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PERDANA MENTERI MALAYSIA**

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Bismillahirrahmanirrahim

Assalamu'alaikum Warahmatullahi Wabarakatuh, Salam Sejahtera, Salam 1Malaysia And a Very Good Evening

**Your Royal Highness Raja Nazrin Shah ibni Sultan Azlan Muhibbuddin Shah, The Regent of Perak Darul Ridzuan**

**Pehin Orang Kaya Pekerma Dewa Dato Seri Setia Lim Jock Seng, Second Minister of Foreign Affairs, runei Darussalam**

**The Hon. Madam Fu Ying, Chairperson of the Foreign Affairs Committee of the National People's Congress, the People's Republic of China**

**Your Royal Highness Prince Norodom Sirivudh, Chairman of ASEAN-ISIS**

**YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry**

**YBhg. Tan Sri Dato' Seri Mohamed Jawhar Hassan, Chairman of ISIS Malaysia**

**Your Excellencies,**

**Ladies and Gentlemen**

1. It gives me great pleasure to welcome all of you to the Asia-Pacific Roundtable. You will hear some fascinating speakers over the next few days. I wish I could join you for some of the sessions, particularly the one tomorrow evening, but my diary does not permit it.
2. However, I am here tonight. So before the academic commentary begins, I would like to offer my own thoughts on the changes in Asia, and how we might respond to them.
3. It is clear that the focus of the world is shifting. In the three decades since the first Asia-Pacific Roundtable, extraordinary growth, development and democratic reform have brought huge change to Asia. Accentuated by financial crisis in the West, the emphasis has shifted to the East.
4. The world has taken notice. America is now led by a President who attended school in Indonesia, and who has recalibrated his nation's strategy toward Asia. This 'pivot to the Pacific' is not the preserve of one country: Russia, Australia and the European Union are also looking our way.

5. Nor is it strictly a diplomatic phenomenon: it is matched with surging inflows of capital and resources, as Asian nations attract bright minds and big money. Sunlight is flooding into Asia, casting our strengths in bold colours, and illuminating our areas of improvement.

6. But that is cause for celebration. This change is positive change. As the planet's most populous, fastest-growing region opens up to the world, its countries are opening up to improvement. In competition, through trade. In influence, through diplomacy. And in democracy, through comparison.

7. With this new emphasis Asia's opportunities – and its risks - come more clearly into focus.

Ladies and Gentlemen

8. We are writing the story of Asia; it may turn out to be the story of the century. We have a chance to make it one where all of our citizens are afforded the same rights and opportunities. To do so, we must confront three principal challenges.

9. Asian development must be inclusive, checking rising inequality and division. It must be sustainable, for the new economic powers cannot repeat the mistakes of the old. And the fractures at the heart of Asia's internal politics must be healed, less they splinter under the weight of the world's attention.

10. These challenges, challenges of development, sustainability and conflict, are closely connected. They must each be met if Asia is to fulfil the promise of this century. We must reconcile our traditions with our position in a multipolar world; and we must do everything we can to avert the dangers of climate change. Only then can we deliver better lives and futures for our people.

11. In each case, I believe we must deepen our commitment to co-operation. I believe Asian states will prosper by strengthening their connections, not just to each other, but to the wider world. For my country, a bridge between cultures and regions, experience has affirmed our belief in co-operation across borders. On climate change, regional conflict and development, there is no other way.

Ladies and Gentlemen

12. In a moment, I will talk about what that commitment entails. But first, let me say a few words about each of these challenges in turn – starting with the greatest of all: climate change.

13. The primary risks of a changing climate are now well known – more frequent, more intense weather, changing rainfalls and rising oceans. And to drive home this point in a rather dramatic fashion, the former President of the Maldives even conducted a Cabinet meeting under water.

14. The secondary effects of climate change are just as worrying. New stresses are placed on water, food and security systems. In strategic terms, it is a 'threat multiplier': magnifying existing risks, increasing instability and making conflict more likely. Unless climate risks are

controlled, competition for new resources, territorial change and disruption to trade patterns will make the world manifestly less safe.

15. Asia sits at the crux of the climate problem. Thanks to our geography, natural disasters already take a disproportionately heavy toll on our people and our economies. More people are at risk from climate change in Asia and the Pacific than anywhere else. But we are also fast becoming one of its main causes.

16. Asia will produce more than 40 per cent of the world's energy-related greenhouse gases in the next decade. Deforestation – which already accounts for 17 per cent of global carbon emissions – is one of our continent's biggest issues. As our countries modernise, commanding greater energy resources, Asia's development model will be of global significance. So too will our approach to climate diplomacy.

17. The answer has been clear for decades. We must commit, globally, and commit to binding carbon cuts. The United Nations remains the best hope for securing a settlement on global terms. All countries should stand in favour of emissions reductions, and unite behind the promise of the global low-carbon economy.

18. The past few months have brought positive indications. China is reportedly considering an emissions cap; the Obama administration has indicated that it will make action on climate change a second term priority. All this augurs well for a comprehensive agreement, one that will protect the development rights of the least developed countries, unlock huge growth in green technologies, and ease some of the tension over natural resources.

19. Whatever the ultimate solution looks like, it is clear that we must face climate change together, as one world.

Ladies and Gentlemen

20. The next challenge, however, is one we must face as a region: under the surface of growth and development in Asia lie dangerous currents of nationalism, aggression and discord. Unchecked, they threaten to undo decades of peace and progress.

21. Asia's strong economic growth – estimated at 5.7 per cent this year, greater than Europe, Africa or the Americas – has occasionally obscured military build-up that is almost as strong. According to the International Institute for Strategic Studies, Asia's defence spending in 2012 rose by nearly 5 per cent, overtaking the European members of NATO. India, China, South Korea and Japan are all increasing defence spending.

