faculty council, and in general, all faculty members are affiliated not with a department or graduate school but belong to an organization called “faculty,” that is close to their research field. This free spirit of challenge was significant.

Currently, preparations for the establishment of the branch university are underway, overcoming legal barriers from both countries. The opening is scheduled for September 2023. Once open, the university will recruit 100

to 120 students, and classes will begin in the year 2024. In addition to basic subjects such as mathematics and science, students will be able to choose from around 10 areas of specialization, including humanities, sociology, engineering, life sciences, and business. The program will also focus on liberal arts.

Around 30 professors will teach in Malaysia. Since they are professors from University of Tsukuba and in a position to conduct research in Japan, the possibility of having different professors for the first and second semester of the same subject is being considered.

In terms of Japanese culture, as requested by Mahathir, Judo, Kendo, Japanese painting, calligraphy, and tea ceremony will be included. In addition, classes will be conducted in Japanese, which was insisted on by Mahathir, but will also be taught in English so that they can be globally accepted.

President Nagata stated, “Language is logos. It is the very end point of logic. Omotenashi is not hospitality, and Omoiyari is different from respect. Take for example, giving up one’s seat to an elderly person. In the West, one would naturally give up one’s seat to the elderly because they are weak, but this is not the case with Japanese people. The elderly are also deeply respected. Another example is shame. In the West, the concept of shame also refers to one’s own thoughts and actions, whereas the Japanese concept of shame is the inability to condone one’s actions to one’s peers. I am sure that you will come to understand these differences.”

Although its place in the world university rankings is low due to a lack of female researchers and poor internationalization, he says that Japanese universities are still competitive in the eyes of the rest of the world. “It is

a good opportunity to show the value of Japanese higher education. It is often said that the number of papers is decreasing, but the quality is still high. In both the world of employment and academia, the career path after graduation is important. In that sense, I think it is very important to see how we can tie up with companies and, at the branch school in Malaysia, look after students’ job placement opportunities, such as in Japanese companies,” said President Nagata. Once the university branch is operational, he hopes to expand into primary and secondary education with elementary, junior high, and high schools.

### **Establishment of Malaysia Future Leaders School**

In 2004, a year after stepping down as Prime Minister for the first time, Mahathir came to Japan a lecturer for the “Japan Future Leaders School”(JFLS) in Munakata City, Fukuoka Prefecture. Headed by the chairman of KEIDANREN (Japan Business Federation), the program is a two-week summer school in which local governments and the business community cooperate to develop 170 high school students from across Japan to become future leaders of Japan. To date, more than 3,500 graduates of the school have been active in various fields in Japan and around the world, including entrepreneurs, NGOs, corporations, diplomats and other national public officials, teachers, local governments, doctors, and nurses. Mahathir has taught in Munakata every year since the school opened, with the exception of two years where lectures were held online due to the COVID pandemic.

Mahathir continued to lecture at JFLS after becoming prime minister for the second time, and at a cabinet meeting after returning to Japan, he

stated, “I am invited by Japanese high school students to give a lecture every year. It is very important to nurture next-generation leaders with good values and a strong will, and that is why I wish to establish a Future Leaders School in Malaysia based on JFLS.” Thus, the establishment of the Malaysia Future Leaders School (MFLS) was proposed and approved.

The Malaysia Future Leaders School (MFLS), which began as a national project, is under the jurisdiction of the Ministry of Youth and Sports. The program was led by Minister of Youth and Sports Syed Saddiq, who became a member of the House of Representatives in the 2018 election, and subsequently the youngest-ever minister in Malaysia at the age of 26.

Over the course of a year, 35,000 participants out of 300,000 high school students in 2,000 schools were selected in the first round, and 150 Malay, Chinese, and Indian students spent 10 days and 9 nights in camps across the country. In November, 200 of the most outstanding high school student leaders were selected.

The kick-off ceremony was held in Kuala Lumpur in May 2019, with Prime Minister Mahathir in attendance. Mahathir said, “I hope that Japanese values will be taught through the MFLS to develop future leaders with strong character in terms of integrity, inclusiveness, excellence, volunteerism, responsibility, competitiveness, and community spirit.”

On August 7, Prime Minister Mahathir, a lecturer at JFLS, accompanied Minister of Youth and Sports Syed Saddiq and Minister of Foreign Affairs Dato’Sri Saifuddin bin Abudullah as they inspected the initiatives of JFLS.

Every year, JFLS holds “the Asia High School Summit”, a project-based initiative in which high school students spend two weeks discussing

a given theme and presenting their policies. This year’s theme was “How to solve problems that need to be solved on a global scale in space.” Astronaut Dr. Koichi Wakata, Director of the Japan Aerospace Exploration Agency (JAXA), gave a lecture titled “Spaceflight and Leadership,” and the high school students embarked on the most challenging theme of the Asia High School Summit to date.

The students presented their unique ideas in front of Prime Minister Mahathir and Dr. Wakata, such as using satellites to identify areas with high levels of ocean plastic and developing ocean crunching robots to remove the plastic debris, attaching solar panels to a near-Earth planet to collect and transmit electromagnetic waves to a single location on Earth, creating a space field to provide food to starving regions, building a school in space to provide education without discrimination of race or religion, and developing a new business with a theme park in space and a space live show to solve employment problems.

Prime Minister Mahathir advised, “Science and technology can be used for peaceful purposes, but if we make a mistake, it becomes an instrument of war. Science and technology are an option given to human beings, and I hope that it will be used for environmental problems and the cure of diseases. It is the responsibility of the next generation to make humanity truly civilized.”

### **JICA’s short-term training assistance**

Starting in 2016, one of the pillars of the “Look East Policy 2.0 Plan” of the Japanese and Malaysian governments was to enhance training for short-term ministry officials. The duration of the program is two to three

weeks; 517 people have visited Japan for “Look East” training in the five years up until 2020. The program is divided into three areas: 1) cutting-edge industrial technology, 2) service cooperation, and 3) public-private management capacity. For service cooperation, participants learned about school lunch guidelines from Japanese school lunches.

The importance of in-company education was one of the pillars of the New Look East Policy since Mahathir came to power. On August 7, 2018, Prime Minister Mahathir, accompanied by Transport Minister Anthony Loke Siew Fook and 30 others from the ministry, visited Kyushu Railway Company’s Safety Creation Center in Kitakyushu City, Japan. Then-President Toshihiko Aoyagi explained how important it is for employees working on the railroad to ensure safety and do their jobs properly every day.

The Safety Creation Center opened in 2011, and Kyushu Railway Company employees undergo training at the facility once a year. The purpose of the training is to keep past accidents fresh in the minds of employees and to reaffirm their confidence and pride as professionals in railroad safety. There are displays of past train accidents, equipment to experience the importance of pointing and checking, and a simulator to learn how to drive safely in bad weather.

Looking back on Mahathir’s inspection, Aoyagi says, “I felt the passion for maintaining and keeping railroads running safely, which is the foundation of railroads.”

At the time, Malaysia announced that it would postpone construction of a high-speed railroad between Singapore and Kuala Lumpur. Prime Minister Mahathir had also mentioned in May’s Japan-Malaysia Summit Meeting that he would like to focus on high-speed and double-tracking of

existing lines, freight, and safety assurance.

During his visit to Kyushu Railway Company, Aoyagi explained to Prime Minister Mahathir, the Minister of Transport, and the accompanying members of the Ministry of Transport that “those who work in the railroad industry must always recognize that they have a sense of mission to protect lives, not for themselves, but for others and for the many people who use the railroad system.” Prime Minister Mahathir asked numerous questions about specific training methods to ensure safety and how to educate employees on a daily basis within the company.

In addition to the issue of safety in train operations, Aoyagi also explained the management problems of the railroad company, which has many small towns and villages along the railroad line and has unprofitable routes. He also explained that more than half of its sales come from non-railway income, including station buildings and condominiums, to which Prime Minister Mahathir inquired enthusiastically about urban development around the stations.

Prime Minister Mahathir asked Kyushu Railway Company to provide guidance to Malaysian National Railways, and at the end of November, employees from Kyushu Railway Company’s Vehicle Section and Track Maintenance Section, and employees from Japan Freight Railway Company spent a week on a JICA expert mission to visit and lecture on the current state of Malaysian National Railways.

During the visit, Kyushu Railway Company advised that in regards to vehicle maintenance, the company should improve testing facilities for each component due to defects in test runs after reassembling the vehicle as a car during overhaul, and that locomotives need to be reorganized, and the

introduction of electric locomotives should be considered as an alternative to diesel.

In track maintenance, it was pointed out that the rails' lifespan can be extended by managing small scratches and that there are unnecessary repairs in replacing stones (ballast) under the tracks. In terms of operation management, it was pointed out that the situation is similar to that faced by Japan's national railways 30 years ago, and that the company should consider increasing convenience from the user's point of view. Whilst the view in Malaysia was that 7.5-minute intervals between trains was the limit, in Japan it was possible to shorten this to 4 minutes by increasing the number of traffic lights, increasing the speed of freight trains, and mixing freight and passengers. It was also mentioned that reports on the causes of delays are not being utilized.

As part of JICA's short-term training program, 20 Malaysian officials from the Ministry of Transport, the National Railway company, and others later followed, inspecting Kyushu Railway Company and other facilities.

