



**SPEECH BY GEORGE YEO, MINISTER FOR FOREIGN AFFAIRS,
AT THE OAV LIEBESMAHL DINNER AT 10PM
ON 13 MARCH 2007 IN HAMBURG**

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Mr Ole von Beust, First Mayor of Hamburg

Prof Dr Eckhard Rohkamm, Chairman of the OAV

**Dr Juergen Hambrecht, Chairman of the Asia-Pacific Committee of
German Business**

Your Excellencies, Ladies and Gentleman

Europe's Role in 21st Century Asia

Kindred Spirit

**1. I am delighted to return and breathe the air of the Free and
Hanseatic City of Hamburg.**

**It is a great honour for me to attend the Liebesmahl Dinner and to
address this very distinguished gathering of political, business and
cultural leaders.**

There is of course much in common between Hamburg and Singapore. We are both free city-states having constantly to adjust to the changing patterns of global commerce.

We know that no one owes us a living and that we can only prosper by serving others and adding value.

2. The most important condition for us is that there should be peace. With peace, we can invest in the future and create new opportunities for ourselves.

It was the wisdom of the city fathers of Hamburg which kept the city-state out of the Thirty Years War, a war which ravaged such a large part of this continent.

It was the wisdom of the founding fathers of post-War Europe that created the longest period of peace in European history.

3. In my address to you this evening, I would like to talk about some of the challenges facing a re-emergent Asia and how Europe can help create better conditions for peace and development in the world.

The manner in which Asia re-emerges on the global stage will affect the whole world.

Indeed, it will be a major theme in global politics and economics in this century.

Ebb and Flow

4. After a few centuries bringing modernity to Asia, often by force but also by ideas, the European powers retreated from Asia as empires were dismantled after the end of the Second World War.

While European companies remained behind and continued to increase their presence, Europe's political role in Asia diminished.

It was the US which became the key player, fighting wars in Korea and Indo-China, and policing the peace during the Cold War.

5. With the end of the Cold War and the re-emergence of China and India on the global stage, a new global landscape is appearing.

During the Cold War, we had the simplicity of bipolarity.

After it ended, during the transitional phase, the US was the sole hyperpower but we are now seeing the limits of hard power.

Slowly but inexorably, a multi-polar reality is breaking through.

It will be a more complicated world with states taking more nuanced positions and non-state players playing bigger roles.

Asia

6. Asia, with more than half the world's population, is on the move. Everyone knows about the rise of China.

That a recent sell-off in the Shanghai stock market should cause reverberations around the world is a sign of the times.

Once the per capita income of China reaches that of Taiwan today, its economy will be considerably bigger than that of the US or the EU. This is likely to be achieved by the middle of the century.

The relationship between the US and China is the single most important relationship in the world today.

Upon it is determined the larger question of war and peace.

That relationship has improved with the problem of cross strait relations under control and the Chinese playing a helpful role in North Korea.

As the links binding these two countries multiply, the risk of a rupture between them should decrease.

7. India is also taking off.

Although India's political and social structures make it more difficult for India's growth rate to match that of China's, India as a democracy is arguably more stable in the long term.

It is now on a secular growth trend and can achieve 8 to 9% growth a year, if not more, on a sustained basis.

India's creaky infrastructure should improve year by year.

India's population is relatively young and will outstrip that of China after 2030.

8. In between China and India are the ten countries of ASEAN with a combined population of over 500 million people.

This is a region of islands and peninsulas which has been influenced by the great civilizations of East Asia and South Asia over the centuries.

Although the ten countries are diverse in their religious beliefs and political systems, we have been moving closer together in the last 40 years.

After the interruption of the Asian Financial Crisis, the region is growing smartly again.

Vietnam, in particular, is making rapid strides in the footsteps of China.

ASEAN

9. The rise of China and India is a huge challenge to us in ASEAN. Either we become more integrated and united or we will be at a severe disadvantage relative to them.

In an earlier period, it was the fear of the Communist threat during the Cold War which held us together in non-Communist Southeast Asia.

Now it is the fear of being left behind by our giant neighbours.

In response to this, the Leaders of ASEAN formed an Eminent Persons Group more than a year ago to make recommendations on the drafting of an ASEAN Charter which will become a Constitution for our political, economic and cultural integration.

In January this year, the Leaders endorsed the recommendations of the Eminent Persons and the Charter is now being drafted as a legal document.

We expect the Leaders to sign it in November this year at their next Summit in Singapore.

10. A strong but neutral ASEAN, friendly to all the major powers, can help to create a larger framework of peaceful development in Asia. It cannot be assumed that the re-emergence of China and India as major powers will be a smooth and simple process.

It has never been in history that existing powers accommodated the entry of new ones without challenge or contest.

In the 19th century, the rise of Japan led to war, first with China, then with Russia, and finally with the US and Europe.

In Europe, you had similar experiences.

11. If there is a major clash between existing and emerging powers, Southeast Asia will be affected and may be balkanized.

