

**Opening remarks by Mr K Shanmugam, Minister for Home Affairs and Minister for Law at the 2017 Asia Economic Forum on “*The One-Belt One-Road Initiative: Impact and Implications*”, Lee Kuan Yew School of Public Policy, NUS, 28 August 2017**

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Ladies and Gentlemen,

1. Good morning.

I. **INTRODUCTION**

2. I thank the World Bank, and ACI for organising this forum, and for inviting me.  
Khee Giap asked me in June, and I agreed.
3. Now let me give my personal views on possible implications/ impact of OBOR:

- (1) First, in the context of larger geopolitical trends – one of the consequences of which was indeed the OBOR;
  - (2) Second : The historical antecedents for OBOR, and the implications of that history today; and
  - (3) Third : Some aspects of the current international situation, which may, in my view, accelerate the impact of OBOR, and the larger geopolitical trends.
4. I will then set out what I think are the likely implications of OBOR in terms of: (1) the world economy; (2) security architecture; and (3) geopolitics.

## **II. CONTEXT: (1) GEOPOLITICAL TRENDS**

5. First, let's look at the larger geopolitical trends. Why do we need to look at them? Because OBOR is a result of these trends, and it will in turn shape these trends.
6. What are the trends? The larger geopolitical trends are well known, can be put simply.
7. First: The rise of China. It is likely to be the largest world economy in absolute terms, though not in per capita terms. This is likely to happen sooner rather than later. Technologically, militarily - China will become a more significant player over the next 20 – 30 years. China aims to be a superpower – understandably. When you consider the combined metrics of economy, technology, population: You will conclude that China's aim to be a superpower is realistic.
8. Second: There will inevitably be a change of relative power between America and China.
9. I am not suggesting that America is in decline. I want to make that clear. It will be a brave person who bets against the US, or suggests that it is in actual decline. It

is more a question of relativity. The relativities have already changed, and will continue to change.

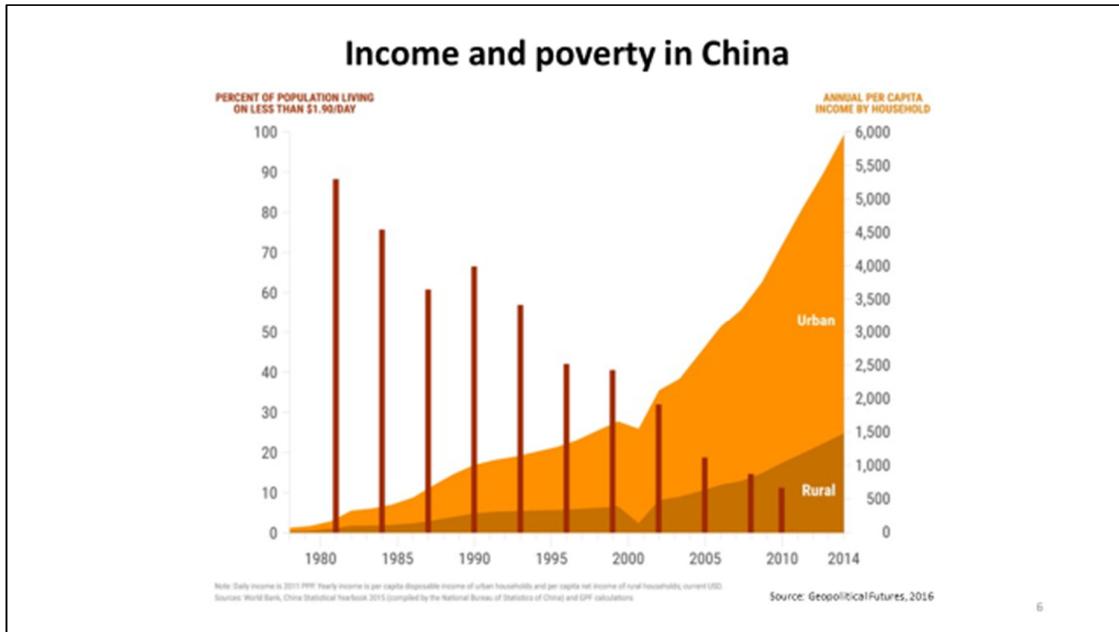
10. In absolute terms, it will be some time yet before China or any other country can match the US, let alone surpass it, militarily.
11. The US has a significant lead today. Its capabilities are huge, and its ability to project its power around the world impressive – indeed, unprecedented in world history.
12. Nevertheless, over time, the US will have less and less scope for unilateral action, especially in areas of the globe where China has strong interests.
13. And China will not be able to ignore US interests either, even as its power increases. They will have to find a new Modus Vivendi.
14. I don't see any of these as particularly controversial conclusions.
15. I will share, in this context, what I had said in Washington in 2012, when I was Foreign Minister (see below).

“It is quite untenable to speak in terms of the “containment” of China. China with a population of 1.3 billion people is **determined to progress in all fields and take its rightful place in the community of nations**. It will succeed in that. Its people are bright and technologically savvy. **The country and its people are not going to be contained.**

From Singapore’s perspective, **the relationship between the US and China is not a zero-sum game**. The rise of China does not imply the decline of the US. Competition between both countries can take place **within a stable framework**, with both countries playing a constructive role in world and regional affairs.”

*– Speech at The Center for Strategic and International Studies Singapore Conference,  
8 February 2012* 5

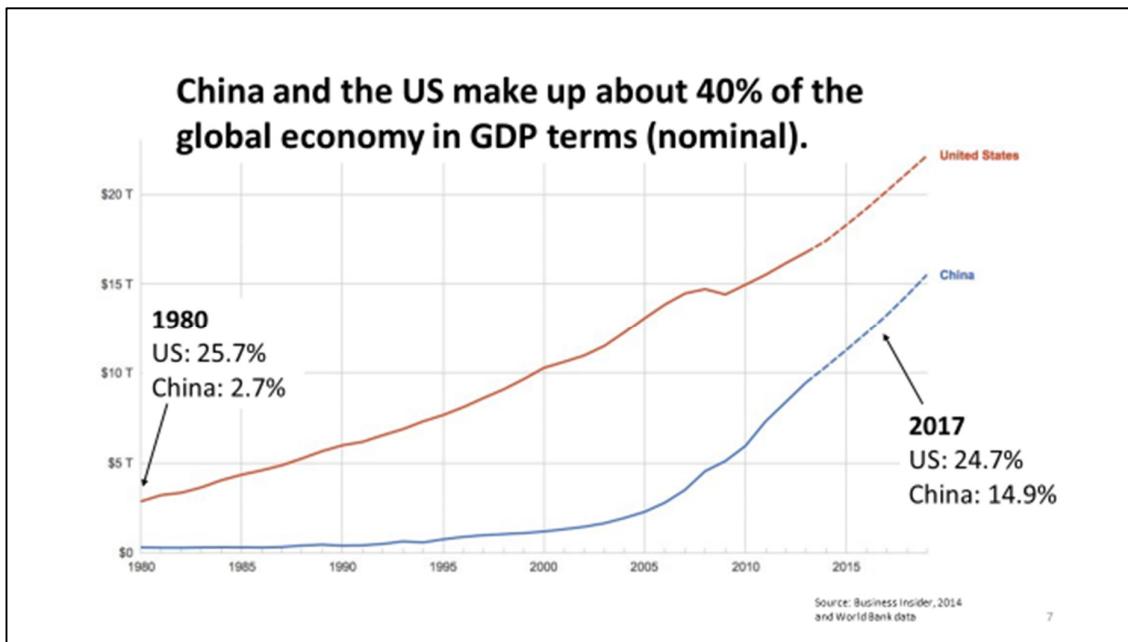
16. At that time, the US pivot to Asia was a big topic. I was quite blunt. I said: Some view the US engagement of Asia as a means to contain China. Such rhetoric was a mistake on many levels. Any attempt by the US to contain China will not work, and it will not be supported by almost all countries in the region.
17. What is the situation today? Fast forward five years – China is fast drawing level with the most advanced countries, in many fields, and surging ahead in some.
18. Its infrastructure, technology, education system, are now better than world class.
19. Despite all the criticisms it receives, China has lifted 700 million people out of poverty within 30 years (see below). This is a feat unparalleled in history.