The New Look East Policy examines the Look East Policy that has been in place for 40 years and focuses on human resource development in industrial sectors that have not been realized.

While vacationing in Okinawa at the end of 2019, Prime Minister Mahathir, visited the Moroshi communal kiosk, which was established in Nakijin Village in 1957. The 200 or so communal stores that had existed since the Meiji Era have dwindled to around 70 today, but in the past, they were frequented by villagers to buy daily necessities and food, as well as a place to relax. Products were sold on an accounts receivable basis, with payment made when cash income was received. In addition, they also served

as banks and post offices. In a column on his website on New Year's Day, 2020, Prime Minister Mahathir highlighted the Okinawan communal stores, noting that such stalls in rural villages where Malays live could be utilized to enrich and develop the area.

After his trip to Okinawa, Mahathir instructed the relevant Malaysian Ministries to see if a training program for Malaysians in Ryukyu glass and Yachimun Okinawa pottery workshops was possible, but this was later abandoned when Mahathir resigned.

In neighboring Thailand, the Oita "One Village, One Product Movement" was adopted as a means of revitalizing rural areas during the Thaksin administration in Thailand, and the quality of local crafts has improved, playing a major role in inbound tourism. In Malaysia, Mahathir tried for more than 30 years to introduce the "One Village, One Product Movement" in a similar manner, however, unlike industrialization through the Look East Policy, the development of industry through traditional crafts in rural areas did not succeed as it had in Thailand.

As part of his efforts to promote regional development after his reappointment as Prime Minister, Mahathir has attempted to learn from local producers and the governments that support them, from the production of Japanese-style traditional crafts and other products to the marketing of these products domestically and abroad. Mahathir, who has visited Japan more than 100 times to observe local industries in Japan, felt that it was important to learn from both the local administration and the producers in Japan. He believed that the key was to change the mindset of Malaysian officials from the central government to the local level.

JICA has provided short-term training for over 5,000 participants

(mainly in the central government) over the past 40 years, and according to the JICA Malaysia office, there is still a great need for short-term training even under the current administration. In the area of public and private sector management skills, JICA is focusing on the training of government officials from entry-level to middle management positions. In addition, an increasing number of senior officials from various ministries and agencies have studied at Japanese universities and graduate schools under the Look East Scholarship, which is expected to accelerate the new trend of learning from Japan.

As of 2022, 13 of the 27 Ministries' vice-ministerial-level posts (excluding vacant posts), have studied in Japan at a university or graduate school level or have received JICA training.

Dato'Seri Ir. Dr. Zaini bin Ujang, Undersecretary of the Ministry of Environment and Water Resources, first came to Japan on a JICA expert training program with academics and government experts. Since that time, he has developed an interest and expertise in Japan's sustainability, innovation, and advanced management and leadership, and says that Japanese culture and professional ethics became his main criteria and influenced his direction for the future.

Also, through his professional association with the Japanese people, he was inspired by the Japanese ecological philosophy of eco-sophy, which he later wrote a book about.

"The idea of Japanese eco-sophy taught me that culture cannot be changed by an organization. Culture, in fact, requires both behavior and habit. Behaviors are influenced by incentives and punishments, while habits bring about change in the personal sphere through the subconscious. When

positive habits become embedded in a person's lifestyle, they eventually become natural good deeds."

Zaini believes that 40 years on, the Look East Policy has had a significant impact, particularly on aspirations to become a high-income country. In a message to the Embassy of Japan in Malaysia on the 40th anniversary of the Look East Policy, he remarked that "in meeting the complex challenges of the 21st century and beyond, Malaysia must not limit the Look East Policy merely to investment promotion and educational exchange. Malaysians need to boldly embrace Japan's environmental philosophy to achieve a better and more sustainable Malaysia."

Datuk Ichiro Suzuki, Managing Director of Hiro Food Packages Manufacturing, which exports food packaging from Malaysia to over 70 countries around the world, is the first Japanese resident of Malaysia to serve as Managing Director of the Malaysian Investment Development Authority (MIDA). He is also a board member and chairman of the SME Committee of the Japanese Chamber of Trade & Industry, Malaysia.

"During the past 40 years under the Look East Policy, supporting industries have grown for Malaysia's manufacturing industry. Initially, major Japanese companies brought over parts manufacturers from Japan, and over a long period of time, nurtured Malaysia's small and medium-sized manufacturers. I believe it is important for those Malaysian and Japanese companies to share the wealth as equal partners."

Many MIDA and government leaders are Malaysians who studied in Japan and gained experience working in cities such as Tokyo and Osaka. They have a high regard for Japanese small and medium-sized enterprises, impressed not only by their technological capabilities, but also the passion



and ethics shown by the employees.

“As a Japanese entrepreneur in Malaysia, I feel it is important to remain grateful for the opportunity to work in this country. By utilizing each other’s strengths and working hand-in-hand, I believe the future of both countries will be bright,” says Suzuki.

It has been 40 years since the Look East Policy was first established. In addition to manufacturing, there are now a wide range of areas, including IT, medicine, food, and the environment, where the two countries can continue to cooperate and make a positive contribution to the world. Currently, more than 1,500 Japanese companies are operating in Malaysia. Both Alumnus of LEP and bureaucrats are playing significant role in connecting Japan and Malaysia.

# Chapter 6

Look East Alumni for Tomorrow

From Malaysia to the World, Look East Alumni are active in various fields. In Malaysia and Japan, they are taking on the challenge of creating a better society for tomorrow. They are working not only to develop Malaysia as Mahathir aimed, but also to boldly challenge and solve issues that transcend national borders. Forty years ago, Mahathir advocated the development of human resources as the foundation of a nation, and these “Look East” alumni were sent to Japan as a national policy. We asked them what they are doing now in Japan and Malaysia, and how they are contributing to society.

### **A leading expert on dengue fever aiming to develop a vaccine**

Dengue fever is a mosquito-borne infectious disease that affects 3.9 billion people annually. No vaccine has yet been developed, and Dr. Moi Meng Ling, Professor of School of International Health at the University of Tokyo, is at the forefront of the effort. She is also a member of the Advisory Board of the Japan Agency for Medical Research and Development (AMED) and a visiting researcher at the National Institute of Infectious Diseases.

She came to Japan in 2003 as a Japanese Government (Monbukagakusho) Scholarship student, and obtained a Master’s degree from the Graduate School of Medical Sciences, University of Tsukuba, and a Doctor of Medicine from the Graduate School of Comprehensive Human Sciences, University of Tsukuba (research institute: National Institute of Infectious Diseases).

She was born in Kuala Lumpur, and started her career at Universiti Putra Malaysia with an interest in invisible microbial viruses. Her father, a Chinese national, worked in the car industry. Moi grew up seeing his

determination and focus at completing his work on at a time. She says, “Like my father, I would challenge myself to repeat until we succeed to confront invisible microorganisms.” As a doctoral student, she met Dr. Ichiro Kurane, then director of the National Institute of Infectious Diseases (NIID), an expert in dengue research. This encounter changed her life. Gentle-natured and empathic, Dr. Kurane always gave her appropriate advice. Together with her previous experience as a dengue patient, she decided to focus on elucidation of the pathogenesis of dengue fever and human defense mechanisms against it, with the goal of developing better measures against dengue.

Later, she became a researcher at the National Institute of Infectious Diseases (NIID), where she conducted joint research with the WHO and other organizations on not only dengue fever, but also mosquito-borne yellow fever, Zika fever, Japanese encephalitis, and other infectious diseases. Then, in January 2015, she joined the Department of Virology, Institute of Tropical Medicine, Nagasaki University, as an Associate Professor.

Her ultimate goal is to develop a practical vaccine against the dengue virus. There are four serotypes of dengue virus, ranging from 1 to 4. Infection with dengue virus 1 will result in immunity to type 1, but little or no immunity to any other type of virus. Conversely, infection with a different type of virus can cause severe illness, as antibodies from the type 1 virus bind to other serotypes of the viruses, which then attack cells involved in the immune system.

This mechanism has led to the development of a method that not only measures antibodies to one type of the virus, but also simultaneously measures how infectious they become when combined with another type

of the virus. It is now possible to determine which type of the dengue virus a person is less susceptible to after vaccination and which type of the virus may cause severe illness.

She also succeeded in using marmosets, a non-human primate, as a model animal to study the effects of the vaccines. For these research results, she received the Young Scientists' Prize of the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology in April 2016.

In 2020, she was the first foreigner to receive the AMED President's Award of the Japan Medical Research and Development Award for "contributions to the understanding of transmission patterns of mosquito-borne infectious diseases such as dengue fever and Zika fever and human immune responses against them." She has elucidated the mode of transmission and immune response in Vietnam and Myanmar which she chose as target countries, shared the information on transmission obtained through this research with the governments of the region and the WHO promptly, and contributed to regional countermeasures against infectious diseases. She also clarified the immune response of dengue fever patients and some aspects of the disease that cause severe illness, and helped establish a foundation for the development of safe and effective vaccines and antibody-based medical products. The reason for the award was also based on the fact that the research has expanded to Malaysia and the Philippines, and has provided knowledge on new trends and characteristics of mosquito-borne infectious diseases in Southeast Asian countries. The scientific evidence and countermeasures in endemic areas are important because of concerns about dengue fever and other infectious diseases in Japan as well.