For this reason, a large part of our diplomatic energy is concentrated on fostering good relations with the major powers and building an architecture of peace and cooperation around ASEAN in Asia.

We are a strategic region for all the major powers – the US, China, Japan, India and Europe.

Some of the most important searoutes in the world pass through Southeast Asian waters.

For example, one-third of global trade, 50% of global oil supply and 80% of the oil bound for China and Japan go through the Straits of Malacca and Singapore.

12. Over the years, ASEAN has built up very good relations with China, Japan and Korea.

ASEAN is already a Free Trade Area.

We are now exploring the possibility of an FTA which encompasses ASEAN and the 3 countries of Northeast Asia, what we call ASEAN + 3.

The Leaders of ASEAN + 3 meet every year.

13. In December 2005, ASEAN initiated the first East Asia Summit which includes, in addition to the ASEAN + 3 countries, India, Australia and New Zealand - 16 countries in all.

The East Asia Summit held a successful second meeting in the Philippines in January.

The next meeting will be in Singapore.

This is an important grouping because it puts ASEAN at the centre of the world's fastest growing region.

The relationship between China and India has improved in recent years and the trade between them is growing rapidly.

14. Historically, Southeast Asia was where these two civilizations met. We must make sure that their growing interaction in the coming years includes us and is not at our expense.

An FTA of the 16 EAS countries is now being mooted as well.

ASEAN either already has or is negotiating FTAs with all the other EAS countries individually.

Both China and India are improving their connectivity with ASEAN through land, air, sea, riverine and electronic links.

Through ASEAN, they will also develop closer links with each other.

Within five to ten years, it will be possible to drive on good roads and highways from Delhi to Beijing, from Beijing to Singapore and from Singapore to Delhi.

Asia is already by far the fastest growing aviation sector in the world.

The world's six busiest container ports are all in Asia now - Singapore, Hongkong, Shanghai, Shenzhen, Busan and Kaohsiung, in that order.

Rotterdam ranks 7th.

Hamburg is 8th, having recently overtaken Los Angeles.

The US

15. The role of the US in Asia will remain critical for decades to come. Any sudden reduction in the US presence in the Pacific and Indian Oceans will have an immediate destabilizing effect.

For this reason, no major initiative is undertaken in Asia today without the US being an explicit or an implicit consideration.

Every year, easily over a hundred thousand Asian students go to the US to study.

China alone sends 75,000 students a year. Many stay on to work in the US.

Not a few become Americans and Asian-Americans already make a major contribution to the US economy.

In the Juilliard School of Music, the great majority of students are either Asian or Asian-American.

The result of all this is an intricate web of relations holding the two sides of the Pacific together.

Although the cultural links across the Pacific are not and will never be as strong as those across the Atlantic, the trade volume across the Pacific overtook that across the Atlantic many years ago.

16. The premier regional grouping in the Pacific is APEC (Asia Pacific Economic Cooperation) which includes most of the countries on the Pacific Rim including the US and China.

It is a vibrant grouping meeting at the Leaders' level every year. Last year, in Hanoi, the Leaders agreed to study a proposal to create an FTA of the Asia-Pacific.

This, of course, will not be easy as APEC is a grouping of 21 diverse economies which together account for more than half the world's total GDP and trade volume.

But, while we want the Doha Round to succeed, we have to be prepared for other options should the current WTO talks collapse.

Europe

17. Europe does not enter the strategic calculation of countries in Asia to the same degree as that of the US even though Europe's overall economic weight is not less than that of the US.

The political under-representation of Europe is a loss to us in ASEAN. ASEAN will enjoy more options and greater manoeuvring space if Europe is also a major political player in our region.

We will be better diversified in a strategic sense.

18. Europe's interest in ASEAN has tended to be narrow and episodic. When the Boxing Day tsunami hit Indonesia and Thailand, the European countries responded with heartwarming generosity. On the peace process in Aceh, Europe played a major role.

Concerns about human rights in Myanmar have become a domestic political issue in some European countries.

What is lacking is a long-term strategic view of ASEAN as a key piece in the Asian puzzle.

19. In the last year, the European Union has made some important moves in engaging ASEAN.

Negotiations for an EU-ASEAN Free Trade Agreement will soon begin but I hope that the problem of Myanmar will not prove an insuperable obstacle.

If Europe pursues the FTA with a strategic objective in mind, we can find a way around the problem of Myanmar.

The EU has also indicated an interest in acceding to ASEAN's Treaty of Amity and Cooperation which we warmly welcome.

This year, ASEAN and the EU will be celebrating the 30th Anniversary of its Dialogue Partnership.

We hope that many of Europe's Leaders will consider it worth their while to join the Leaders of ASEAN in a Commemorative Summit to celebrate this happy occasion.

20. Europe's engagement of ASEAN should go much deeper. Historically, except for Thailand, the countries of Southeast Asia were all colonies of European powers.