20. This was a country which, in our lifetimes, in the 80s was poor and backward. China's human rights critics will do well to bear this in mind. 700 million people's lives improved substantially; compared with the points they make.

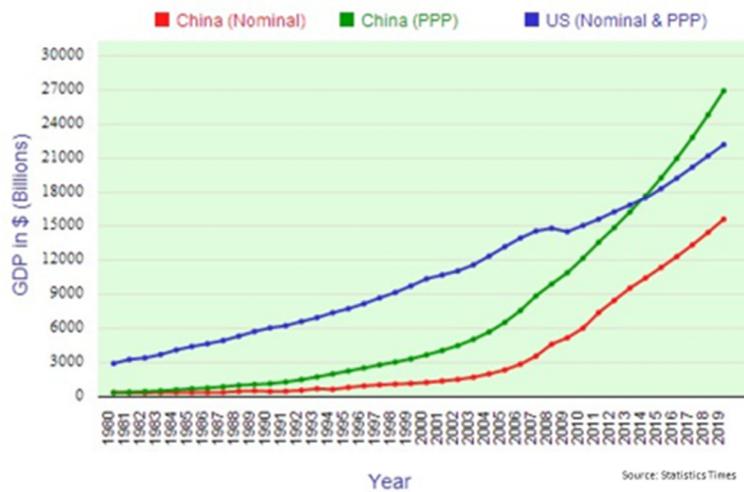
21. Let's look at some data.

(1) GDP



22. China and the US make up about 40% of the global economy in nominal GDP terms (see above).
23. Today: US – is at about 25%, China – at 15%.
24. If you go back to 1980: the US – was at about 26%, China – was at 2.7%.
25. China's progress has been exponential; the US has more or less maintained its position.

## China has overtaken the US in GDP (PPP).



26. And China's share of world GDP will continue to grow (see above). Its GDP has already overtaken the US's GDP in PPP terms. Though, it is quite some way behind in per capita terms – and will probably remain so for some time to come.

## China's rate of GDP growth is about double that of the US – albeit from a lower level.

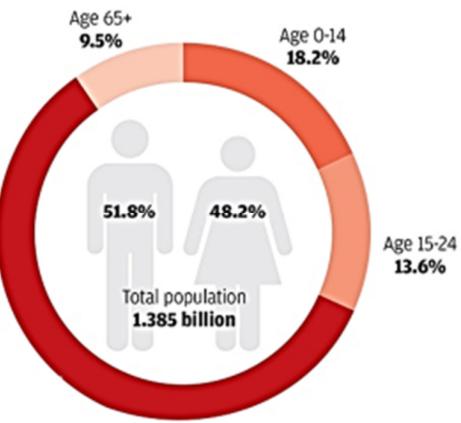
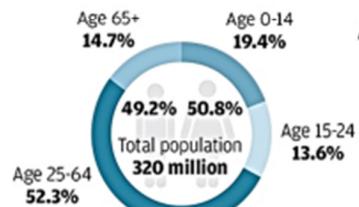


27. China's rate of growth now is roughly double that of the US (see above).

(2)

## Population

**China's population is four times that of the US.**



Source: South China Morning Post, 2015

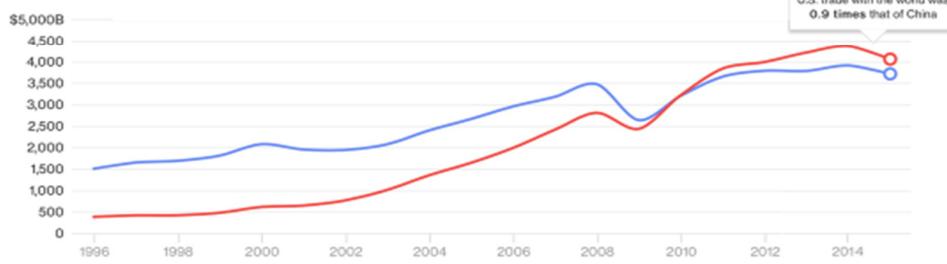
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28. If you go to population, China's population is four times that of the US (see above). It is also interesting to look at the breakdown by age groups over population.

(3)

## Trade

**China is the world's largest trading nation.**



Source: Bloomberg, 2016

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29. If you look at trade, it is now the world's largest trading nation (see above).

30. And the largest trading partner for most countries (see below).



31. These trends are irreversible. Any attempt to reverse or stem them will fail.
32. I'll give you one illustration: The US Congress put up roadblocks to giving China its rightful role in the World Bank. But how is it possible to shut out a country with such a strong economy, such massive foreign reserves? China simply set up its own international Bank – the AIIB. And many countries, including Western countries, made haste to support the AIIB.
33. So with or without OBOR – these underlying trends are inexorable.
34. The OBOR is both a result of these trends and may well accelerate them. Will come back to this later.

### III. CONTEXT: (2) HISTORY

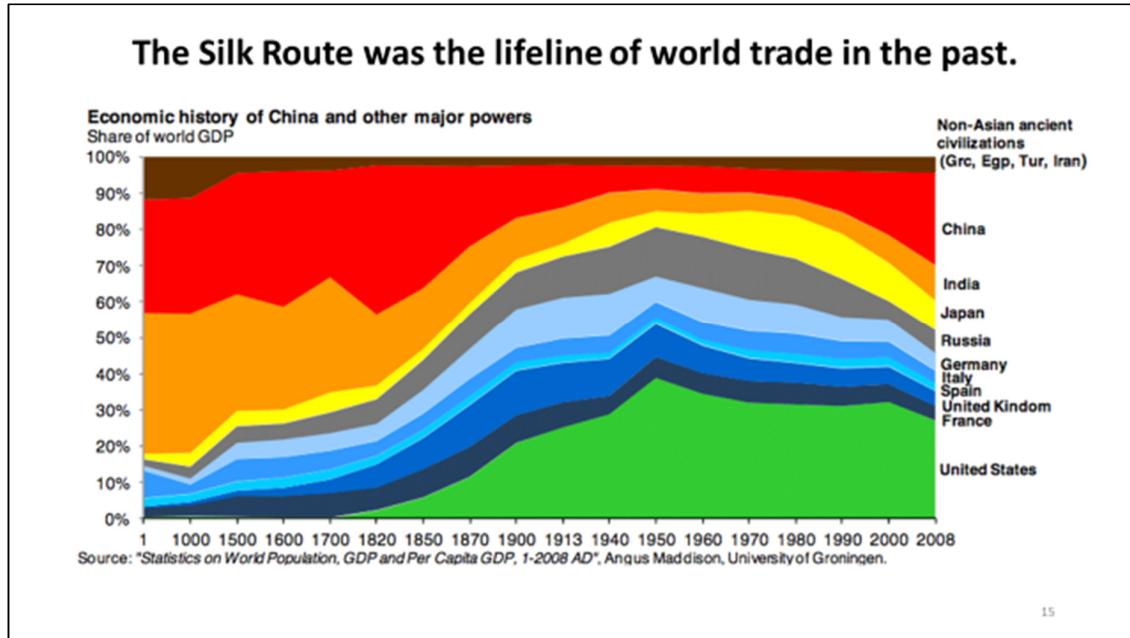
35. Let me now deal with the second of the three contextual points I wanted to make, which is history.

