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BUILDING LINKS BETWEEN LATIN AMERICA AND ASIA IN AN UNCERTAIN WORLD

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Thank you excellences, distinguished guests, ladies and gentlemen. It's an honor to be here.

The first thing I want to say is that relations between Asia and Latin America have not fulfilled full potential. Our regions are divided by great distances (it took me 30 hours to reach here), divided by different historical backgrounds and also divided by languages. But these gaps must change. And they reason why they have to change is because in both Asia and Latin American we must restructure our economies. And we have to restructure our economies in order to meet the challenges posed by globalization and the digital revolution. Our peoples, in Argentina or in Singapore, are demanding good jobs, with good wages. Even if we try to achieve this, it is responsibilities of governments all over the world to make sure that overall the economies are competitive while the world is changing so dramatically and so rapidly.

There are a couple of things that governments should do to assure that. First, we should invest in our people (education and training). Second, we have to invest in infrastructure, to allow people to maximize what they have learnt and the skills in which they were trained. There is a third dimension: to forge new partnerships. This is the context for our discussion today: how to build effective partnerships and linkages across this great distance between Latin America and Asia.

In a sense digital revolution has eliminated geography as a barrier because, after all, when you send an email it's transmitted at the speed of light. And therefore, we have to try to exploit this potential in order to foster and build economic links, to expand mind-sharing, and to maximize options for companies and peoples in our respective areas.

Let me start first with the challenges and the opportunities of the changing world. We all know, or, at least, politicians should know, that there is a rising global tide of protectionism and neo-nationalism and very often caught in populist terms. This represents a negative reaction against global trade, against economic integration and against the very full process of globalization itself. We've seen the frustrations expressed by people who feel that they have not benefited fully or not benefited quickly enough from the process of globalization.

We have seen a withdrawal from multilateral trade deals and also multiproductions back home. All of this represents the fact that the previous global consensus on the benefits of free trade, on economic integration, on building bridges across regions is now under deep stress.

Our countries also face many transnational challenges, for instance climate change, terrorism, religious extremism, epidemics, and these global challenges are reminding that actually we can't solve them by isolating ourselves behind protectionist

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walls.

We need to recognize that the global economic environment of trade is shaped not by developments of any single region but will be shaped by the major economies in Asia, Europe and the Americas. If we think about it, the US and China are the two largest economies of the world and in fact they are the major trading partners for many of Asian and Latin American countries. In the case of Singapore, China is a large trading partner and Singapore is the largest foreign investor in China – I believe in Argentina China is the second trading partner.

It is important to bear in mind that small states, like Singapore, and medium states like Argentina are price takers in the global economy, not price makers. Therefore, what policies and the nature of the relationship between the US and China matters a lot to us. If they have a positive and cooperative relationship, it would be better for us. On the other hand, if there is uncertainty, and worst, if there is a trade war, they would make life very difficult for us. But the point is that we have no sway when we are dealing with super powers. I believe Xi Jinping just landed in Florida to meet President Trump. I'm sure people all over the world hope that meeting goes well and they achieve an effective understanding and give stability, confidence and opportunities to the rest of us.

Nevertheless, when dealing with great powers, we actually do have a sway on our domestic policies and we do have a sway and the way we relate to one another. The point I want to make is that we need to look beyond our traditional frameworks and we need to find like-minded partners to forge these new partnerships. We are not sufficiently engaged across the barriers of geography and language.

Actually, these are not really new ideas. If we think about it, the FEALAC (Forum of East Asia-Latin America Cooperation) was established in 1999 and its objective was to stimulate interaction and to promote greater interaction linkage between Asia and Latin America. These objectives are still relevant, but the context has changed significantly. I want to submit to you that it is important for us to maxim-

ize relations and we have to do especially now when there is a growing anti-trade sentiment in many parts of the world.

We have to make a case that free trade expands opportunities for everyone and we also need to recognize politically that just having growth, even if it is high growth, is not enough because the fact is that free trade has a different impact on the different segments of our society. Therefore, the political challenge for all of us: even if we pursue free trade, we need to make the necessary domestic arrangements to make sure that no one is left behind. In fact, it is an important reminder that foreign and trade policy actually begins at home.

