



## **Report on Kuala Lumpur Business Club's Trip to Washington DC on May 9-10, 2012**

The Kuala Lumpur Business Club's (KLBC) recent mission to Washington DC on May 9-10, 2012 was held with the objectives to further strengthen bilateral and business links between Malaysia and the United States of America (US).

A spectrum of the nation's key business leaders exchanged views via eight dialogue sessions with a host of US-based think tanks, high level US government departments, White House officials and a former presidential candidate on issues which inter alia, includes democracy, trade and economics, Southeast Asia and security.

Led by KLBC's Royal Patron the Raja Muda of Perak HRH Raja Dr Nazrin Shah ibni Sultan Azlan Muhibbuddin Shah, the 24-member delegation commenced talks with the Centre for Strategic and International Studies (CSIS) helmed by its Counselor and Trustee William S. Cohen.

The former US Defense Secretary highlighted the existing ties in the fields of trade, education and cultural exchange between Malaysia and the US. The efforts of the bipartisan think tank would support the US government in engaging the leaders of Southeast Asian nations to look at better policies to address various challenges faced in the region – raising consensus that the stand of the US government is to develop stronger ties with the region at various levels.

In relation to the Arab Spring, CSIS's standpoint was that the change process would take place after many economic cycles spurred on by the call of the people for justice and prosperity. Its principals argued that formation of a new democratic state is subject to the history, cultural and social background of these nations. On whether the US accepted that democracy is different around the world and should not just be based on the Westminster or US model, the CSIS panel cited that the call for democracy was clearly to mitigate injustice in these states. Democracy also cannot be imposed without preparation and infrastructure, and the process will take time.

On the topic of the Trans-Pacific Partnership (TPP), Senior Adviser and William M Scholl Chair in International Business Meredith Broadbent said that it was well positioned for success, with Malaysia having the potential to be a leader. The TPP is targeted to be implemented by end-2012; this target includes the principles of the agreement and not a full completion.

Contentions now lies with China's resistance towards the economic agreement but the centre feels that China would join in eventually after seeing that the US would like to be more involved in the economies of Asia. There was agreement that the US lacks constancy in its policies on Southeast Asia due to changes in its political landscape over the years.

When discussing regional architecture, William E Simon Chair in Political Economy Matthew P Goodman pointed out that the US was not moving towards protectionism despite having an

economic crisis for the last four years. In fact, they were strengthening friendships in the region and engaging in bilateral ties such as dealing with problems relating to the US military bases in Okinawa and opined that US focus is now clearly on the Asia Pacific region.

On the issue of cyber security, Technology and Public Policy Program Director and Senior Fellow James Lewis cited that cyber security is the central pillar of economic growth and stability as the world will eventually be populated by network devices. He also commented that it's a governance issue and global infrastructure needs to be improved. Moreover, he noted that countries should be able to control their national networks and nations need more interaction on this topic.

Concerns regarding China and the increasing tension with its neighboring countries, Philippines and Vietnam, over the disputed South China Sea were expressed by Senior Adviser and Freeman Chair in China Studies Christopher K Johnson.

He pointed out China's tense internal dynamics, especially after the recent unsettling dismissal of Bo Xilai by the Chinese Communist Party. Discussions gave rise to the mutual belief of improving cooperation among nations without undermining others in the global arena of today. US Former National Security Advisor Brent Scowcroft sees the need to minimize the rift between the US and China to better adhere to current needs as he sees the outlook of both nations were not symmetrical. Given the complexities of globalization, Scowcroft emphasized the importance of communication and cooperation between countries. He also spoke about the divergent views of the internet, which has raised polarization as people choose what they want to read based on their beliefs. He further noted the need to have a reciprocal and constructive relationship with China to facilitate cooperation between both countries. Currently, both countries have a different attitude towards the world and this gap needs to be bridged. He offered an example of this gap, using China's mistaken conclusion that the US is trying to contain them. Moreover, he emphasized that the US has never pivoted away from Asia.