[A] The History Taught in Schools

36. The history that we are taught in schools, particularly in the colonies covered the early civilisations - Mesopotamia, Egypt, the Indus valley, Greece, China. But usually as a prelude to the rise of the West.
37. China, India, the birth of Islam, the Jewish Diaspora – would get guest appearances.
38. But it was generally a very Western-centred world view: the history of western empires, the great voyages of western exploration, and the western conquests.

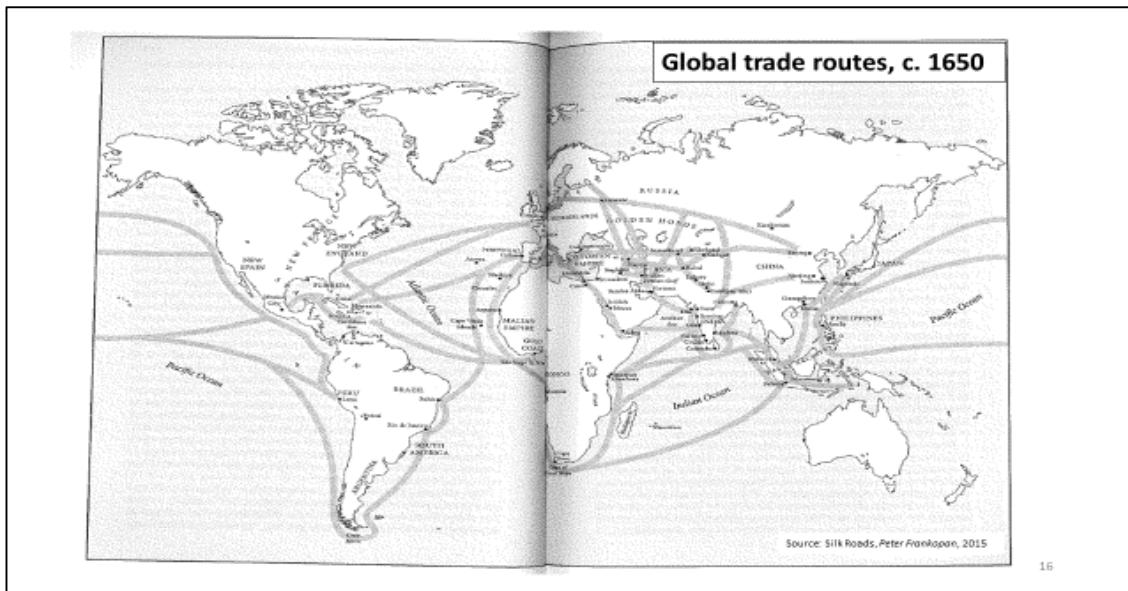
[B] Another aspect of history: The Silk Route

39. But there is another perspective, which is quite important. Before you had Columbus, Magellan, Vasco da Gama, you had the Silk Route. And again the slide (see below) speaks for itself in terms of the share of world trade throughout most of the last 2000 years, except for the last 300 years.

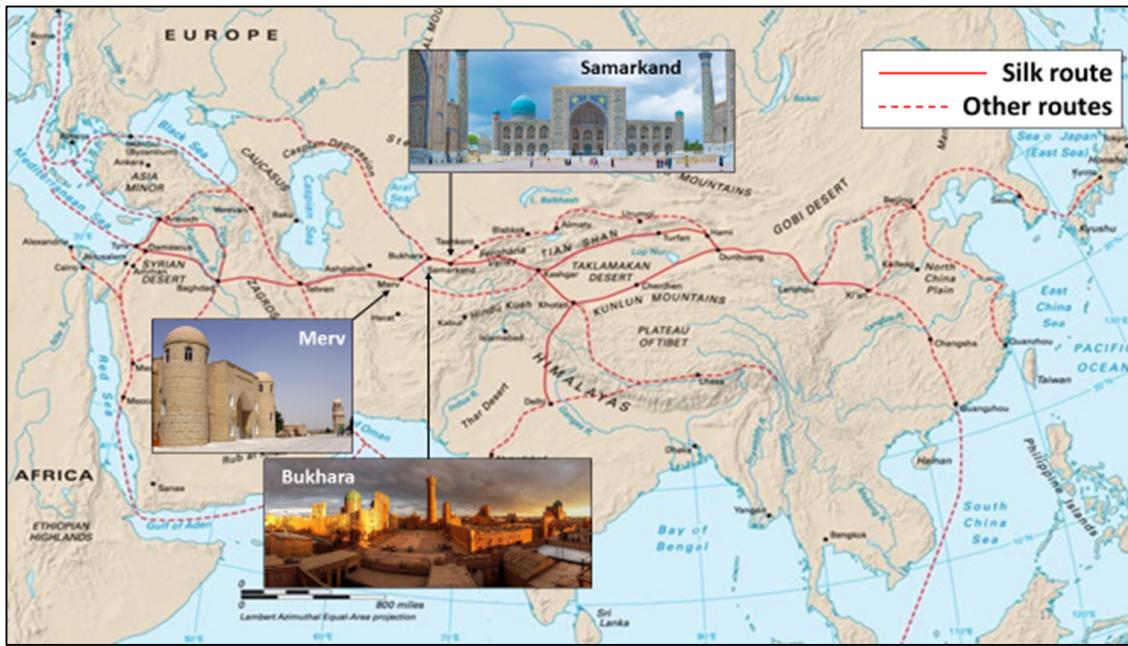


40. The history of trade shows that the global economic centre of gravity for much of human history was in China and India. And the Silk Route was the spine of World

Trade. It played a key role in World Trade. Great cities of the past – Samarkand, Bukhara, Merv, prospered from their locations on this Silk Route.



41. The Silk Route brought great wealth to China, and to the cities along the Route.



42. Ideas too spread along Silk Route. Buddhism began in India, spread to Afghanistan, on to China. Samarkand and Bukhara were centres of trade, scholarship, religion, culture.

43. Asia was the centre of civilisation. And Asia, Central Asia was the centre of civilisation, centre of technology, centre of the world.
44. With the OBOR, China tries to recreate this history. It is bold, it is imaginative, it is ambitious.
45. It exemplifies the vision of a country that is today the world leader in many aspects of infrastructure technology (see below).



46. Take Permafrost railway for example: it presents multiple engineering challenges. Permafrost melts with slight changes in temperature – heat from trains can also cause melting. Permafrost thaws, ground becomes muddy, affecting integrity of entire system. For fragile sections, Chinese engineers built elevated tracks with pile-driven foundations sunk deep into the ground. And China has built an impressive rail network on Permafrost – quickly as well.
47. If you look at China's high-speed rail network – Largest network in the world; 19,000 km of high-speed rail lines. 80 million passengers annually.
48. China's First Emperor Shi Huang Di's feats of construction inspired the idiom "shave off mountain peaks and fill valleys" (qian shan yin gu).

