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The overriding question of European-East Asian economic relations over the past decade has been: Are we coming closer, or are we moving apart?

The question rests on a handful of objective observations:

- A lot is happening in East Asia that has never happened before. We have never experienced such enormous economic growth, among a comparably large population.
- The United States has pursued its own interests in Asia, by means of aggressive trade policies with the intention to remain East Asia's main economic partner.
- Europe has for some years been focussing on Europe, on the political changes and their implications. New steps toward integration in Europe have been explained in part as a response to the challenges from afar.

Will we have a bipolar, Pacific-centred, economic world? Or a multipolar one reflecting a better balance of influence between several regions?

I remember a disturbing speech I heard at the 1989 Davos World Economic Forum Meeting which made quite an impression on me. MIT-professor Lester Thurow was speaking with great conviction about the coming of major trade wars between economic blocks. Thurow proclaimed that "GATT is dead".

Fortunately, paraphrasing Churchill, we can now say that the rumors about this death were "highly exaggerated".

Thurow was partly right; GATT as we knew it died. But what we gained instead was the opposite of Thurow's gloomy prediction. The WTO is a more effective prescription against trade wars than the much too weak GATT.

Our varying degrees of regionalization has not prevented Euro-Asian trade from expanding further. "Fortress Europe" has not materialized. Since Thurow spoke in Davos, the World Economic Forum has arranged four Europe/East Asia Economic Summits with distinguished attendance.

Instead of trade wars, we are seeing increased trade as well as increased competition. Instead of political confrontation - we are rather embarking upon a path of dialogue. We have seen the need - and we are discovering the potential.

I believe Prime Minister Goh made a valuable point in Davos 9 months ago when he described the Europe-East-Asia relations as the "missing link" in

the new inter-regionalism now occurring. Our channels of communication - economically, politically and culturally are too weak.

Tonight I speak subjectively, seeing the situation through eyes shaded with my own European background. I leave it too you to judge to which extent my perceptions of Asian trends are congruent with your own.

I have noted that many people assert the following: As the 19th century belonged to Europe, the present belongs to North America and the next will belong to East Asia. I have come from Indonesia, a country which within the span of a generation emerged from the rank of the poorest countries in the world to the transitional phase of a middle income country. We would fool ourselves in Europe if we did not recognize that important parts of East Asia may soon reach and surpass us in terms of prosperity.

It is happening already here in Singapore. More and more European countries have lower per capita incomes. In statements and speeches we see a new self-assertiveness arising.

The driving force is the ability for very rapid change. We see this in the technology revolution, very high rates of saving and investment, the education level, increasing international orientation and willingness to foster rapid structural change. Europe's ability to become more engaged in East Asia, - will also depend on our ability to adapt to the pace of change. Not only on quality, price and market access.

If we miss the train, I have no doubt that Asia "will go it alone".

A lot will happen in East Asia that has never happened before. And I believe that East Asia will manage its transition periods a lot better and more effectively if you make full use of what Europe has to offer.

In Asia there will be dozens and dozens of mega-cities, of tenfolds of million people. Research and development of urban transportation is today mostly developed in Europe.

In Asia there will be billions of people living within five miles of the seas. Research, developments and agreements on containing landbased marine pollution has advanced furthest in Europe.

In Asia life expectancy and the health situation is improving all over the region. Some of the finest research medical institutes are still to be found in Europe.

We have never experienced such economic growth, among a comparably large population as in Asia, living on land and depending on water resources which are already under strain. It was in Europe we first gained experience with high population densities and scarce water and land resources.

The next century may well be one of great global environmental crisis, with the main pressures coming in Asia. But it need not be.

Asian countries now have the opportunity to make a series of timely decisions before economic growth and performance present them with the bills of overburdening both their countries and their resources.

The future of East Asian countries will be strongly influenced by how well they manage to foresee the risks which, if unchecked, might undermine the gains of the past forty years. Investments in water development, means of mass communication, energy, sanitation, - they can be made in time. Success will largely depend on the political and administrative ability to find the right balance between freedom of market forces and sufficient forward-looking public management and direction.

Many European companies, including many from my own country present here in Singapore, have succeeded in home markets which have the world's most stringent environmental regulations. Being competitive in Europe means complying with the requirements of sustainable development, which should be a prime growth sector in the years to come.