He further expressed that he did not have a clear understanding of some of the things going on in Malaysia and to facilitate cooperation between the two countries, there needs to be increased communication.

Some of these views were also shared at a luncheon briefing with the Centre of a New American Security (CNAS); the focus was on the current state of US. The general view is that the US economy is improving. The upcoming US elections is now poised towards strengthening its economy followed by improvements to their military or defense aspect. The growth of business opportunities in Malaysia were also mentioned, as there are currently more US companies trading in Malaysia. Senior Advisor and Senior Fellow Richard Fontaine said the focus in 2012 was to come out of recession, engage Russia and China, who are seen as a strategic competitors, and improve defense.

Both parties discussed the impact of ASEAN in relation to China, political reforms in Myanmar on aspects of security, human rights and economy issues as well as the growing relationship with more US companies trading in Malaysia. The US elections and its focus on the economy were also raised at the breakfast meeting with Pierce Scranton, Executive Director, Government Relations at JP Morgan.

He added that cyber security, cyber attacks and corporate espionage attacks on US government departments such as the CIA, Defense and Treasury departments were major concerns presently.

At the meeting with the US Department of State, US Deputy Secretary of State William J Burns highlighted the strong cooperation between the US and Malaysia to engage Myanmar and US participation in ASEAN. Representatives also agreed that not only should the US have constancy in terms of engagement in ASEAN, the commitment to ASEAN must also be visible.

In dealing with Malaysia, it was agreed that there's the need to improve communication, access and protocol with both governments. The issue of human rights in Malaysia also surfaced on various occasions at the talks but was seen as being mitigated.

In the meeting with the Special Assistant to the President and Senior Director for International Economic Affairs Caroline Atkinson, it was presented that the move now was to address deficiencies in the US economy and to mitigate these forces, internal tax reforms and tax incentives for foreign companies would be imposed while streamlining spending in terms of healthcare, infrastructure and energy. She also highlighted serious concerns on the unemployment issues in Europe. The aspects of finance, risk and economic protectionism also arose as these factors were seen to be barriers to reviving the economy.

At the final meeting with US State Senator and former Presidential candidate John McCain, topics discussed include the world economy and its focus on Asia, issues relating to China and the distress facing Europe. In terms of further improving US relationship with Malaysia, he suggested for a people-to-people exchange program within the two nations. In today's rapidly changing world, such as those brought about by the rise of social networking, he emphasized the importance for both US and Malaysia to stay ahead.

HRH Raja Dr Nazrin Shah and the KLBC delegation also hosted a dinner dubbed "An Evening with KLBC – Malaysia 2012: Views of Young Leaders" which was attended by United States Trade Representative Ron Kirk, US Senior government officials, think-tank representatives, business leaders and members of the diplomatic corps of various ASEAN nations. The event saw an engaging discussion between the participants and the young business leaders of Malaysia.

The overall objectives of KLBC's mission - to promote an exchange for better understanding left an amicable bond between the two nations. The talks resulted in a clearer perspective on many issues and how Malaysia could position itself better as a global player in context to the US. What was certain was the consensus to intensify the relationship at all levels for mutual benefit.

Among the delegation members in attendance were The Prince of Negeri Sembilan and Munarah Foundation Board of Trustees chairman, Tunku Ali Redhaudin ibni Tuanku Muhriz, Founding President of the Institute for Democracy and Economic Affairs (IDEAS), YAM Tunku Zain Al-'Abidin Redhaudin Tuanku Muhriz, Bank Muamalat Malaysia Berhad Chairman Tan Sri Dato' Dr. Mohd Munir Abdul Majid, KLBC President Emeritus and Ethos Capital Sdn Bhd Chairman Dato' Rohana Tan Sri Mahmood and Maybank Investment Bank Chief Executive Officer and KLBC Deputy President Tengku Dato' Zafrul Tengku Aziz.