49. It is a country which centuries ago built a wall, which today can still be seen from space.

50. The Chinese understand infrastructure.

#### **IV. CONTEXT: (3) CURRENT INTERNATIONAL SITUATION**

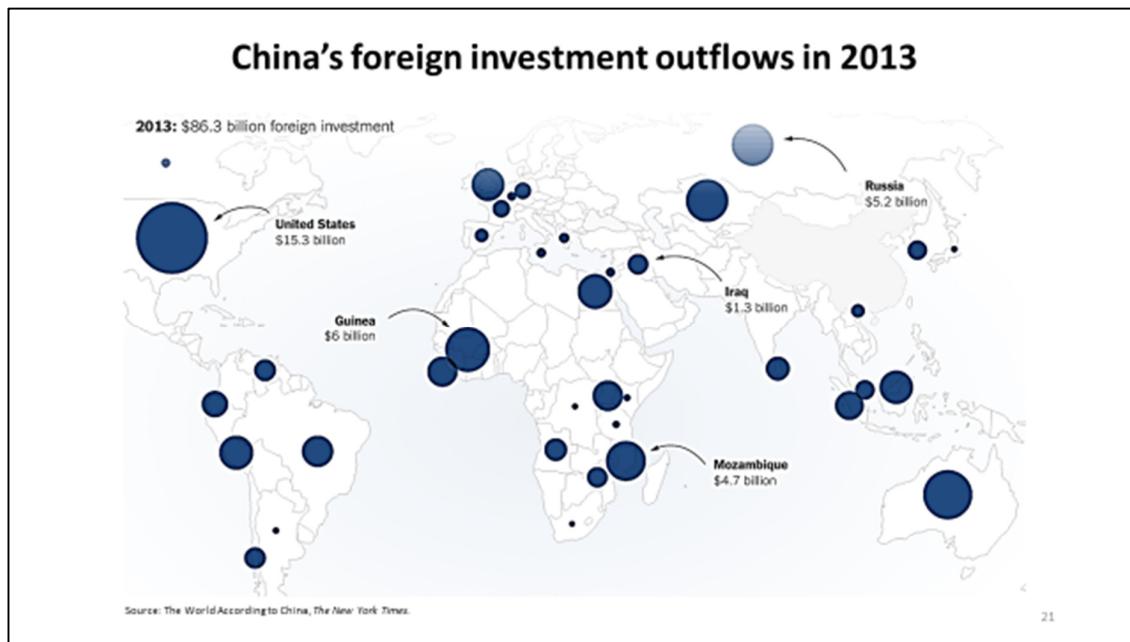
51. Let me now deal with the third of my three points: the current international situation.

52. The current international situation will, in my view, tend to accelerate the larger geopolitical trends which I spoke about.

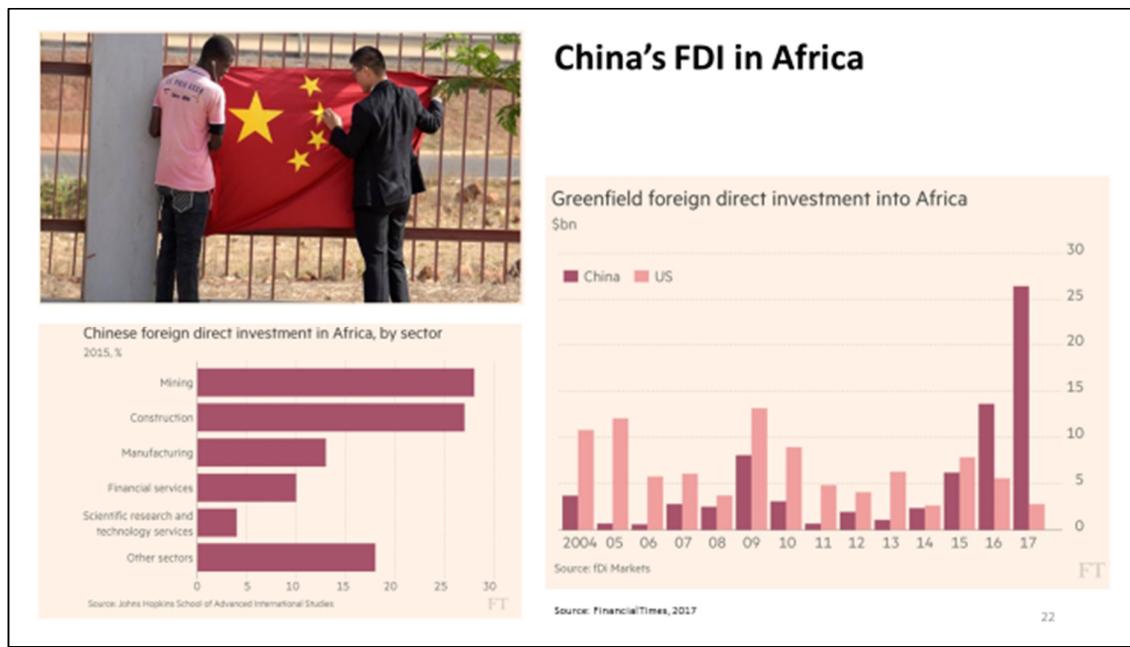
53. And I will list three developments that will impact these trends.

##### **[A] China's strategic economic engagement**

54. China has been very strategic in the way it has been investing, linking up with countries, building relationships.



55. If you see what is happening across the world - Asia, Africa, even South America. China's companies have spread out (see above). They have invested billions. They are prepared to take risks, invest in large infrastructure projects.
56. China identifies regions of interest, and then focuses on them relentlessly.
57. Neither the US nor Europe can do the same. Their political + economic systems are different. Their leaders cannot make the same type of long-term commitments.
58. For example, in Africa: China-Africa trade (see below) – was \$10bn in 2000, it's \$220bn in 2014. Chinese companies purchase stakes in mining operations in Africa, in return for loans to finance large-scale infrastructure projects – roads, railways, ports.



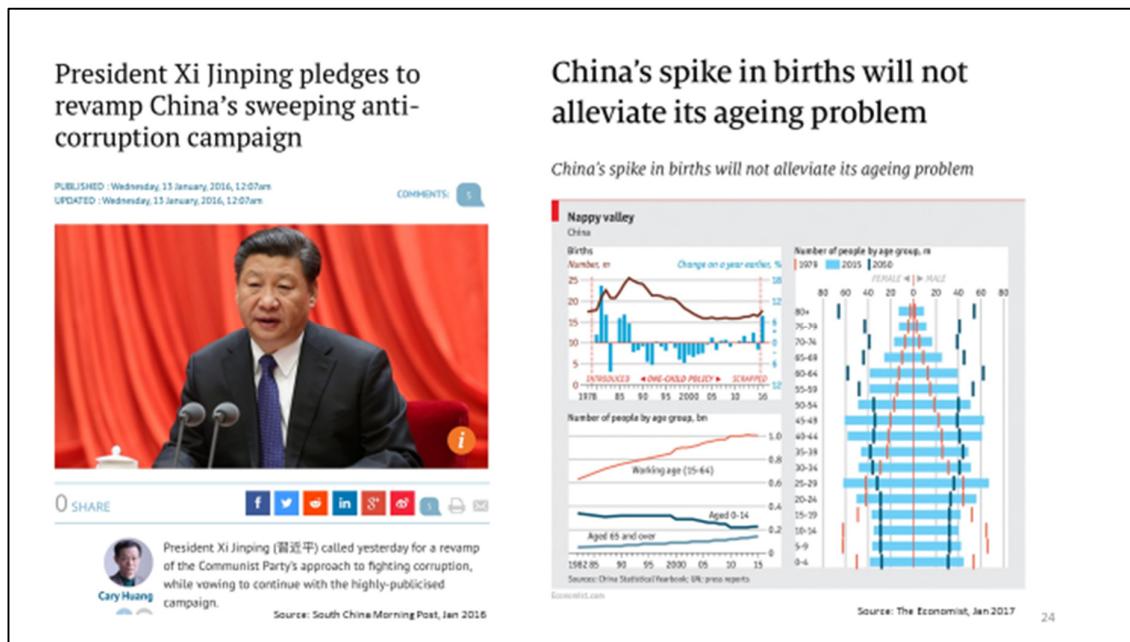
59. These investments create strong relationships. Of course they have not been without some backlash. But on the whole, they predispose many countries towards BRI.

60. Mainland SEA : Also has seen very substantial Chinese investments. And China offers a large market. And we are still only in the early stage of this trend. As the Chinese economy grows, this trend will accelerate.

[B] China's ability to bring together its resources and focus relentlessly on the desired outcome

61. China's centralised system allows it to bring together the necessary resources and focus intensely, relentlessly, on the outcome that it wants.

62. This is not to say that everything about the Chinese system is good or works well. China does have some serious issues, as China itself acknowledges – for e.g. corruption is a serious issue, and is being actively dealt with by President Xi and his team (see below).