Now I want to touch on bilateral relations between Argentina and Singapore. They established diplomatic relations 40 years ago, in 1974. Singapore was quite different from what it is today. One part that hasn't change is that we are a small island-country. We have about 700 km of land – I am not sure of how many thousands time smaller than Argentina. We are 5.8 million people and we have no natural resources (no oil, no gas, no gold – nothing). We gained our independence in 1965 and, to be honest, we did not even fight for independence since we were forced to be it. At that time unemployment rate was 14%, our per-capita GDP was 500 USD. There was therefore no guarantee that people will survive. Today, we have survived and our per-capita GDP has grown by 100 times in 51 years. Our success we believe reflects the great investment in human capital, in education, in political and social stability, in building an attractive environment for businesses, in planting into the global network. Our government was obsessed with integrity and competence, people worked hard, and this has demonstrated in a transparent way that being honest and doing the best does not mean that everything is right, but trade record builds up over the years.

So, a small trading nation in Southeast Asia has now become a regional shipping, transport, logistics, financial and legal hub, all in 51 years. Our trade is three and a half times our GDP, and that is what means when we talk about free trade. For us it is not just negotiations, it is life talk: without free

trade we will be in deep trouble. So, because of that, we have been strong proponents of the WTO process. But, as you all know, we cannot wait for the WTO to set all the multilateral process on a global level. We have had to pursue an extensive network of free trade agreements.

Argentina, on the other hand, is much larger than Singapore: it is the third largest economy of Latin America, it is abundant in land with only 43 million people, and very rich in natural resources: in other words, a blessed country. Relations between Argentina and Singapore have been friendly but, to be honest, despite this friendliness we have not done enough together, we have not yet exploited all the opportunities that our friendly relations and strategical alignment should have allowed. But I am here now because I believe that timing and the circumstances are right and that the political will is in place and the economic interest of businesses are in line, and we have settled our intention to step up our engagement in big way.

Argentina is currently Singapore seventh largest trading partner in Latin America. Bilateral trade is about US\$ 240 million, and frankly it is a very small number – it should be many multiples of that. Argentina economic structure reforms I believe have created potential to boost bilateral relations and investment flows significantly. I've just met President Macri and I say the policies that he has instituted will have major impact in attracting investments, trade and economic boost. But this takes time. I understand that the floods of these policies must be harvested early to maintain the political momentum for the changes that he is trying to implement.

Some of Singapore's main companies are already in Argentina. For instance, PSA International already operates the Exolgan Container Terminal, and I believe this is one of the largest and more efficient terminals in Buenos Aires. Olam Argentina runs an integrated peanuts supply chain, and now has expanded into soy, corn, beans and rice. This is, as I have said earlier, my first visit as foreign minister in Latin America and we have also appointed a new Singapore Honorary Consul General

to Buenos Aires. We are also looking forward the foreign minister Malcorra visiting Singapore – I think July of this year is when she will reopen an Argentine Embassy in Singapore, because there used to be an embassy right from the earliest until about 2001 and then it was closed. I believe this will make a difference to engaging our businesses and expand opportunities on both sides.

There are possibilities to do more and not just in creating investments but also for us to work together on third countries technical cooperation, on food security and safety, on students' exchanges and on interesting and innovative projects for digital economy. We believe these steps will take our relations on a much higher level. I am very encouraged that Argentinian companies such as Tenaris and Grupo Banco have already set up in Singapore and are using us as a gateway to Asia.

Because Singapore is so small, all foreign companies that come to Singapore are not actually only target in the Singapore market, but they are really target in the much larger Asian and Southeast Asian market. We believe this makes a compelling case because of our strategic location. If you look at the flight roots, half of the world's population lives within 7 hours-flight from Singapore. And Singapore is a capital exporting country. As I said earlier, we are the largest foreign investor in China, we are also one of the largest foreign investor in India and in several Asian countries.

So, basing your companies in Singapore, networking with us I believe will help you expand your business and investment opportunities throughout Asia. We offer a business-friendly and favorable investment climate, a strong rule of law, certainty of contracts, intellectual property protection and educated highly skilled force, our union membership by the way is growing. In fact, what we call the trilateral relation between the unions, the employers and the government is one of our secret masterpieces to competitiveness.

We are also planted into regional markets, operating environments and business that works in thousands of multinational corporations from the America to Europe. In fact they have regional

branches in Singapore and use Singapore as a base to access the Asian market and Asian investors and consumers. So I am really here to encourage Argentinian companies to use Singapore as a springboard into Asia. I am also here to tell you that we will be happy to partner Argentina and to share our experiences and to seek new opportunities for your companies.