Moi's team and a research group from the National Institute of Hygiene and Epidemiology (NIHE) in Vietnam conducted a Zika fever field study in Vietnam on more than 600 patients using an antibody testing method developed by Moi. This study revealed the status of the Zika virus epidemic and successfully estimated when the Zika virus (Asian-American strain), which had been prevalent in South America, entered Vietnam.

In Vietnam, two Zika virus genotypes, the Asian-American and Asian-Pacific strain clusters, exist, and in addition to the Asian-Pacific strain, which is thought to have traditionally been endemic in Vietnam, the Asian-American strain is presumed to have been endemic between 2014 and 2018, entering the country between 2012 and 2014 from neighboring countries such as the Philippines, Thailand, or South American nations. This indicated that the nationwide epidemic began several years before the virus was first identified in Vietnam in 2016.

This serology method, plaque reduction test, was also used for the coronavirus disease (COVID-19) and contributed greatly to the identification of the infection and vaccine development in Vietnam. Moi said, "during my recent visit in Vietnam, I saw many antibody tests being performed with cell culture plates that bears my name; the researchers in Vietnam has named the virus strains that were used in the experiments after me. While I am aware that the many materials including viruses and techniques which we had shared over the years with Vietnam, are being used for infectious disease control in the region, in a renewed perspective, I was humbled that my contributions have been useful in infectious disease control here."

Moi represents Japan as a researcher at the WHO Expert Meeting on

the COVID-19, where she and her colleagues shares information and views on the current situation of the pandemic and countermeasures implemented. She intends to contribute to Japan in any way she can, believing that the scholarship from the Japanese government has brought her to where she is today.

It has been 40 years since Mahathir began advocating for study in Japan. Moi says, “Former Prime Minister Mahathir led Malaysia through a vibrant era, he listens to the people’s voice and is still walking beside them. It is a blessing that both governments have provided multiple scholarships for the younger generation to study abroad. In her opinion, those who have received scholarships should not take the opportunity lightly nor for granted, but remain humble and grateful. At the same time, I hope the government will continue to provide scholarships to those who are talented and in-need, but were not fortunate to be given the opportunity elsewhere.”

The COVID pandemic has made Malays, Chinese, and Indians economically insecure and in many aspects, this insecurity will be one of branches of the root that leads to other social-economic challenges of the country. That is one of the reasons as to why government scholarships are very much needed in providing financial aid for education and for cultivation of next-generation leaders to address our nation’s societal needs.

“As one of the beneficiaries of the scholarship, I would like to continue my research on dengue fever and other diseases to help many people suffering from these problems. This will also be my contribution to my home country, Malaysia,” said Moi. Moi’s laboratory is decorated with the many certificates and plaques she has received. With the goal of creating a vaccine, she will not rest in her research until she finds a solution.

## **Alumni role model who became head of a government-affiliated company**

Zulfiqar Zainuddin, president of ALEPS, an alumni association of Malaysian and Japanese government-sponsored international students, entered the Faculty of Economics at Wakayama University in 1996 and graduated in 2000 after two years of undertaking the Japanese Universities Preparatory Programme in Malaysia as a Look East Scholar. He had initially considered the United Kingdom as a place to study, but at the time, was offered to study Engineering. As he wanted to learn Economics, so he decided to go to Japan.

He returned to his homeland and joined Canon Inc. in Shah Alam, where he was in charge of human resources. He then gained experience in the emerging city of Cyberjaya, a technopolis of IT and other cutting-edge technologies, built within the Mahathir-promoted regional multimedia super corridor that stretches from Kuala Lumpur to the airport. After that, he joined the Malaysian sovereign wealth fund Khazanah Nasional. He is currently president of IIB Ventures Sdn Bhd wholly owned subsidiary of Iskandar Investment Sdn Bhd. IIB Ventures is engaged in new urban development, including land and infrastructure development in the Medini area as part of the Iskandar Development Plan in southern Johor, in which Khazanah Nasional has a stake. In addition to Khazanah Nasional, the company’s major shareholders include Mitsui & Co.

The Iskandar Project is a national project to redevelop the southern part of Johor from 2005 to 2025. Located adjacent to Singapore, Iskandar is three times the size of Singapore and roughly the same size as Tokyo.

Iskandar's population is targeted to increase from 2 million to 3 million by 2024. The income level in Singapore is seven times as large as that in Iskandar, and because of its competitiveness, Iskandar has a high concentration of industries such as IT and manufacturing, as well as high-rise condominiums, and approximately 20% of the current population is foreign. The city is also home to Marlborough College Malaysia, a prestigious British school, along with a number of international schools from the US and Australia. Nearly 10,000 Japanese people live in the area as well.

Zulfiqar, who is now president and a leader in his own right, is applying what he learned in Japan to his management. In Japan, 90% of the time at work is spent on planning and 10% on execution. In Malaysia, however, the opposite is true, he says. "In this day and age when quick decisions are required, the Japanese way of doing things has its problems, but in the long run, the Japanese planning style often makes sense in the end," he says.

For example, Malaysia started to implement the ETC system for expressways earlier than Japan, but since the system was not properly planned, it was not constructed to cover the entire country and forced to change several times due to complaints from users. Ultimately, the Japanese system based on rigorous planning is more convenient and has been running smoothly since its introduction. Zulfiqar says, "There are many things to learn from Japan."

Zulfiqar was a member of a soccer club during his study abroad. In Japan, if the team could use the field for an hour, the Japanese members would stop practicing after 50 minutes and spend the remaining 10 minutes for maintenance of the field. Zulfiqar was impressed by their thoughtfulness

in preparing the field for the next group to use.

"I think this is exactly what we can learn from Look East. You may simply tell people to be punctual or to follow the example of the Japanese and work hard, but unless you teach them why it is important, Malaysians will not understand. I learned during my study in Japan that the most important thing about Japanese ethics, which underlies Look East, is consideration for others. I am trying to convey that in Malaysia," he says. The number of Look East Scholarship alumni who go on to become executives in government-affiliated companies and ministries like Zulfiqar's is increasing.

### **An entrepreneur who implements Japanese-style management in Malaysia**

Datuk Khairil Adri Adnan went to Japan in 1996 to study at the Department of Electronic Engineering, Polytechnic University (PTU) as a Look East 13th scholarship student. PTU is an educational institution under the jurisdiction of the Ministry of Health, Labor and Welfare of Japan. Adri was born in the state of Perak. When he was little, he loved the American TV drama "Knight Rider" and wanted to one day build a car like the "Knight 2000," a dream high-tech car that speaks human language.

During his high school years, he was a member of the electronics club. The team built a remote-controlled car run by an electronic controller, and won the "Young Inventor Award" in a contest which was open to participants ranging from high school and university students to employees of government agencies. The invention recognized in this contest was certified by the World Intellectual Property Organization (WIPO). The car created by Adri's team was capable of what has become commonplace today,

such as starting the engine, opening windows, and turning on headlamps remotely.

During his impressionable high school years, Japanese technology was remarkable when it came to new electronic devices. Sony Walkman, digital cameras, and all Japanese products were small and cool. In Malaysia, Proton was created by the Malaysian government and Mitsubishi Motors as a symbol of the Look East Policy promoted by Mahathir, which meant that Malaysians could now start to produce cars. Going to study in Japan could give him a chance to work for a Japanese company. At some point, his dream of studying electronics in Japan began to grow.

His father was a high school clerk and his mother a housewife. The family was not wealthy by any means. He studied hard to obtain a scholarship from the Malaysian government. In the end, he was selected as a scholarship recipient, received two years of preparatory Japanese language education in Kuala Lumpur, and went to Japan to study in the Department of Electronic Engineering, Polytechnic University, his long-cherished dream come true.

As a matter of rule, a student sponsored by the Malaysian government scholarship, had to return to Malaysia upon graduation and teach at a technical college or other institution. However, Adri, who had already been given an offer from Digital Process (DIPRO), Fujitsu's subsidiary, made a quick return to Malaysia and negotiated with the government agency for permission to go back to Japan. He said, "I may not be able to fully contribute unless I have practical work experience in Japan. Only then, can I take full advantage of my education in Japan to contribute to my country."

DIPRO, an engineering IT solution provider that supports the digitization of manufacturing processes and was responsible for Nissan

Motor's IT technology, joined the Fujitsu Group in 2000. Adri was the first foreigner and engineer hired and assigned to the Automotive Information Systems department. He had opportunities to work with most of the Japanese automakers, including Nissan, Toyota, Honda, and Suzuki. One of the most memorable experiences was being part of the project team when Nissan Motor Company built its second largest R&D center outside of Japan in Vietnam in 2003.

After 10 years with DIPRO, he returned to Malaysia in 2007. He founded DreamEDGE (DreamEDGE Sdn Bhd), an innovation and digital engineering services company headquartered in Cyberjaya. The company handles a wide range of areas including automation, product development, system integration, and styling, and has grown into a company that has been certified as an R&D status company by the Malaysian Investment and Development Authority (MIDA). Currently, the company has 120 employees, 85% of whom are engineers.