63. And over time China will have to deal with other social issues and political issues as well. These are pretty significant issues -

a) Aging, for example. The Chinese will need to invest heavily in social infrastructure. (China, some say, will grow old, before it grows rich.)

b) And the demands of a younger, better educated population.

Just to mention a few of the challenges.

64. But objectively, one must acknowledge that over the last 35 years, China has achieved results, for its people, on a scale that no other country in history has – both in terms of the speed with which the country has progressed and the sheer number of people who have made the leap from poverty to prosperity.
65. Thus while there can be many criticisms levelled at China and its political system, nevertheless, they are often skewed, or a little unbalanced.
66. For example, you will often hear this: Chinese political system does not allow innovation, and so China cannot compete at the frontiers of modern science and technology. Therefore it will not ultimately succeed. These and other variants of this arguments – including relating to the dominance of the Communist Party – are quite prevalent.
67. China has been showing its detractors are getting it wrong.
68. Just take one field: Science and technology. China has shown it can move up the tech-value chain quickly. Spoke earlier about China's infrastructure technology.
69. Take another example: telecoms. Huawei is now a world leader in info technology. They make world-leading hardware, and also make world leading software as well. UK has been buying latest tech from them. Look at this quote (see below). 30% increase in UK revenue in 2016, to more than £900 million.

## Innovation

**Sales jump at Huawei's UK arm**

JONATHAN EAST / Monday 8 May 2017 11:51 | 2 comments

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Huawei Technologies UK saw its revenues leap 30% last year. Chris McEvily / Getty

Huawei Technologies UK, the Chinese telecoms behemoth running swathes of Britain's broadband infrastructure, saw its revenues leap 30% to more than £900 million last year.

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**"In the UK we broke through into the market not as we had in other countries – through budget devices – but through the premium tier of devices. Our biggest seller in the UK is the P9, so the UK is a special market, so it must have a special strategy... I think if you can be number one in China, in the most competitive devices market in the world, we can have the confidence of success elsewhere as well."**

*– Huawei UK Consumer Business Group MD James Jie, interview with Mobile Today in 2017*

Source: London Evening Standard

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70. Another illustration: quantum satellites (see below). China is moving ahead on space-to-ground quantum key distribution technology – It is a way to send data over long distances which is very difficult, if not impossible, to hack. Any attempt to eavesdrop on the quantum channel introduces detectable disturbances. Once intercepted or measured, the quantum state of the key changes, and the information being intercepted will self-destruct. This technology was actually developed in Europe. But China put in the necessary resources to take it further.

### China uses a quantum satellite to transmit potentially unhackable data

- China has demonstrated way to send data over long distances which is potentially unhackable.
- It relies on "quantum cryptography" and a satellite sending data via photons from space to earth.
- The implications could be huge for cybersecurity, making businesses safer, but also making it more difficult for governments to hack into communication.

Arjun Kharpal | @ArjunKharpal  
Published 4:58 AM ET Thu, 10 Aug 2017 | Updated 8:55 AM ET Thu, 10 Aug 2017



Source (top): CNBC, 2017  
Source (right): BBC, 2017

### China's quantum satellite in big leap

By Roland Pease  
BBC Radio Science Unit

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Micius went up from the Jiuquan Satellite Launch Centre in China's north west.

GETTY IMAGES

The term "spy satellite" has taken on a new meaning with the successful test of a novel Chinese spacecraft.

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71. China is confident of its position. It has the population, resources, money. It is able to make long term commitments on investments, economic relationships. It can think long-term –where the country should go – and implement the strategy.

[C] American Foreign Policy

72. Now let me touch on the third of the three points – in the context of American foreign policy. America's long held position post-WW II, was that the maintenance of global peace and order was in itself, in America's interests.
73. Now it has been suggested that America should define its interests more narrowly, an "America First" approach.
74. This shift in thinking, was for example articulated by General McMaster (see below), who is highly respected for his military and strategic thinking.

"America First signals the restoration of American leadership and our government's traditional role overseas – to use the diplomatic, economic and military resources of the US to enhance American security, promote American prosperity, and extend American influence around the world."

*– General McMaster, US National Security Advisor*

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75. General McMaster was careful to say America First, does not mean America Alone. But it does signal a shift from the previous American position on how America engages the world.

76. Every country acts in what it considers to be its best interests. When that country is America, and there is a change in how it perceives its interests, then that affects the rest of the world.
77. The current American Administration's reassessment of its position is driven by the need to answer to its electorate, and is understandable.
78. In the same vein, America has wondered aloud on positions which were once considered fundamental. For example: Its commitment to NATO, stability in the relationship with China, Free Trade, and so on.
79. Some of this led to the German Chancellor saying in May this year (see below): "The times when we could completely count on others, they are over to a certain extent... We Europeans must really take our fate into our own hands..."

**"The times when we could completely count on others, they are over to a certain extent.** I have experienced this in the last few days.

And that is why I can only say that **we Europeans must really take our fate into our own hands**, of course in friendship with the United States, in friendship with Great Britain and as good neighbours wherever that is possible, also with other countries, even with Russia.

But we have to know that **we must fight for our future on our own, for our destiny as Europeans**, and that's what I want to do together with you."

*– Angela Merkel, German Chancellor*

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80. To be fair, some of the questions being raised by America are understandable. The US, for example, has been pointing out since the 1980s, that it bears a disproportionate share of the cost of NATO. The current Administration is not wrong to point this out, and insists that something be done about it.

81. American weariness, after years of the cold war – M–E engagements, bearing the burden primarily by itself; its demand that others share equitably in the costs of security engagements – are all quite understandable.
82. In fact, the current situation is probably politically unsustainable for the US.
83. Thus in a way, if Europe, led by Germany, can take more of the burden of global leadership, particularly in the security of Europe, that could lead to a more balanced and sustainable global structure.
84. The Administration has decided to raise issues which it thinks need the attention of other countries. What will be the consequences, how the Administration will follow through on these questions - is less clear. And I think it will take some time for us to understand how these issues will play out.
85. For example – despite raising the questions it has, this Administration has shown the readiness to act, when it sees the need to act.
86. Beyond this Administration, America's engagement of East Asia has been largely consistent post-World War II, despite the ups-and-downs across administrations.
87. And this Administration has continued this tradition. For example, it has continued to put pressure on North Korea, while holding out the possibility of negotiations.
88. The US has major security and economic interests in Asia, which it cannot afford to neglect.
89. How it handles them - we have to wait and see.
90. When the Administration's policies become clearer, and if there continues to be a perception that the US is withdrawing or reducing its global footprint, that may then accelerate the larger geopolitical trends that I spoke about.

91. And, if the US continues with anti-trade rhetoric, removes itself from trade agreements, targets countries with economic sanctions, and there are tariff wars, then more countries may find the BRI to be more attractive.