We also see opportunities in Latin America and Asia not just as alternative markets for exporter services but also to learn from each other's network and expertise for mutual benefit.

That is also the reason why Singapore has become observer to the Pacific Alliance and why tomorrow I will be meeting the foreign ministers of Mercosur. Given these current uncertainties, I am trying to make the case that there should be a free trade agreement between Singapore and Mercosur – if I convince them tomorrow. I believe if we can succeed in making a progressive step on this, we will send a positive signal to the world that we are open for business, we still believe in free trade and economic integration, and this will bring great opportunities to people and businesses.

When we ask Mercosur to consider a free trade agreement with Singapore, this is only step one, because the real big attempt is to get a Mercosur-Asia free trade agreement. So any steps with us are initial steps to open up a path to a much longer and broader journey.

Let me talk a little bit about ASEAN. Southeast Asia and the ten of us who are members of ASEAN are really a key part of the Asian success story. ASEAN has an immense potential. We sit strategically between China and India and across several strategic channels. We are reaching natural resources –actually everyone is reaching natural resources in ASEAN except Singapore. ASEAN as a whole has a large and young population of 628 million –that is actually the European size population. A population that is skilled, that is optimistic, that has a rising middle class, rising incomes, and is hungry for foods, for energy, for new goods and services. ASEAN remains a bright spot despite the relatively the minimum growth at the global level because, for

instance, the average growth in ASEAN is about 6 %, compared to the global average of 4%. The other factor is that population in Asia remains young and we have not yet harvest the fruits of the demographic development.

We have funded the ASEAN economic community in 2015 to create a single market, a single production zone and a single investments destination. Today we present with a combined GDP of 2.5 US trillion dollars, but this will quadruple to 10 trillion dollars by 2050 or earlier. If we succeed in doing that, we will be the world's fourth largest single market after the United States, European Union and China and we will be a compelling trade and investment partner – and that is why we want to persuade Argentina and Latin America to look east into the Southeast Asia.

ASEAN also has a wide network of free trade agreements. One major free trade agreement we are negotiating right now is called the Regional Comprehensive Economic Partnership. This basically will be a multilateral free trade agreement that includes all the ten countries of ASEAN plus other partners, including especially the two massive economies of China and India. This will be a free trade area with a combined GDP of 17 trillion USD, or 1/3 of global GDP. So, again, this is a huge potential for Argentinian companies.

I am very glad that Argentina is applying to the Treaty of Amity and Cooperation in Southeast Asia and needless to say we fully support Argentina's application and we believe this is an important step for Argentina to engage ASEAN.

Argentina is currently the *pro tempore* president of Mercosur and due to this current leadership with this currency of policies – let me again be very frankly – we sense a major change in the orientation and outlook of Mercosur. On our side of the world, Singapore will be the chairman of ASEAN in 2018. That is all the more reason that whatever we do in Argentina and Singapore will have potential implications on what we can do between Mercosur and ASEAN. We need to find new ways and more effective cross-regional cooperation, which will deliver rich evidence in the years that will come.

Singapore and Argentina have also cooperated very well in multilateral fora at the UN. We have supported each other when our interests are aligned and we will continue to find platforms where we could work together. In today's world we need diverse ways to work together, facilitate solutions in a constructive way.

I am glad that Argentina will hold the G20 presidency in 2018. Singapore has made useful contributions and played an active role in past G20 meetings as a member of the Global Governance Group. The Global Governance Group has helped the channel that views of a broad range of countries to the G20, making the G20 process more inclusive, and we have served as a bridge between the G20 and the wider UN membership. So, we look forward to continuing to work with the G20 through Argentina and particularly focusing on topics including infrastructure, sustainable development and - this morning we were discussing - the need to prepare people for digital economy, the new jobs, the new skills, new education and the new training that go with it. So, there is a lot to be done and we look forward to working and collaborating in these areas.

Let me conclude by again emphasizing that there are many opportunities and these opportunities should have been exploited a long time ago, but it is better late than never. Despite the circumstances of the world today, with all the challenges, with all the changes, even with the push back against free trade and economic integration, there are bright spots, and Argentina and Singapore, Mercosur and Latin America, and ASEAN and Southeast Asia are building bridges instead of walls. We can work together, we can encourage greater exchange of trade, goods, people and services and provide and improve the welfare of our people in our respective regions.

Thank you very much.

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