The COVID pandemic was a difficult time for the company, but it managed to retain all their employees and continued to pay their salaries. 2022 saw a gradual recovery in the economy, and the company began to receive orders for automation from overseas manufacturers. "The COVID pandemic forced the manufacturing industry to change its 'just in time' approach to that of 'just in case.' In other words, parts and people from overseas are not immediately available as before. Therefore, we have to procure parts locally, automate our factories, and provide support throughout the process," said Adri. In this difficult environment, it is essential to put into practice one of the lessons for success learned in Japan, namely, "development of good and reliable human resources."

It is a concept that Mahathir reiterated when promoting his Look East Policy: “In order to become a developed country, the most important thing is not only technology but also character building through education.” Near his company, Adri established a facility similar to “Tech Park,” a childcare center for schoolchildren where children learn while playing with IT technology. He had a memorable opportunity to visit the Tech Park with Mahathir in Fukuoka. Currently, about 500 children from 7 years old to 3rd-year junior high school students are registered.

Little by little, the younger generation’s way of thinking is changing, and they are becoming less concerned with what is good for others or for the country, and more concerned with what is good only for themselves. Adri, who sometimes teaches at universities, says that he patiently tells university students, “There are no shortcuts in life.”

Now that the world is getting out of the COVID pandemic, he feels that the time has come for the Look East Policy to build a new relationship between Japan and Malaysia. During the dawn of the Look East Policy in the 1980s and 1990s, many people from both countries, in Japanese companies and the Malaysian government and companies, worked hard to help Malaysia become an industrialized country and a member of the developed nations.

“We have learned a lot from Japan. In return, what can we Malaysians give back to Japan? There are tens of thousands of graduates here, so we should seriously think about what we can do to help both countries further develop. I believe there should be many things Malaysians can do for Japan when it is entering an aging society. The next generation on both sides should pool their wisdom, come up with ideas for technological innovation,

and build a win-win relationship between our two countries.”

Proton, which is close by, is certainly increasing its sales, but that company, which was once a successful Japanese company that trained human resources in Malaysia, is now a Chinese company that simply mass-produces cars that sell well and exports them to make a profit. This is because Chinese companies do not need to bother with human resource development in Malaysia because they have so many human resources in China.

The restructuring of the Look East Policy, as Adri calls it, suggests how Japan should deal with not only Malaysia but also Southeast Asia as a strategy in the future.

### **Researchers contributing to society through cutting-edge technology**

The state of Perlis is located on the northern tip of the Malay Peninsula bordering Thailand. Ir.Dr Shahrman Abu Bakar, a Look East Policy scholar who graduated from the Department of Mechanical Engineering at Mie University with a Bachelor of Mechanical Engineering and worked for a Japanese company before obtaining a Doctor of Philosophy in System Design from Mie University, is now an Associate Professor in the Faculty of Mechanical Engineering Technology at his home institution, Universiti Malaysia Perlis. He is also the director of the Centre of Excellence Automotive & Motorsport, MOTECH.

One of his most recent government research grants is to investigate alarm system standards for ASEAN New Car Protocol on Child Presence Detection so that cases of child death from leaving inside cars in hot weather can be eliminated. He is working hard with Mie University and

private companies in Japan and in Malaysia in an effort to develop practical applications of such technology. Suzuka Circuit, which he visited many times as a Look East student in Japan, Shahrman has created the 1,100-meter-long “Unimap Racing Circuit” to the university. The Circuit has become a mecca for motorsports for people from age nine to adults.

With both parents being elementary school teachers, Shahrman studied at the MARA Junior Science College in Perlis state, which is one of the premier boarding school for the best students all over Malaysia. He received many scholarships in Malaysia and the US but finally choses to accept scholarships to study at universities in the United Kingdom.

To study in the United Kingdom, students are required to undergo two years of preparatory education. However, three weeks after he began his studies at a preparatory institute in the suburbs of Kuala Lumpur, the school received a phone call from the prime minister’s office. The message has mentioned that the Prime Minister Mahathir is suggested that the ten or so brightest students in mechanical engineering and other sciences, including Shahrman, switch to study in Japan instead of the UK.

Shahrman was honestly surprised by the Prime Minister’s offer. Going to the United Kingdom was the favorite choice of the best students in Malaysia at the time. The fact that his best friend was going to England was the main reason why Shahrman decided to do so as well. He had always loved tinkering with machines since he was a child, but all he knew about Japan was the TV drama “Oshin” and “Ultramen” rather than Japan as a manufacturing powerhouse.

However, Shahrman said, “A direct offer from the prime minister is such an honor,” and he immediately accepted the transfer order to a

special Japan Preparation course provided by the University of Malaya, a preparatory school for foreign student going to Japan. One hundred and twenty candidates for undergraduate students going to Japan two years later were accepted. Shahrman, who knew absolutely no Japanese, recalls, “It was just sweat and blood every day.” Classes started at 8:00 a.m. and went until 6:00 p.m. After two hours of prayer and meals, self-study resumed from 8:00 p.m. until 10:00 p.m. or more in the nights. He then took the Examination for Japanese University Admission for International Students (EJU) administered by Japan’s Ministry of Education, Culture, Sports, Science and Technology (MEXT), and was selected to study at the Faculty of Engineering at Mie University.

Before final year at Mie University, he job-hunted for a Japanese company operating in Malaysia and joined NEC Semiconductors Malaysia in 1997. He designed equipment for the manufacturing line at a newly-established semiconductor plant. He was also in charge of total productive maintenance (TPM) and instructed the plant’s engineering and technical members. He worked on equipment, system, and team improvements from 7:00 a.m. until after 9:00 p.m.

Eventually, he asked himself, “What is my own improvement?” Unable to resist the urge to work on various ideas for inventions that came to mind, he resigned in 2003 and entered the graduate school of Mie University to pursue a career as a researcher in mechanical engineering. In his doctoral course, he studied how humans and robots can cooperate. His interest in this subject matter was inspired by Professor Ryojun Ikeura, who taught him Control System from his undergraduate days and currently Dean of the Graduate School of Engineering and Director of the Research Center for



Human Symbiosis Robotics and Mechatronics.

How can sensors in a bed be activated when a hospitalized patient leaves the bed to go to the bathroom? How can we use robots to accompany humans in an aging society, and how can humans and systems coexist? He believed the pursuit of these themes is challenging lifework.

Shahriman's resume is 40-pages-long in A4 format, including past education and employment history, inventions and patents, memorandums of understanding (MOUs) with governments and universities, and awards received.

He developed a human-like robot applying paint to Boeing fuselages. This invention was found to increase work efficiency from 62% to 94%, and was recognized for narrowing the gap between 10-year seasoned workers and first-year rookies, reducing the health impact of human spray application, and helping to protect the environment.

The electric motorcycle, jointly researched with Malaysian MODENAS and Mie University and a Japanese company, uses a method in which a gasoline-powered generator is activated to recharge the battery after battery status is less than 40%. This method was invented to jump start Malaysia EV usage where selling a lot of Cheap EV Bike will be a catalyst for company to build more charging station and when more charging stations are being build, more people will buy EV with cheaper price due to more EV being sold and currently for Malaysia because recharging stations are only available in major cities such as Kuala Lumpur. This first gasoline engine Motorcycle was unveiled in front of Mahathir at the Prime Minister's Office in 2018. The recently completed hybrid low cost motorcycle, was shown to Current Malaysian Prime Minister, Dato' Sri Ismail Sabri bin Yaakob in

2022. Currently priced at a low 12,000 ringgit, they hope to expand the market not only in Malaysia but also to ASEAN countries.

Shahriman has worked on many projects with the government. He also worked on the issue of automobile fuel efficiency called Malaysian Driving Cycle. Unlike Western countries, Malaysia is hot throughout the year, so air conditioning is constantly used in cars. Therefore, he studied fuel efficiency in Malaysia to see if it was different from driving in Europe, the US, or in Japan.

Currently, his team is working on a system that uses sensors to sound a buzzer outside the car when a baby or infant is left inside. Every year, there is no end to the number of children who are left behind in cars and die of heat stroke. The idea for such a device has not yet been realized anywhere in the world, and he is planning to make it mandatory for all cars in Malaysia to be equipped with this feature once it is completed.

"It makes me really happy to be able to do something that can help people in some small way," said Shahriman. He is now involved in Malaysia's national automobile policies and aims to achieve results by 2025. The next five years up to 2030, he would like to work in accordance with the United Nations Sustainable Development Goals and contribute to human health (wellness).

Shahriman is keenly aware that what he learned at his university and part-time job during his undergraduate years, when he first came to Japan as a Look East student, has had a major impact on him today. He says, "In Japan, I learned the Japanese way of thinking, including how to accomplish projects through teamwork, and the importance of always challenging oneself. It is exactly what Soichiro Honda, founder of Honda

Motor Company, said: “Success is 1% of your work,...that resulted from 99% of your failure” which means never give up!