92. With this context, let me now look at the OBOR initiative.

V. **ONE BELT ONE ROAD INITIATIVE**

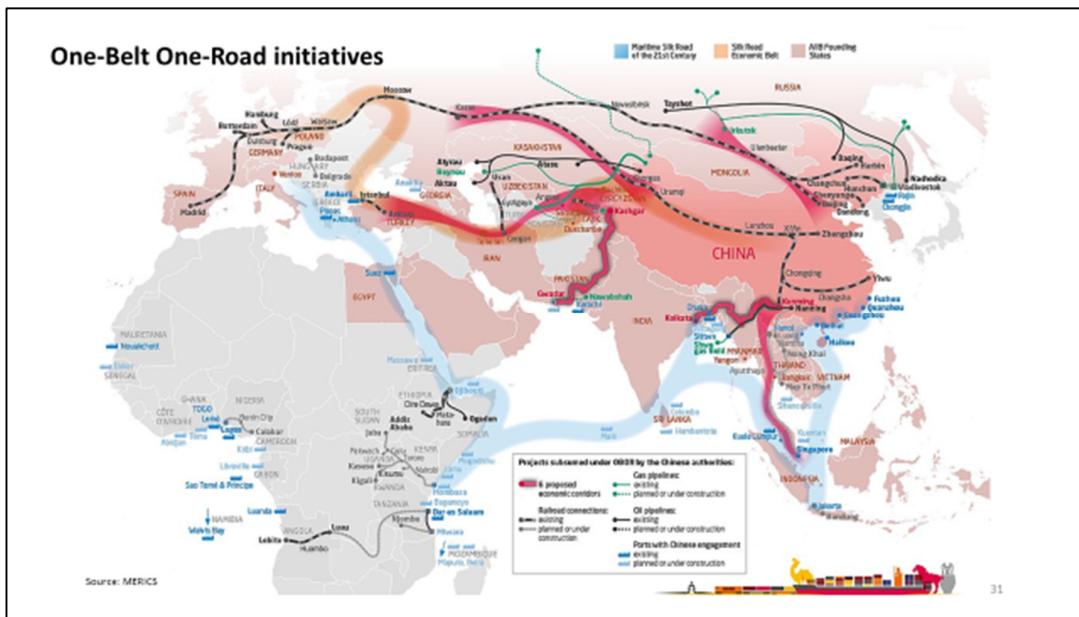
[A] The most ambitious infrastructure project in history

93. The OBOR is arguably the most ambitious infrastructure project in history. Trillions of dollars in infrastructure spending expected, in over 60 countries. Nearly US\$50 billion has already been invested in economies along the Belt and Road.

94. The Asian Infrastructure Investment Bank, Silk Road Fund and New Development Bank together have a total registered capital of US\$240 billion.

95. The BRI seeks to capture the imagination of partner countries. Many would-be partners believe that when the routes are laid, wealth will flow as it once did.

96. It has the potential to bring Eurasia, China and Southeast Asia even closer together. If it succeeds, future trade routes could look like this – on land, and over sea (see below).



[B] A Note of Caution

97. But let me strike a note of caution as well. Names like Samarkand, Bukhara, Merv – they evoke a sense of romance, a glorious past.
98. But the Chinese are not romantics with their heads in the clouds. They are practical, hard-headed. And they know that the Silk Route has historically been beset with conflict and violence. The risks are not insignificant.
99. Central Asia – For centuries, conquerors have swept through the area. Ghenghis Khan, Tamerlane, Nader Shah, many others. It is a hostile environment, difficult to enforce law and order.
100. Take Afghanistan. Russia, Britain, US – all had difficulties.
101. Afghanistan has been called the “Graveyard of empires” for good reason.
102. There is a poem by Kipling, “The Young British Soldier”, on fighting in Afghanistan. Mr Lee Kuan Yew gave a copy of the poem to President Obama. It is worth reading (see below).

### Rudyard Kipling – The Young British Soldier (extract)

If your officer's dead and the sergeants look white,  
Remember it's ruin to run from a fight:  
So take open order, lie down, and sit tight,  
And wait for supports like a soldier.  
Wait, wait, wait like a soldier...

When you're wounded and left on Afghanistan's plains,  
And the women come out to cut up what remains,  
Jest roll to your rifle and blow out your brains  
An' go to your Gawd like a soldier.  
Go, go, go like a soldier...

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103. These are some pretty tough areas. Amongst the toughest in the world. And they continue to see some serious instability.
104. Roads and Belts enable trade. But they can also enhance connectivity between extremists, and Jihadist influences. Works both ways.
105. Thus success of the OBOR in these areas is not a given.
106. There are other associated risks as well.
107. First: Central Asia: the institutions in the countries are still developing. Much still depends on a leader, or a small group leaders. If there is a change in leadership, then there could be changes in policy.
108. Second: Russia has very substantial interests in the region. It is not a given that Russian and Chinese interests will align on BRI, necessarily. Russia has the ability to impose its will, if it believes that its own interests are affected. The Central Asian states are unlikely to want to choose between China and Russia.

109. Third: India also has key interests in the Central Asian region, and the will to seek to protect, and advance those interests.
110. Fourth: Other countries, like Turkey, Iran also have their interests, and the will to push for those interests.
111. China will have to try and work with these different interests, and align them. That is not going to be easy. In many ways, building the infrastructure is the easier part.
112. Beyond the specific difficulties of Central Asia, China also has to try and engage countries which have been less than enthusiastic about OBOR. For example: India, Japan.
113. China, being so big and successful has to take the steps to assure, engage, recognise that its actions will have a lot of impact, because of its size, heft, and impact.
114. It is good for China to be respected, liked and trusted. Because the starting point is that actions of a very big country will be analysed very closely by others. If there is a deficit in trust we then might see regional counter blocs forming, for example: India, Japan, perhaps with powers outside Asia. History has many examples of such dynamics developing.
115. And the possible US influence, impact should not be underestimated. US will continue to be a superpower, with tremendous economic, military and technological strength. Bismarck is reported to have said: "There is a Providence that protects fools, drunkards, children and the United States of America". So never write off the US.
116. If such blocs / counter-blocs are formed, that is not optimal. For China, or for anyone else, or for BRI. No country, not even China, can go it alone in the modern world.
117. How it can align these conflicting interests, assuage other powers, are tricky issues. I have not dwelt too much on them, but that is not to underestimate their importance.

118. It's in China's interest – and ours too – that its rise to great power status, superpower status, is peaceful, and is seen to be peaceful.
119. Fifth and quite fundamentally: BRI is not a substitute for the current international order. The current order is built on free trade. If the world turns protectionist, that will affect OBOR. If there is a trade war between US and China, that will affect the OBOR.
120. The US has become energy independent. With a lowered cost of energy, it is trying to now onshore industries. That could also have an impact. Let me explain it this way: Infrastructure facilitates trade. But infrastructure does not by itself often create trade. Trade flows ultimately depend on supply and demand. In a globalised world, countries trade with many partners. And for many Asian countries, while China is the biggest trading partner, the ultimate consumer of most of the finished products is still the US. The products go as intermediate products to China; they get finished there, and then the finished products go from China to the US. This will likely remain so for some time.
121. So, for OBOR to succeed to its full capacity you need world trade and globalisation to carry on as it has been, and for the globalised economy to function. This means there must be no trade wars between China and the US; there must be continued growth, peace and stability – all of this and more will be necessary.
122. But if China plays this right and successfully conveys that it has benign intentions, through the OBOR and other regional initiatives (including the RCEP (Regional Comprehensive Economic Partnership)), it has got the potential to build a new economic architecture that can uplift economic growth in this hemisphere.
123. The OBOR is a bold vision. China can overcome the challenges and turn the vision into reality. If anyone can, China can do it.
124. It will be easier for China to achieve that if China is able to work harmoniously with countries which have weight, influence in the world economy; and receives the cooperation of countries with weight and influence along the Silk Route.
125. China will be aware of this.

126. We in Singapore are too small to influence or be involved in these sorts of combinations and counter-combinations. We are an observer, often a price-taker. So we observe, we say things clearly, when our own interests are affected, and hope that there will be wisdom, peace and stability.