There are needs in Asia which are not articulated by market forces alone. These are public needs, defined by people and their political representatives. These needs are such that cooperation with Europe offers perhaps the most promising and most effective way towards sustainable progress.

The markets of sustainable development will require political direction, priorities to be defined, and large public investment. European companies are used to working in such an environment and for such publicly defined needs.

Europe is a high cost area. And it is a high benefit area. We are proud of what we have achieved through decades in terms of social policy. Both needs and costs will expand with an aging population and new possibilities in the field of medicine. The individual worker will have difficulties to accept that his job is threatened by equal production in Asia performed under unequally more lenient social costs.

Europe will not harmonize downwards - instead I expect that the Asian worker - sooner or later - will be demanding a global harmonization upwards. I believe that this will be a natural development as we gradually reach higher levels of prosperity.

The challenge that this entails is already a part of our dialogue in WTO and ILO.

I noted one frequently reoccurring assertion from last years Summit Meeting here in Singapore: Europeans and Asians fail to understand each other properly. This is an impediment to closer cooperation.

One the one hand, there is the challenge of penetrating foreign business cultures, a challenge that primarily must be met by each individual company. On the other hand, there are the mutual perceptions of one

another, as reflected in public opinion and public debate. I will briefly address the latter.

I believe that there is more respect and mutual understanding of the value of other cultures now than ever before. We increasingly have access to the same information, by television, wire services, and new sophisticated means of communications. This is a basis we must build on.

From Europe, what used to take months of port-out-starbord-home to reach is now only one non-stop flight and a giant jet-lag away. I believe that we can come much closer. But we need to find out what we mean by developing greater understanding and creating more mutual respect. I don't think we always mean the same things when we use these basic concepts.

We cannot isolate our economic relations from the wider mutual general curiosity, public interest and opinionated public debate. Sometimes, the European configuration of speech is perceived as unduly and intrusively explicit by the more subtle traditions of communications prevalent many places in Asia.

People in the West have opinions, and will express opinions about the countries of East Asia as they have - and do - about their own countries - about Russia, Africa and the Middle East. It is not expected today that every country should be governed by the Westminster system of democracy. But the human rights situations around the world is monitored closely, and the findings of official representatives, of the United Nations and of non-governmental organizations will influence trade policy debates as well as general political debates.

One aspect which is often absent from the political debate in the West is that Asian countries remember how European countries brought massive violation of human rights to Asia. We have not been sensitive enough to the deplorable parts of the history of European presence here.

I think this needs to be said. Sometimes we are told that Asian countries are different and that they cannot be measured in each and every respect by the same yardstick as European countries apply to one another. But often, the explanations offered stop there.

As much as we Europeans must learn more about Asia, Asian countries should reflect on what they can do to explain better the roots of their own cultures and why it is, and what it is, that makes us different.

In addition, there are many who are uncomfortable with the political challenges that accompany increasing international engagement. Some would like to hold on to traditions, even isolate or roll back progress - or to confine it to certain areas and exempt others. This happens also in my own country. But as markets expand, as wider segments of people interact, and as contacts multiply, stability will be strengthened, also where democratic rule today is growing on thin soils.

George Bernhard Shaw once said that the greatest sin we can do onto people is not to hate them but to be indifferent to them. Europeans' interest in the people of Asia should be seen in such a light.

Like many Asian countries, my own country is old as a nation, but relatively young as an independent state. At the time of colonial rule, Norway was absent from this region, and we never held any colonial ambitions. We are now refocussing strongly on Asia. Prime industries accompanying me on this visit represent state-of-the-art technology in the fields of energy, environmental management and technology, not to speak of the whole maritime sector, from data-based sea-mapping to the most sophisticated means of sea transportation and oil production.

Whether we come here representing the Government or our business community, we all represent our country in one way or another. We are all shaped in a culture, and we see other countries against that background. We Norwegians come here with great respect for the people of East Asia. I expect our business representatives to give that respect tangible expression in their dealings with workers, companies and government representatives.

And when we are determined to establish long-term partnerships in this region, I believe it will happen. Other European countries have comparable ambitions. We on our part have taken our decision: We must not drift apart, but come closer together.