At Universiti Malaysia Perlis, he had an opportunity to serve as Head center of excellence automotive which have good relation with Japanese companies such as MineBea Matsumi Malaysia which he is appointed as Head for MinebeaMatsumi UniMAP Research Center while working on research to expose staff and students with real industrial problem and working with dedicated engineers. The human resource development he learned at Japanese universities and companies was put to good use. Today, Shahrman is leading a team of 100 researchers in various engineering and business field and their combined postgraduate students in the Center of Excellence Automotive & Motorsport, Faculty of Mechanical Engineering Technology, developing and commercializing inventions that are full of dreams and close to people, in order to disseminate them from the town of Perlis to the world.

### **Look East Student for Politics**

Mohamad Ali Izzat is now 22 years old. Native of Johor Bahru, Johor, he came to Japan as a Malaysian Government Look East Student in the fall of 2020, six months after the entrance ceremony because of the COVID pandemic. He is currently a second-year student at Hitotsubashi University, Department of Sociology. His dream is to become a politician.

Although his family was not well-off, his mother always gave money to homeless people on the street when they were in need, or gave them a ride in her car to wherever they wanted to go. He sensed beauty in his mother’s kindness and generosity and her teaching to “help others before

ourselves.” Vocations such as doctors and police officers can help people, but the number of people they can help is limited. What kind of job can help many people at once? Ali thought about it for a long time and became convinced that becoming a politician was the only way.

He is a graduate of the National Sultan Ismail High School, where the best students in Johor attend. His desire to become a politician was influenced by Syed Saddiq, the youngest Minister of Youth and Sports in the 2018 Mahathir administration. Syed Saddiq was from the same province of Johor as Ali and aspired to become a politician. They had met in a debate workshop and Saddiq was an admired senior. Ali loved debate and won a national debating tournament when he was 16 years old.

He was also good at science and math and earned A’s in all subjects, so his family recommended that he study at a science university. However, in order to realize his dream of becoming a politician, Ali wanted to study law in college, just like Syed Saddiq. Politicians draft laws in parliament, and therefore those aspiring to be a politician need to study law. But he was unable to obtain a scholarship from the Faculty of Law at the University of Malaya, so he set his sights on studying in Japan.

The reason he wanted to go to Japan was because high school students from Yokosuka Prefectural High School in Kanagawa Prefecture visited Sultan Ismail High School for a short-term training program, and Ali, who was good at English, was assigned to create a program for them. The Japanese students he met for the first time were polite, kind, and very friendly. It made him want to go visit their country.

His parents initially objected, saying he should go to England or France, but Ali pushed through with his decision to go to Japan. Look East

candidates must complete two years of preparatory education at Pusat Bahasa Teikyo (Teikyo Malaysia Japanese Language Institute) in Kuala Lumpur and take the Examination for Japanese University Admission for International Students (EJU) administered by the Ministry of Education, Culture, Sports, Science and Technology (MEXT). The subjects in EJU include science (physics, chemistry, biology), integrated study, and mathematics in addition to Japanese. The questions are given only in Japanese. The Japanese long-text reading comprehension required 25 questions to be answered in 20 minutes, and each text was one page in length.

In July 2019, Ali was invited by Teikyo Malaysia Institute to be one of the representatives to a two-week summer school held in Munakata City, Fukuoka Prefecture, for Japanese high school students who aspire to be future leaders. This summer school was called Japan's Next Generation Leader Training School.

Mahathir and 25 other leading figures from various fields, including former UN Under-Secretary-General Yasushi Akashi, served as lecturers and engaged in discussions with Japanese high school students at the Asian High School Summit, a two-week debate session held exclusively among high school students. Because JAXA Director Koichi Wakata, an astronaut, was invited as a lecturer, the theme of that year's Asian High School Summit was for each group to compete to come up with concrete ideas on how to approach problems that need to be solved on a global scale in space.

Ali's group created a proposal entitled "Space School - Space." The idea was to create a school in space by mimicking and expanding the technology of the International Space Station so that students could attend school freely without discrimination based on race or religion.

Ali recalls, "Japanese high school students speak very fast, and I could observe how the grammar I studied at school was used in speaking. I tried my best to keep up with them, and discussion was heated. Policy-making process involved much conflict, resulting in crying and laughing, but no matter how heated the discussion gets, you have to be on time for the next class. Through this experience I also learned about the importance of not causing inconvenience to others and what it means to be considerate. If I hadn't participated in the summer school, I don't think I would have been able to get a good grade on the EJU."

In November of that year, Ali was invited to the Asia-Pacific Regional Space Agency Forum (APRSAF) held in Nagoya, Japan, and spoke as a panelist in the "Space Agency Heads x Young Generation" session on the theme "Contribution of Space Technology to Global Issues." Ali received applause when he said to the audience, "I will never pursue greed, but will work hard for a sustainable future that is close to people and environmentally friendly."

After having enrolled in Hitotsubashi University, Ali has continued to take care of high school students from Japan and other Asian countries as a student volunteer for the Leader Training School held in 2021 and 2022. He also served as an interpreter at the Oita Bamboo Craft Vocational Training Center and other places Mahathir and his wife visited after their inspection of the Leader Training School.

In Japan, Ali has had experience teaching English at a cram school and working part-time at an apparel store and an Italian restaurant. He said, "I still work part-time at restaurants and learn a lot, especially when dealing with customers. I try to find out how to make customers happy. I look

around the tables and am attentive to customers' need. It's a joy to learn from firsthand experience." One customer even came to the restaurant three times in one week to see his face.

Since he was a small child, Ali has been aware of the importance of "not living for yourself, but for someone else." Actual experience of living and studying in Japan, and doing behind-the-scenes volunteer work has helped him see how Japanese people carefully make arrangements, execute them, and clean up afterwards. "In any case, I want to absorb everything, become well-versed in everything, and bring it back to Malaysia."

Recently, Ali has increasingly felt the desire to work for a Japanese company after his time at university in order to properly learn from the essence of the Look East program.

## Postscript

The publication of this book was initially conceived as a commemorative project for the Japan Malaysia Association, which celebrates its 65th anniversary this year.

When this idea was discussed with Keiji Furuya, a member of the House of Representatives (Chairman of the Japan-Malaysia Friendship Parliamentarian League) and president of the Japan Malaysia Association, he explained that the Ministry of Foreign Affairs was also planning a commemorative project to mark the 40th anniversary of the Look East Policy.

The Ministry was then contacted, and they suggested consulting with the Institute of Strategic & International Studies Malaysia (ISIS), which happened to be planning a "Look East 40th Anniversary" commemorative event, and publish this book as part of the celebration.

The initial proposal was materialized when the institute endorsed the project.

The production costs of this publication were supported by the ISIS and Sato Seisakusho Co., who are a member of the Japan Malaysia Association.

Thanks to the warm support of many people in Japan and abroad, the Japan Malaysia Association has been able to fulfill its role as a public interest corporation in preserving the 40-year history of the Look East Policy.

With the contributions of many, the Association has been able to

bring this publication to fruition.

The Japan Malaysia Association would like to express its gratitude to everyone involved.

December 2022

Japan Malaysia Association

# appendix

Speech by  
Dr. Mahathir bin Mohamad  
Mr. Yasuhiro Nakasone  
Mr. Shinzo Abe

## Speech by Dr. Mahathir bin Mohamad

January 24, 1983

Japan-Malaysia Summit Meeting

Official Dinner given in his honor by his Excellency

The Prime Minister of Japan

Mr. Yasuhiro Nakasone

Speech by the honorable

The Prime Minister of Malaysia

Dato'Seri Dr. Mahathir bin Mohamad

Your Excellency Prime Minister Nakasone,

Mrs. Nakasone,

Your Excellencies,

Ladies and Gentlemen,

On behalf of my wife and the members of my delegation, I would like to say how very happy we are to be here in Japan and to thank you Mr. Prime Minister, the Government and people of Japan, for the warm and friendly welcome that has been extended to us since our arrival yesterday. I would also like to thank you for this splendid dinner and for your very kind remarks.

Mr. Prime Minister, I deeply appreciate your readiness to receive me despite your very tight and busy schedule so soon following your recent

election to the high office of the President of the Liberal Democratic Party and the Prime Minister. As a new leader, you have much to concern yourself with both the domestic as well as the international fronts. I have no doubt that a man of your calibre, experience and tenacity, having had 37 long years of active and varied service will have no difficulty in successfully carrying out your heavy duties and responsibilities.

We already had the opportunity this morning to share some of our thoughts on a number of subjects. I am happy to note that we share a common desire that relations between our two countries, which have always been close and friendly, be further expanded and strengthened to our mutual benefit.

There have been frequent consultations and close collaboration between Malaysia and Japan in the political as well as economic fields on the bilateral, regional and international levels. Bilaterally, I am appreciative of the assistance extended to Malaysia in our development efforts, and I am very happy that in our discussions this morning you have shown your readiness and sincerity to further assist us in the future. At the regional level, Malaysia as a member of ASEAN, has also derived various benefits from the ASEAN-Japan cooperation. We are mindful of Japan's support for the aspirations of the developing countries to effect structural changes to the present outmoded and unequal system of international economic relations and of her active role in the North-South Dialogue.

Mr. Prime Minister,

Japan is Malaysia's biggest trading partner. The annual trading volume between the two countries had reached more than US\$5,351 million in 1981 and is expected to increase further annually. Japan is also the biggest

foreign investor in Malaysia. We are naturally very happy that Japan is cooperating closely with Malaysia's industrialization program. I have no doubt that the benefit of such cooperation would be mutual. We, therefore, would welcome more Japanese investment in Malaysia.