The European heritage throughout Southeast Asia is profound and is an asset for the development of our future relationship.

Singapore, Malaysia and Brunei, for example, benefited greatly from the institutional inheritance we received from the British.

The European colonial legacy is partly the reason why ASEAN countries find in European integration an inspiration for our own integration.

Some members of the High Level Task Force drafting our ASEAN Charter have visited Berlin and are now in Brussels, precisely to learn from the EU experience.

I don't think our integration will ever go as far as Europe's but your footsteps, including your missteps, are a guide to us in our journey.

The European Commission has been most helpful to us.

Last year, the Eminent Persons appointed by the ASEAN Leaders received excellent briefings on the European Union in Brussels which influenced them in the way they crafted their recommendations.

21. The greatest achievement of European integration is the peace which it has brought upon this continent, a period of peace never seen before in its entire history.

ASEAN has a similar mission of peace in Southeast Asia.

If we can keep our peace for another generation, and we in turn helping to keep the larger peace in Asia, the world will be transformed.

Some two billion people will be brought out of the depths of poverty.

The European idea, of sovereign nations surrendering some of their prerogatives in order to achieve a higher common good, has universal applicability.

Without the underlying respect for diversity which is at the heart of the European construction, we can never live in peace with one another anywhere in the world.

22. The rise of Asia will be a challenge to Europe in this century. How Europe engages an adolescent Asia and influences it will be of utmost importance.

There was a time in the past when Europe set for itself a missionary role in Asia.

The result was not an Asia which looked like Europe but a modern Asia which is becoming both a friend and a competitor.

What is important is for the friendship to be deepened and for the competition to be set within a framework of political and economic rules so that conflicts and disagreements are kept within civilized boundaries.

Asia is still in a malleable phase of its development.

The way Europe and the US manage Asia in the coming years will have a major effect on how Asia itself evolves.

It is crucial for the G7 or G8 countries to engage China and India much more as their economies become more intertwined with those of the advanced economies.

For example, energy security, the global environment, climate change, avian flu and jihadi terrorism are important common concerns.

In ASEAN, you will find a friend and a partner on all these issues. It is better for Europe to be deeply involved earlier than later.

Germany and Hamburg

23. Tomorrow I fly to Nuremberg to attend the ASEAN-EU Foreign Ministers' meeting.

Our relationship is now entering a new phase.

Germany's leadership is crucial not only because it is Germany which now chairs the EU Presidency but also because of the size and the outward-orientation of the German economy.

The Asian component in the German economy can only grow in the future.

24. The relations between Germany and Singapore are excellent.

On the most important issues in the world, we share common perspectives.

We are grateful to Germany for providing much assistance to us in the earlier years of our independence.

We have been inspired by the discipline, industry and creativity of the German people and studied your systems and structures in detail.

For example, our technical educational system was modelled after yours to our great advantage.

German investments matter a lot to us.

Your business leaders have always given us good advice. Recently, we made one of them, Chairman of the Supervisory Board of Siemens AG Dr Heinrich von Pierer, an Honorary Citizen of Singapore.

There must be over 900 German companies based in Singapore now. We have a German Centre which provides a ready facility for small and medium enterprises.

Many German companies use Singapore as their regional headquarters. As Asia become more important to you, we hope more German companies will come and treat Singapore as a Southeast Asia member of the Hanseatic League.

25. Strategic relationships have to be built both from the top down and from the bottom up – country to country, city to city, people to people.

I began my address to you this evening by rejoicing in the kindred spirit which the people of Hamburg and Singapore share.

For example, the firm of Behn, Meyer & Co, a well-known trading company, was founded in Singapore in November 1840 by Theodor August Behn and Valentin Lorenz-Meyer.

Subsequently, its parent company Arnold Otto Meyer was established in Hamburg in 1857.

Today, Dieter Lorenz Meyer, a direct descendant of one of the founders, is Singapore's Honorary Consul General in Hamburg, and he is here with us this evening.

26. For Singapore and Hamburg, we make a living and we derive our culture and attitudes from our links to the outside world.

Through the sea, we are connected.

The more others share our values, the greater the opportunity for trade and exchange.

As the Hanseatic League nourished you, so too the Maritime Silk Route which linked the coastal regions of Asia nourished us.

Today, we are plugged into the same global trading system.

On my last visit to Hamburg, I did a side excursion to Luebeck and visited the Luebecker Rathaus where trade disputes in the Hanseatic League were finally settled.

I was then Singapore's Trade Minister and saw in that high council a reflection of today's World Trade Organisation.

We are much better off when disputes are settled in the councils of the WTO and the UN than through the force of arms.

Hamburg, Germany and the EU on the one side, Singapore and ASEAN on the other - we share a common interest in the global system operating well.

Europe's deeper engagement in 21st century Asia can help to bring this about. In May, Mr Ole von Beust, First Mayor of Hamburg, will be visiting Singapore. We look forward to his visit to enhance the ties between Singapore and Hamburg.

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