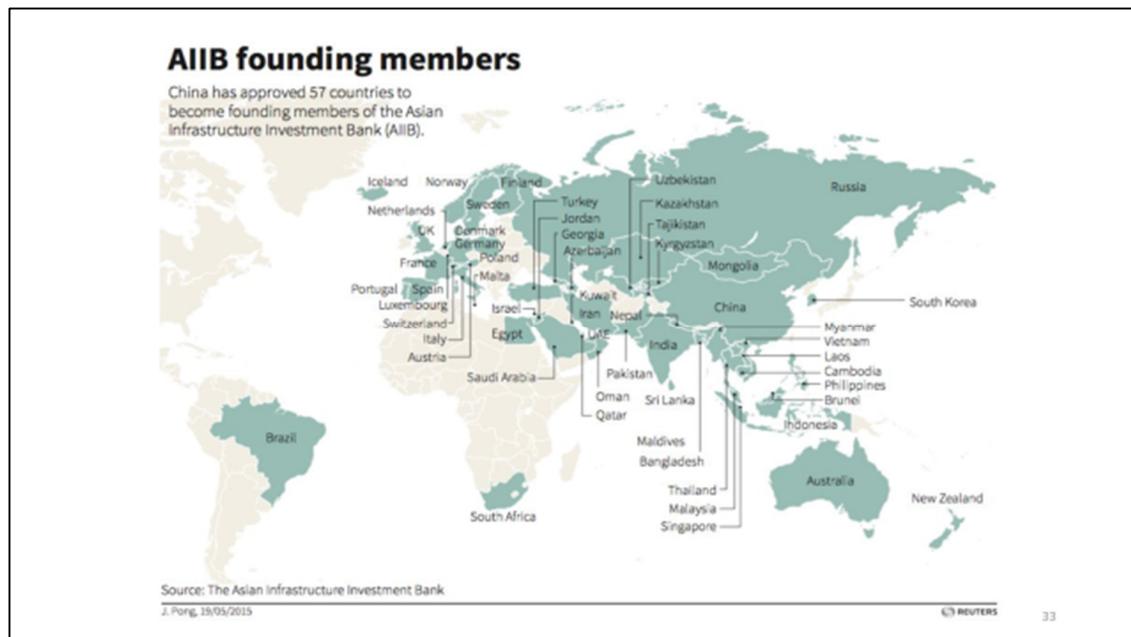
[C] SEA

127. China is likely to find SEA easier in the context of BRI. The connectivity – roads, rails, ports, airports - will be of great benefit. And the potential to create a vibrant economic zone, including the maritime states as well, is huge.

[D] Some key institutions which might help OBOR

128. China has set up some key institutions, both before and after the BRI idea, which will, I think, help the BRI initiative.

(1) AIIB



129. One: AIIB: it will finance the infrastructure projects along the Belt and Road, together with other international institutions – World Bank, for example, who is supporting this conference, is actively involved.

(2) Shanghai Cooperation Organisation



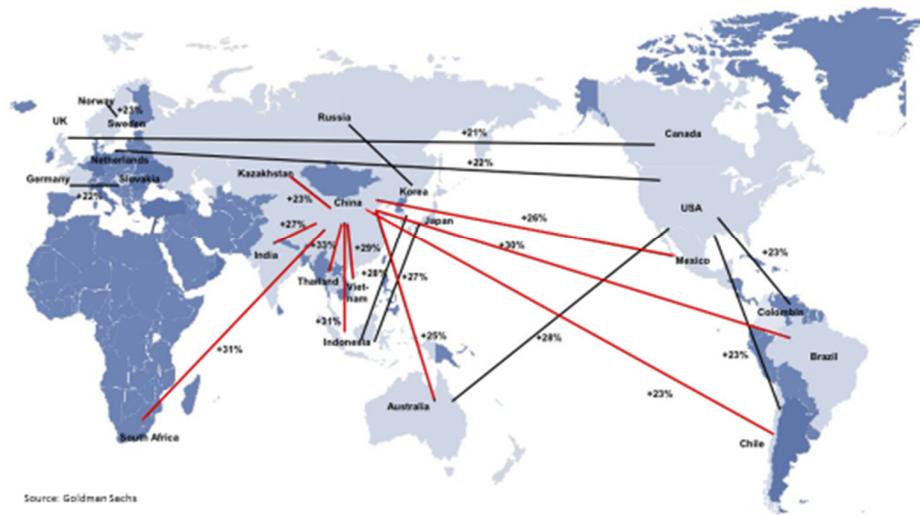
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130. Two: Shanghai Cooperation Organisation: it is a political, economic and security organisation that will cover Eurasia. India and Pakistan were full members from June this year. And SCO represents half of humanity; a quarter of the world's GDP.
131. The BRI will therefore improve infrastructure, physical connectivity greatly, across the region. And has the potential to be a game-changer.
132. Now let me move, to set out what I see as the impact, implications of BRI on the world economy, security architecture, geopolitics.

**VI. IMPLICATIONS, IMPACT**

133. Fairly obvious what my conclusions on these are, given what I have already said. And I can therefore state them quite summarily.
- [A] Economics
134. BRI, if successfully executed, will reshape global trade.

## 20 fastest growing trade routes (2005-2012)

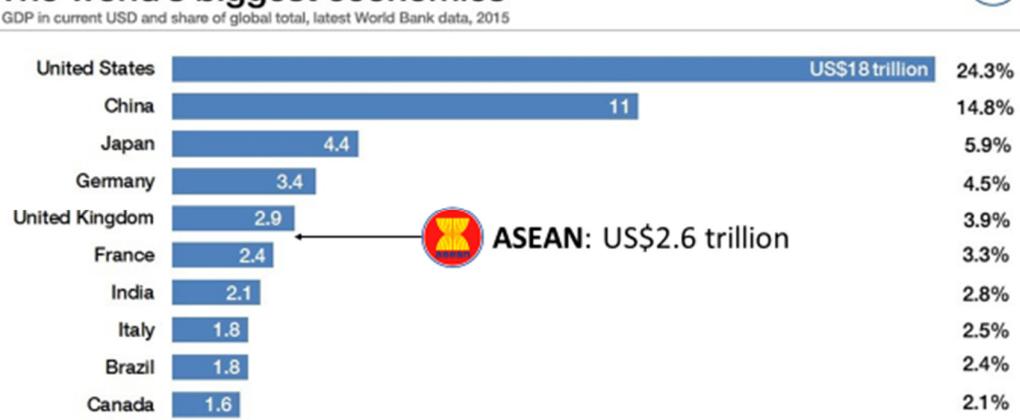


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135. Already – as I said earlier, China, India, Japan are in the top 10 economies in the world in terms of GDP (see below). ASEAN, as a single economic unit – also in the top 10. BRI will anchor the world's centre of economic gravity in Asia. And China will be the centre of that centre. Not all roads will lead to Beijing, but many roads will.

## The world's biggest economies

WORLD ECONOMIC FORUM



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136. This is on the assumption that the major economies of Asia work together, there is no trade war, and no alliances which face off against each other.

[B] Security Architecture

137. Security usually follows economics.

138. As its trade routes expand, China will probably seek to protect those routes. Both the land and the maritime routes. So you may well see more Chinese military bases, security arrangements, along the new Silk Routes.

[C] Geopolitical impact

139. We are likely to see a more multi polar world. US, Europe, India, Japan, Australia, other countries, are not going to disappear from the geo-political equation – in Asia or elsewhere. As I said earlier, it is likely that the US ability to decide unilaterally, will be reduced, from what it has been in the last 25 years.

140. At the same time, it is difficult to see any one country – including China – taking over the US's role of global leadership.

141. And in several parts of the world, the US is likely to remain the predominant power. How stable such a multi-polar world will be is difficult to predict, but it will be in US's, China's and other countries' interests to ensure and work for stability.

VII. SINGAPORE

142. Finally, Singapore - what does all this mean for us?

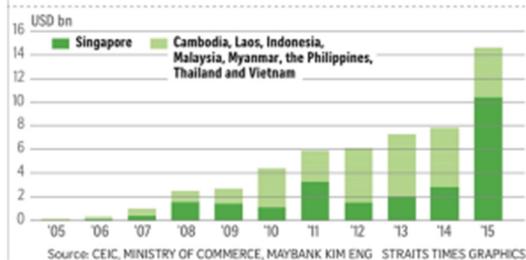
143. Singapore recognised very early the potential for China's growth, from the early 1980s. And was an active proponent of that growth.