With industrialization there has also to be a market for the products manufactured. Japan can and must help to open up its market to more value-added and manufactured goods coming from Malaysia and for that matter developing countries in general. This is a major problem. Given the growing relationship between our two countries, it is almost inevitable that problems arise from time to time. I am confident, however, that increased mutual understanding would enable us to resolve any problem amicably.

Mr. Prime Minister,

The present international economic situation is indeed going through its most difficult period, since the depression of the 1930s. All countries of the world are adversely affected by the current recession. The countries that are most badly affected are the developing countries of which Malaysia is no exception. As a result of this recession, commodity prices have slumped to rock bottom and Malaysia which is the leading producer of a number of important raw materials such as rubber, tin, palm oil and tropical timber, is hard hit as a result of greatly reduced export earnings. Consequently Malaysia's development projects have also been affected. It is in this area that we need the cooperation and understanding of our friends to help us tide over the shortfall in our revenue, so that our development projects can go on in order to maintain our political and economic stability which will itself enhance peace and stability in our region.

Japan is one of the most advanced countries in the world. It is the

second largest economy in the free world accounting for 10 percent of the world economic output. It has been successful where many others have failed. Even during this period of prolonged world recession, Japan has managed to register GNP growth rates that is envied by other developed countries, some of which have recorded minus growth. This success story can only be attributed to the positive attitude of the Japanese people toward their work, that is, their sense of commitment and ever willingness to work. That is why I have asked Malaysians to "Look East" and to learn from Japan. We have all this time been looking West, perhaps through the accident of history. Now we would like to have a more balanced relationship between the West and the East. It is not so much your level of material wealth and advanced technology that we are after. What I have been exhorting is for Malaysians to emulate the Japanese in their work ethics and attitudes and their management system which, I think, is the main factor in Japan's rapid development and industrialization.

In line with this thinking we have decided, with your leave, to send to Japan more students to study in Japanese institutions of higher learning as well as more trainees to be attached to Japanese industrial organizations where they can observe for themselves and draw inspiration from the Japanese work ethics and attitudes at close quarters. Last September the first batch of trainees had already arrived in Japan and more will follow in their wake. This program, of course, would not be possible without the all round support and cooperation we are getting from you for which we are most appreciative. We hope that Japan will continue to extend such cooperation to us in the future. The benefit of such cooperation will not only accrue to Malaysians but to the Japanese as well, for together we would be laying the

foundation for an enduring and meaningful relationship between our two countries and peoples.

Mr. Prime Minister,

Malaysia's commitment is to improve the quality of life of Malaysians. We can achieve this goal faster if our resources are utilized productively. For this reason, we would like to see the early return of peaceful and stable conditions to Southeast Asia so that we could devote ourselves first and foremost to the pursuit of development and in so doing increase our resilience. Malaysia and its other partners in ASEAN have made it very clear that we cannot and will not accept foreign military intervention in Kampuchea or elsewhere as a means of settling problems. The continuing foreign occupation of Kampuchea has resulted in big power involvement in Southeast Asia, thereby undermining the peace and stability of the region and indeed threatening world peace and security. The Kampuchean' issue must be resolved quickly in accordance with the declaration of the International Conference of Kampuchea and other relevant United Nations resolutions that have been endorsed and supported by the international community. In other words, the violation of Kampuchea's sovereignty and territorial integrity must be ended through the complete withdrawal of foreign military forces and the Kampuchean people be allowed the right of freely determine their future, Malaysia welcomes the establishment of the coalition government of Democratic Kampuchea under the presidency of His Highness Prince Norodom Sihanouk as positive step towards the peaceful resolution of the Kampuchean question. We are grateful to Japan for its continuing support on the matter. We hope that Japan will do all it can to help the coalition government of Prince Sihanouk so that peace and

stability can return once more to our region which will enable the realization of a Zone of Peace, Freedom, and Neutrality for Southeast Asia.

For Excellencies, Ladies and Gentlemen,

May I now ask you all to join me in a toast to the health and happiness of His Excellency Prime Minister Yasuhiro Nakasone and Mrs. Nakasone, and to the government and people of Japan and to the close friendship between our two governments and peoples.



## Speech by Mr. Yasuhiro Nakasone

January 24, 1983

Japan-Malaysia Summit Meeting Official Dinner

Speech by H.E.Mr. Yasuhiro Nakasone

Prime Minister of Japan

In honour of H.E.Dato'Seri Dr. Mahathir bin Mohamad

Prime Minister of Malaysia

Your Excellency the Prime Minister and Datin Seri Dr. Siti Hasmah,

Excellencies,

Ladies and Gentlemen

It is indeed a great pleasure for me to welcome to Japan. Your Excellency Prime Minister Dato' Seri Dr. Mahathir of Malaysia, and Datin Seri Dr. Siti Hasmah, and the distinguished members of your suite. I wish to extend my heartfelt welcome to all of you on behalf of the Government and people of Japan.

I feel as if you were an old friend of mine, because you have proved to be as energetic and as vigorous a person as I imagined from your voice when I telephoned you on my assumption of the premiership.

Your Excellency,

I visited your country in 1977 soon after the Third Malaysia Plan

was started. I was then deeply impressed by the efforts and devotion of your people in the great undertaking of nation-building. Since then, I have been closely watching the development of your country with great interest. With these efforts and devotion bearing remarkable fruit, Malaysia celebrated the 25th anniversary of its independence last year.

I highly regard the achievement of your country in a quarter of a century not only for its success in nation-building, but also for its positive contribution to the peace and prosperity of Southeast Asia, which would lead to the further development of Asia as a whole.

And now under the new leadership of such a brilliant leader as Your Excellency, Malaysia has embarked upon a new course of national development amid the severe international circumstance in accordance with your "Look East Policy".

Your Excellency,

You suggest in the Look East Policy that Asian countries, including Japan, should pay due heed to traditional ethnics in Asia in seeking their own development, in addition to learning from the Western experiences. You stated very convincingly that Asia had its own values, ethics ways of life, and production systems which all Asians could share, and proposed that Asians should promote an organic combination between these Asian virtues and Western merits in order to facilitate economic and social development. In the light of the turn of the tides of history from the West to the East, your suggestion bears invaluable significance for Asia.

The fact that Japan has been chosen as one of model countries to which you seek for traditional Asian ethics is a great honor for the people of

Japan and means Japan has an extremely heavy responsibility to fulfill. At the same time, this provides us Japanese with great opportunities to learn from the Malaysian people.

I expect that mutual understanding between the peoples of our two countries will be further deepened through the promotion of the Look East Policy, to which the Government of Japan is determined to extend utmost cooperation.

Turning to our economic relations, a ship will shortly head for Japan carrying the first load of liquefied natural gas, of which Malaysia is to export, on average, about 6 million tons to Japan annually for the next 20 years. This is a gratifying proof of the firm ties of friendship and cooperation and the still greater prosperity of our two countries.

To ensure the further development of our friendly relationship, I would like to visit at the earliest possible time, your capital of Kuala Lumpur, noted for its beautiful scenery with abundant greenery, so as to meet with Your Excellency and other prominent leaders of Malaysia.

Excellencies, ladies and gentlemen,

May I now request all of you to rise and drink to the health of his Excellency Prime Minister Dato' Seri Dr. Mahathir, and his graceful lady, to the prosperity of Malaysia, and the further development of friendly and cooperative relations between our two countries.

## Speech by Mr. Shinzo Abe

March 12, 2022

Lecture Commemorating the 40th Anniversary of the Look East Policy

President Datuk Daud, Rector Dzulkifli, Distinguished guests, Ladies and Gentlemen,

and all of those who are watching on YouTube here in Malaysia and in Japan, Salam Sejahtera, Good morning. I am Abe Shinzo. I would like to express my sincere appreciation for the warm welcome I received from the people of Malaysia, including all involved at the International Islamic University Malaysia (IIUM), who made efforts to realize this lecture despite the challenges due to the COVID-19 pandemic.

Yesterday, I received the honorary doctorate degree from His Majesty King Abdullah. It was a great honour for me, and I would like to take this opportunity to express my sincere gratitude.

[Bonds with Malaysia]

This may be out of blue, but let me start by asking three questions as we have some students joining us today.

Question 1.

In 1957, looking back to 65 years ago, the then Prime Minister of Japan made the first official visit to Malaysia immediately after its independence.

Do you know the name of the Prime Minister?

The answer is Kishi Nobusuke, my grandfather. He was the first foreign leader that Malaysia hosted after the independence.

During the meeting with Prime Minister Tunku Abdul Rahman, the father of Malaysia's independence, the two leaders held a future-oriented discussion on trade and economic cooperation. Thus began the close economic relations between Japan and Malaysia that have been carried through to the present.

Next, Question 2.

Who was appointed as Japan's Minister for Foreign Affairs in 1982, the year when the Look East Policy began?

The answer is Abe Shintaro, my father. When Prime Minister Mahathir visited Japan back in 1983, Foreign Minister Abe witnessed the historic moment, in which the leaders of Japan and Malaysia confirmed that they would work together on the Look East Policy for the first time.

My father served as Minister for Foreign Affairs for approximately four years until 1986, and worked to build the foundation for a new Japan-Malaysia relationship at the dawn of the Look East Policy.

Lastly, Question 3.

Do you have any idea about Japan's Prime Minister who visited Malaysia in 2007, when the two countries celebrated the 25th anniversary of the Look East Policy and the 50th anniversary of the establishment of the

Japan-Malaysia diplomatic relations?

If you are quick-witted, you might have guessed the answer even before I finished the question. That Prime Minister was me, Abe Shinzo. "Everlasting Friendship and Far-reaching Partnership: Towards a Common Future." This is the title of the joint statement Prime Minister Abdullah and I announced together.

The elements enshrined in the statement, including our support for the Look East Policy, the establishment of the Malaysia-Japan International Institute of Technology (MJIIT), cooperation for maritime safety, and contribution to peace in Mindanao have all been put into action in a steady manner, building a common future in a steady manner.

This year is a milestone year for Japan and Malaysia, marking the 40th anniversary of the Look East Policy as well as the 65th anniversary of the establishment of the diplomatic relations.

I feel a strong affinity with Malaysia over three generations of my family, from my grandfather, my father to me.

As such, I am delighted and honoured to have this opportunity to give a lecture today in this memorable year.

I sincerely hope that today's lecture will deepen your interest in the Look East Policy, as well as Japan and its values, and then, motivate you to "Look East, Look Japan." It would be more than I can dream of.

[Objectives of the Look East Policy]

Let's begin with our main subject, the Look East Policy.

On December 15, 1981, Prime Minister Mahathir assembled

Malaysia's ambassadors stationed around the world and said, "Let's look East. The model for Malaysia's economic development is Japan." It was in the following year, 1982, when the Look East Policy, including the "Look East" exchange student program, was launched.

The objective of the Look East Policy was not just for gaining skills and knowledge. The policy also aimed at learning Japanese values, such as our work ethic, enthusiasm for learning and working, and morals.

Since then, the policy has been fadeless through successive administrations in Malaysia for 40 years.

Now I would like to draw your attention to a distinguished person who grasped the importance of Japanese values and brought them back to the Malaysian society through the Look East Policy.

Mr. Abdul Razak, also affectionately known as "Razak-sensei" in Malaysia, meaning "Professor Razak", was the father of Rector Dzulkifli of the International Islamic University Malaysia.

Razak-sensei, as a Southeast Asian special exchange student, came to Japan to study during the Second World War. As early as in the 1940s, he was a forerunner of the Look East Policy.

While he was studying at Hiroshima University, he miraculously survived the atomic bombing of Hiroshima. After returning to Malaysia, he greatly contributed to Japanese language education at home, utilizing his experiences in Japan.

Upon the inauguration of the Look East Policy, he was selected as one of the officials responsible for the policy, and established various programs including Japanese-language training programs. Razak-sensei was truly a central figure in realizing the Look East Policy.

Neither coming late to class nor failing to do one's homework was tolerated. Malaysian students said that he was even stricter than Japanese. He instilled in them the values of punctuality, dedication, politeness, and integrity.

In praise of those achievements, the government of Japan awarded Razak-sensei the Order of the Sacred Treasure in 1983, and Hiroshima University conferred on him an honorary doctorate degree in 2013.

I would like to take this opportunity to express my deepest respect to Razak-sensei, who loved Japan from the heart and fulfilled a role of a bridge between Japan and Malaysia.

[Japan's Cooperation with the Look East Policy]

I believe that creating the future always starts with education in any era and in any countries around the globe.

On certain occasions, looking abroad is also important in education. This was the case during the time of the modernization of Japan. Approximately 150 years ago, the young Japanese spent several months travelling across the sea to the Western countries to learn what defines modern states. After returning home, they built new Japan.

To create the future of Malaysia, the Look East Policy turned its eyes toward Japan. As Japan underwent the same experience, we deeply understand its meaning and significance. Japan has been advancing cooperation in numerous ways to help Malaysia pursue its ambitions.

Let me introduce some of our efforts that might appeal to future candidate students who are interested in Japan.

In order to fully leverage the utility of studying in Japan, acquiring

basic knowledge about Japan and the Japanese language before the departure from Malaysia is critical. To enhance the learning environment in Malaysia, the government of Japan has supported the establishment and operation of four education facilities, and dispatched a total of 801 faculty staff members and Japanese language instructors to Malaysia.

Once Malaysian students arrive in Japan, we also support them at the grassroots level.

One example is the work of Ms. Shimozono Seiko of Hioki City in Kagoshima prefecture. Ever since the first group of the Look East exchange programs arrived in Japan, Ms. Shimozono has been taking care of Malaysian students as if she were their mother. She looked after hundreds of students up to now. Her activities led Hioki City to become a sister city of Subang Jaya City. Ms. Shimozono, I would like to take this opportunity to express my deepest respect to you.

To all those who are interested in studying in Japan, please remember that the people of Japan will warmly welcome you with deep affection.

On top of that, the Look East Policy is not limited to student exchange programs. JICA, the Japan International Cooperation Agency, has invited many Malaysians to Japan to undergo diverse training programs, in line with Malaysia's current needs, including in the fields of health and medical care, natural resources and energy, as well as urban and regional development.

[Results of the Look East Policy]

What has the Look East Policy brought about?

Approximately 26,000. This is the total number of the students that

the Government of Malaysia dispatched to Japan with its own funding and the trainees that JICA invited under the Look East Policy. This figure comprises 8,800 exchange students and 17,500 trainees. Each individual has studied or received training in Japan, acquired advanced skills and knowledge, and become acquainted with Japanese values. They are currently playing important roles in various sectors.

These alumni have further nurtured mutual understanding between Japan and Malaysia dramatically, and work as a firm bridge between the two countries.

Indeed, the number of people who had studied or gone through training in Japan before taking on a leading role in the public and private sectors in Malaysia is too numerous to count.

In fact, I heard that the almost half of the 32 Secretary-Generals of Malaysia's ministries experienced studying or training in Japan. In Malaysia, the conference of the Secretary-Generals might be conducted in Japanese.

In industrial circles, Mr. Shamsairi Mohd Ibrahim, Vice President of Petronas is also one of such figures. Right after the Great East Japan Earthquake in 2011, when LNG supplies ran short in Japan, Petronas quickly supplied the affected areas with LNG.

"A friend in need is a friend indeed." Taking this opportunity, I would like to express my sincere gratitude to all those at Petronas, and to Vice President Shamsairi.

Over the last 40 years, Malaysia's economy has grown dramatically ever since the inauguration of the Look East Policy.

The Petronas Twin Towers are a symbol of the development of Malaysia. However, during my stay this time, I saw many skyscrapers comparable to

the Twin Towers, which made me firmly believe in the further development of Malaysia in the future.

In terms of business, individuals with skills of the Japanese language and Japanese values who studied or joined training in Japan are catalysing further investment by Japanese corporations.

Such investment leads to greater human resource development including job creation and skills transfer, creating a mutually beneficial virtuous cycle for both Malaysia and Japan.

The achievements of the Look East Policy spread beyond Malaysia.

Have you ever heard of the Japanese word kaizen?

The Japanese term kaizen, which means “improvement” in English, is now part of the international vocabulary. Essentially, kaizen aims to improve productivity and reduce the number of faulty products by leveraging the ingenuity and creativity of those working on production lines. Such labour customs enabled Japan’s spectacular economic growth.

The Japanese government supports to spread the concept of kaizen to improve productivity in developing countries, such as those in Africa. Probably, few are aware of this, but third-country training for African countries is also taking place here in Malaysia.

This is truly because kaizen practices are firmly established in Malaysia through the Look East Policy and the advancement of Japanese enterprises into Malaysia.

The people-to-people exchanges and ties between Japan and Malaysia in a various level are the fruit, which the Look East Policy has been cultivating for well over 40 years.

[Future of the Look East Policy]

Next, I would like to share with you my thoughts on the future of the Look East Policy, and the way forward for the Japan-Malaysia relations anchored by this policy.

First of all, I pledge that Japan, as a running mate, will continue to give full support to the Look East Policy.

COVID-19 is raging around the world. Despite the fact that new entry of foreign nationals to Japan was denied in principle, Japanese stakeholders in the public and private sectors, who highly value the Look East Policy, enthusiastically worked to achieve the acceptance of 375 exchange students over the past two years, through implementing thorough infection prevention measures.

I am sure that some students are listening to my lecture from far away in Japan. I hope you will learn a great deal of things, even outside your academic field, and bring them back for the future of Malaysia, as well as further closer ties between Japan and Malaysia. It is my sincere wish.

Thanks to the high growth of Malaysia as well as the deepening and expansion of the bilateral relations, the Look East Policy entered a new phase in 2012, taking the opportunity of its 30th anniversary. The government of Malaysia announced the “Look East Policy 2.0,” which focused on cooperation in the following three areas: (1) advanced technology in such fields as agrotechnology, the automobile industry, disaster risk reduction, and the environment; (2) creative industries and service industries including education; and (3) organization management skills such as business solution and leadership.

Upon the request of then Prime Minister Najib, Japan accelerated the

acceptance of trainees in these fields.