## Major Belt and Road gains for Asean



A "Golden Bridge on Silk Road" installation set up outside the National Convention Centre in Beijing for the Belt and Road Forum for International Cooperation held last month. During the summit, Chinese President Xi Jinping pledged an additional US\$124 billion (\$972 billion) to the initiative. PHOTO: REUTERS

### China investment flows to Asean



Source: CEIC, MINISTRY OF COMMERCE, MAYBANK KIM ENG STRAITS TIMES GRAPHICS

© PUBLISHED JUN 10, 2017, 5:00 AM SGT

Source: The Straits Times, Jun 2017

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144. We supported BRI since its early years of inception. Recognised that it would benefit Asia and ASEAN (see above), and lead to greater regional economic integration.
145. We were among the first few countries to support the AIIB, because we recognised its importance for the OBOR.
146. There are lots of opportunities in Asia. From OBOR, and China's growth, to India's growth. And ASEAN's own growth is high: By 2020, combined GDP is expected to be close to 4 trillion.
147. As a small country, that is well governed, with rule of law, a highly educated population, we should be able to benefit from all of this economic growth.
148. And OBOR in itself: offers tremendous economic opportunities – exciting.
149. If connectivity improves, people travel, investment flows increase, then we can benefit - if we are ready and smart.

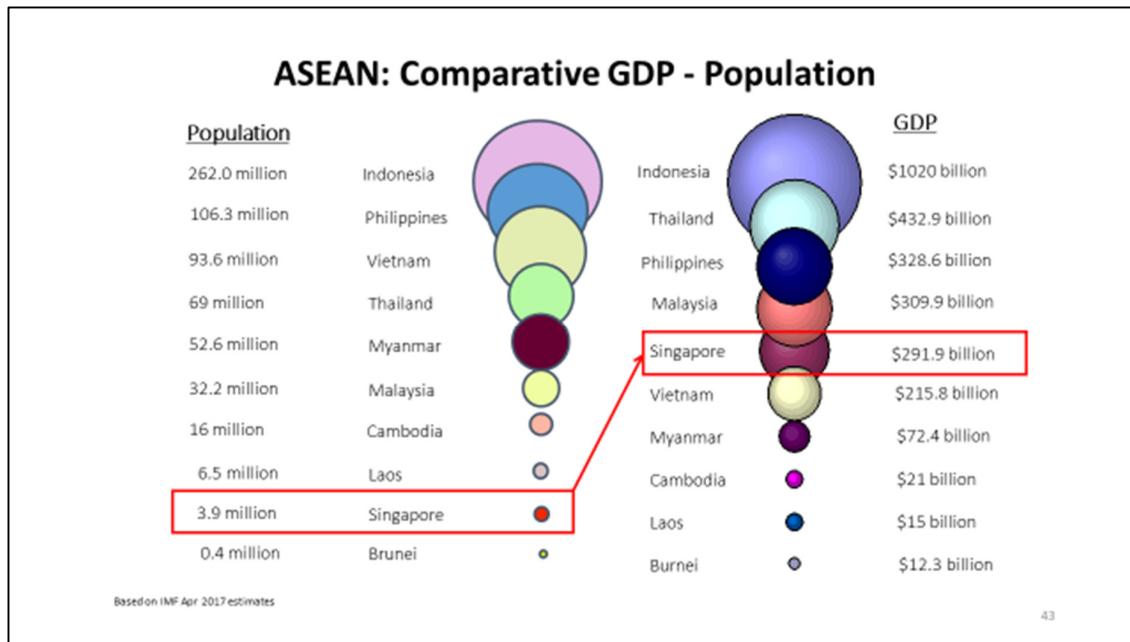
150. An FT article in May this year noted that “among BRI countries, the leading investment destination in 2016 was Singapore, a high-income country with well-developed infrastructure”.
151. The figures show that we are already benefitting significantly from the opportunities offered by the BRI: China’s investments in Singapore alone amount to about 1/3 of its total investments in “Belt and Road” countries. Singapore’s investments in China accounted for 85% of total inbound investments from “Belt and Road” countries.
152. With the new opportunities we can, should be able to find ways of being economically relevant.
153. In this unfolding multi-polar world, even more important for us to have as many good relationships as possible.
154. Small states must continually earn their relevance on the international stage. China, the US, India – will be there a hundred years from now. For us: Nothing is guaranteed. The world can pass us by in an instant. The forgotten cities of the Silk Route are a salutary warning to us. Need to keep improving, reinventing the way we operate. Finding new ways to be of value to others.
155. We will continue to support initiatives like the OBOR, because it benefits us, and the region. We will also continue to maintain good relationships with our neighbours, with China, and with our Western counterparts in Europe, and the US. This is how we have prioritised our nation’s needs over the years, and we will continue to do so.
156. Can Singapore remain relevant in the future? We can. If we are smart.

**"A small state that is united, very clear in its purpose, focused in finding good sets of relationships, can be very powerful and exert a lot of influence."**

*– Prof Wang Gungwu, Chairman of the East Asian Institute*

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157. Useful to note what Prof Wang Gungwu says (see above): "A small state that is united, very clear in its purpose, focused in finding good sets of relationships, can be very powerful and exert a lot of influence."
158. We should try to punch above our weight, rather than just to be seen as a 700 km<sup>2</sup> rock in the Southern tip of Peninsular Malaysia.
159. And we have good reasons to be optimistic. We pack quite a punch (see below).



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160. Note what Prof Tommy Koh said earlier this month: While we may be small in terms of territory or population size, we are not so small when you consider other yardsticks: GDP per capita, size of our foreign reserves, our connectivity with others, ease of doing business - to name just a few factors.
161. There will be fierce competition, certainly. We must expect, anticipate that our neighbours will, for example, want to build big ports, challenge our port, as they have every right to do so.
162. And we must be nimble, quickly adapt – modernize, expand our own container port; have the foresight to make the necessary changes today for a better tomorrow, as we have done in the past. If we do so, we can secure our future, and ensure we remain a key port of call in SEA.
163. And don't be easily rattled. As the ST article (see below) points out, it is not so easy to displace our port.

### Singapore geared up to keep its spot as major port

□ 1 of 2 Maritime and Port Authority of Singapore chief executive Andrew Tan says the emergence of alternative trade routes could affect trade flowing through the Strait of Malacca and Singapore, but the Republic's stable government, long-term and forward thinking, reliability and good track record are strong attributes to help it stay ahead of the competition. ST PHOTO: NG SOR LUAN

Source: The Straits Times, Aug 2017

164. We can't be complacent; we must take competitors very seriously; we should be paranoid; but don't be spooked by social media disinformation campaigns that claim we are about to be surrounded and cut off.

165. And let me end by saying this: we achieved what we have by thinking bold, and thinking big. We didn't allow anyone to bully us, or subject ourselves to the demands of other countries. Many have tried. We resisted.
166. International relations, it is not unlike a jungle. And small states are at risk.
167. Small states that are intimidated or cajoled by bigger states into allowing their identity and interests to be defined by bigger states are not going to remain sovereign states for very long. They may retain a flag, a national anthem and a vote in the UN, but that is about all. They will lose the autonomy to be themselves.
168. The issue is existential.
169. If we allow ourselves to be bullied or seduced by bigger powers, that can break or severely stress our own domestic social-political compact, on which modern Singapore rests. Once broken, it will be difficult, if not impossible, to put together this compact again.
170. If our founding fathers had conceded that Singapore should behave like a small state – “adeks” – we would not be having this conversation today. We would not be speaking in English, certainly; and there would be no Lee Kuan Yew School of Public Policy.
171. But thankfully, our founding fathers thought boldly so we have a vibrant, confident modern state.
172. Again, thank – World Bank and ACI for inviting me. Heard ACI was ranked 13<sup>th</sup> globally, 2<sup>nd</sup> in Asia and 1<sup>st</sup> in Singapore amongst 90 think-tanks worldwide by U-Penn. Glad to hear the ACI is doing well. Look forward to more of your good work.
173. And look forward to discussing these issues further with you at the Q&A.
174. Thank you.