It is natural to adapt the fields of focus to the changes in the times. The Look East Policy and Japan's cooperation on the policy need to respond flexibly to such changes.

I would like to express my hope that cooperation under the Ismail Sabri administration will develop to a further extent.

Of course, there is no guarantee that everyone who wants to study in Japan will be able to grab such an opportunity.

To satisfy the needs of such individuals, the Malaysia-Japan International Institute of Technology (MJIIT), which was established in 2011, offers the Japanese-style engineering education.

The University of Tsukuba, one of the most prominent national universities in Japan, is also planning to open a branch campus in Malaysia. This will be the first case for a Japanese university to open a branch campus overseas.

It will be in Malaysia where the first-ever Japanese university's branch campus will be established. This is the very embodiment of cooperation and trusted relationship between the two countries underpinned by the Look East Policy.

In collaboration with the Look East Policy, the MJIIT and the branch campus of the University of Tsukuba will develop human resources who will lead the future of Malaysia. Furthermore, these universities, as a foundation for knowledge and exchanges based on mutual understanding in the same way as International Islamic University Malaysia, will create new values through attracting international students from all over the world.

In Malaysia, diverse cultures and ethnicities coexist peacefully. I

ardently hope that the MJIIT and the branch campus of the University of Tsukuba will be a place of learning that symbolizes such diversity.

[Future Outlook for Bilateral Relations]

From a global perspective, there are multitudes of issues worldwide including the global challenges of the COVID-19 pandemic and climate change, actions threatening universal values such as the rule of law, freedom, democracy, and human rights, as well as increasingly severe security environment in the region.

As strategic partners sharing basic values and strategic interests, it is time for Japan and Malaysia to broaden the horizon of cooperation.

First and foremost, tackling the COVID-19 pandemic is urgent. In order to support the Malaysian government's response to COVID-19, Japan has provided vaccines; developed the cold-chain to deliver vaccines to vaccination sites; and offered medical equipment. Japan will spare no effort to offer support whenever necessary.

The spread of COVID-19 throughout Southeast Asia, including Malaysia, has revealed the vulnerability of the regional supply chains and greatly affected the production activities of Japanese companies. In view of the post-COVID era, we would like to create a resilient economy together with Malaysia.

Going forward, social and economic digitalisation will also be of key importance. The most crucial point in digitalisation is developing communication infrastructure, and Japan is supporting Malaysia in this sphere, too.

For example, Japan's NTT is currently laying down high-speed

submarine cables to Malaysia. The speed of Malaysia's broadband network at home is expected to become much faster soon.

So-called "smart cities" leverage the accumulation and analysis of big data to promote higher efficiency of and advance the functions and services of cities and regions. Japan is assisting such projects in Kuala Lumpur, Johor Bahru, and Kuching.

In the field of climate change, Japan will support, mainly in Asia, the transition to clean energy in accordance with each country's situation to realise a carbon-free society.

Japan's petroleum company ENEOS has started discussions with Petronas on the construction of carbon free hydrogen supply chains. IHI is coordinating with Petronas and Tenaga Nasional to assess the feasibility of introducing technology for mixed combustion with ammonia at coal-fired thermal power plants in Malaysia.

Some of the cooperation in the field of climate change are not new. The Japan-Malaysia Association, a Japanese public service group, has worked closely with the state government, local universities, and local residents mainly in Sarawak State to regenerate the tropical rainforest since 1995 by planting trees. These activities have resulted in the planting of a total of 750,000 trees. I heard that these initiatives have gained tremendous levels of trust from local residents, who say, "You are the only ones who don't cut down the trees after planting them."

Building upon what I mentioned, I am confident that Japan and Malaysia can work together to tackle a range of issues according to the demands of the day. To that end, it is the trust between the peoples of the two countries that always counts.

In particular, I would like to encourage those of the young generation of the both countries, who will lead the future of the Japan-Malaysia relations, to be interested in the country and the people of the other. Such interest can start from anything like sports. As for badminton, hailed as national sport in Malaysia, I am aware that Japanese player Momota Kento is very popular in Malaysia.

Alternatively, you might be interested in Japanese comics, or manga, which gains excellent popularity worldwide. When Live Spectacle NARUTO, a theatrical production based on a popular manga came to Malaysia in 2016, tickets were immediately sold out and the theatre was a full house. Around July this year, an event will be held as part of the celebrations to mark the 40th anniversary of the Look East Policy, at which visitors can listen to songs from Japanese animation, or anime. I hope that you all will come and enjoy it.

The Pagoh Campus of the International Islamic University Malaysia has a Japanese language study facility called the "Razak Room," named after Razak-sensei. It opened in 2019 supported by the Japanese government.

With assistance from the Japan-Malaysia Association and its member companies, this facility houses many Japan-related books including manga. It also has the complete series of the internationally popular anime series "Demon Slayer: Kimetsu no Yaiba," which was released last year in Malaysia. I recommend you drop in at the Razak Room next time you go to the Pagoh Campus.

[Free and Open International Order]

The 21st century has long been dubbed as the "Asian Century," and



nobody now doubts that Asia is driving the world economy.

Japan has built amicable relations with countries in the region. With ASEAN, Japan has closely worked together since its foundation and offered various forms of support for community-building efforts.

In recent years, however, the security situation in the region is becoming increasingly severe. Japan and Malaysia are both democratic nations, trading nations, and maritime nations. What made the development of both countries possible is nothing other than the free and open international economic system and maritime order based on the rule of law. I am convinced that reinforcing such an order will bring about regional peace and prosperity.

With this recognition, Japan has taken a lead in CPTPP and RCEP negotiations. Following the enactment of CPTPP in 2018, RCEP entered into force on January 1 this year. It is my understanding that RCEP will become effective in relation to Malaysia soon following its ratification in the middle of January. Furthermore, I am aware that Malaysia has been undertaking efforts toward the early conclusion of CPTPP. Let the two of us protect and further enhance a free and fair regional economic order.

To ensure free and fair trade and regional development, it is essential that oceans, which convey people, goods, capital and wisdom, remain free, open and governed by rules.

Japan is promoting concrete cooperation with various partners including Malaysia to realize both a “free and open Indo-Pacific” and “ASEAN outlook on the Indo-Pacific” that share a number of fundamental principles in common.

For instance, I learned that two patrol vessels transferred from Japan

to Malaysia in 2016 are now in full operation in order to secure the waters surrounding the country. Besides, since the inauguration of the Malaysian Maritime Enforcement Agency in 2005, Japan has provided capacity building programs for maritime security officers. Today, maritime security officers in Malaysia are taking up a leading role in conducting training programs in the third country. Japan is willing to continue to support these efforts.

In order to prevent geographical vacuum in such initiatives, we have been strengthening coordination with the East ASEAN Growth Area, or BIMP-EAGA, in which Malaysia is participating, and boosting our cooperation in the Sulu and Celebes Seas and their surrounding areas.

In this milestone year, and here in Malaysia, which is the confluence of the Indian and the Pacific ocean, a driving force of the world growth, let me express Japan’s determination to realize further cooperation as strategic partners in order to maintain and strengthen a free and open maritime order based on the rule of law.

The crisis we see in Ukraine today is a unilateral attempt to change the status quo by force, and poses a serious threat against the rule-based international order. Its ramification will go beyond Europe. Also in Asia, unilateral attempts to change the status quo by force and economic coercion constitute serious threat for Japan and Malaysia. We should raise voices against this, in accord with like-minded countries including Malaysia.

As the International Islamic University Malaysia kindly allowed me to be present here today, I would like to conclude my lecture by mentioning my relationship with Islam.

During my tenure as Prime Minister, I attached great importance to the relations with Islamic countries, and had opportunities to visit those

countries and meet with their leaders. The creed I always conveyed to them was “The Best Way Is to Go in the Middle”. This is because the creed reflects the commonalities between the noble spirit of Islam, including harmony, tolerance and honesty, and the faiths maintained in Japan, such as respect for others, spirit of humility and cherishing harmony among people.

Come to think about it, those in Malaysia who accepted Japanese values through the Look East Policy may have already noticed the commonalities between Islam and Japan. Japan is committed to continuously deepen bonds and work with Malaysia, a country respecting cultural and ethnic diversity, to contribute to peace and prosperity in the world.

In this important milestone year for Japan and Malaysia, let us cordially celebrate the 40th anniversary of the Look East Policy and the 65th anniversary of the establishment of the Japan-Malaysia relations.

Lastly, to all of you who will lead the future of Malaysia, please once again turn your eyes to the Look East Policy and the Japan-Malaysia relations with a great potential. Japan always stands by you who will build the future of Malaysia.

Thank you for your attention. Ribuan Terima Kasih.

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Executive Director of Japan Future Leaders School. Partner Chair of AFS Intercultural Programs, Japan. Born in Tokyo. Graduated Sophia University (BA Comparative Culture) in Tokyo. Joined staff writer of Mainichi Newspaper in 1982. 1996-2001 correspondent in Hong Kong, covered HK handover to China, financial crisis in Asia when she first interviewed Tun Dr. Mahathir. 2001-2005 Research Associate of Keio University Global Security Research Center. Advisor to Kyushu Asia Institute of Leadership, and several companies. Translate and edit several books written by Tun Dr. Mahathir bin Mohamad.