22. Countries have every right to defend themselves. But regular arms replacement programmes aside, this trend indicates deeper concerns about security and conflict, concerns that could swiftly become self-fulfilling. While defence spending should be proportionate to the threats that we face, we must not allow our region to be sucked into an arms race. Over the weekend, at the Shangri-La dialogue in Singapore, defence ministers from Indonesia and the UK warned that Asian defence spending itself can become a destabilising force, bringing a higher risk of conflict.

23. That would be in no-one's best interests. In a global economy that is growing more connected by the millisecond, any major disruption to trade – for example in the South China

Sea, through which nearly two-third of the world's trade passes – would have consequences that extend far beyond our borders.

24. The potential flashpoints are many. From longstanding tensions on the Korean peninsula to border disputes in Kashmir and the insurgency in the south of Thailand, conflict threatens to disrupt Asia's development. Here the global interest in Asian affairs both helps and hinders; we welcome more partners for peace, but we are wary of those who would play out wider rivalries in our region.

25. I believe the answer lies in greater co-operation. Confronted with complex disagreements between states, Asia must place its trust in diplomatic solutions. When tensions rise within borders, we must resolve them whilst respecting human rights and meeting international standards.

26. We must renew the hard-won bonds of peace that have connected Asian countries for decades. Conflict resolution should be pursued within the norms of Asian diplomacy, which emphasises background mediation and discussion. But given the global attention, we should be unafraid to let a little light into the room. Openness about strategic aims and positions can draw the poison from international relations. Engagement – through conventions, treaties and talks – is always preferable to isolation.

27. Whether bilaterally, multilaterally, or regionally, countries should abandon posturing which can ratchet up tension. Instead, we should heed the fundamental principles on which good diplomacy is conducted: sovereign equality, respect for territorial integrity, peaceful settlement of disputes and mutual benefit in relations.

Ladies and Gentlemen

28. Consider the South China Sea. For too long, the sea that was supposed to connect and unite us has been a source of contention, occasional violence, and even loss of life. Instead of passing on choppy waters to the next generation, we should endeavour to leave them a calmer sea. We should seek the common ground needed for an amicable understanding among the claimants.

29. A good starting point is the Code of Conduct, our best hope for ensuring that disagreements do not escalate. Without meaningful progress on the passage of this Code, claimants will explore other means to entrench their positions. Unilateral actions would harden national positions, making resolution even more challenging.

30. For Asian nations, this problem is ours to solve. Should we stray from the path of dialogue and cooperation, we may pave the way for other parties to take remedial action to protect the freedom of navigation and safe passage. We want to keep the major powers engaged in and connected to the region. But in this case, the involvement of extra-regional states could add yet another layer of complexity to the dispute. In the absence of a common agreement, we appeal to our friends to have faith in our ability to manage this dispute.

31. There are precedents for the peaceful resolution of such problems. For example, Malaysia and Thailand have chosen to enter into a joint development zone in the Gulf of Thailand. It is not a permanent fix, but agreeing to share prosperity – rather than let it divide us – is infinitely preferable to the alternative.

32. Resolving the diplomatic tensions in our region, and ensuring Asia plays its part in the global fight against climate change, are two of our most pressing tasks. But I believe change in Asia brings a further strategic challenge, one that cannot be resolved by diplomacy or treaties: that is to deliver socio-economic security.

33. As Asian nations such as my own strive to become high-income developed nations, and as emerging economies push for a place on the middle-income ladder, they must ensure social development is not sacrificed in the name of growth.

Ladies and Gentlemen

34. For all the extraordinary statistics about investment and expansion, Asia remains home to two thirds of the world's poorest people. And the gap between the richest and poorest is growing, as wealth concentrates in the hands of the wealthy. Divides are opening up between urban and rural populations. Locked out of economic opportunity, too many Asian people lack access to basic social infrastructure – sanitation, healthcare and housing.

35. If we do not give all of our citizens a stake in our region's future, we risk encouraging ethnic tensions, religious extremism, and political instability. That in turn imperils the very objective we seek: a more prosperous and harmonious Asia. Our final challenge, then, is to ensure Asia's development brings economic opportunity for all, not riches for a few; that it expands not just nominal GDP figures, but also critical social infrastructure.

36. Here, again, co-operation offers us an answer. Asian states must look to build stronger, more lasting economic connections – both within our region, and with the outside world.

37. The work starts at home. As a founding member of the Association of Southeast Asian Nations, Malaysia also supports the push to create a single market here in Southeast Asia. It is my hope that the ASEAN economic community will bind us together in the service of common goals, providing greater depth of opportunity for citizens across Southeast Asia.

38. In an interdependent global economy, the benefits of greater co-operation extend beyond Asia's borders. That is why I look forward to the completion of the Trans-Pacific Partnership, which will strengthen our ties with the wider world; and the Regional Comprehensive Economic Partnership, which will bring three of the largest economies into the world's largest trading bloc.

39. A thriving single market will support jobs, growth and increase the standard of living for more than half a billion people; it will also ensure that Asia's remarkable growth story spills across into all member states. That in turn is the ultimate guarantor of Asia's success, not just in base economic terms, but in meeting the highest ambitions for its development.

Ladies and Gentlemen

40. These three challenges – climate change, conflict and development – will test Asia's capability, and our resolve. They will not be met without a commitment to co-operation; without the investment of time, resources, and political will.

41. I believe we will do it. I believe in Asia's potential. I believe in Asia's ability to deploy communication in place of conflict, to choose clean energy over climate change, to create

opportunities for all, rather than wealth for a few. I believe we can make the hard calls required to sustain peace and prosperity in an age of ascendance.

42. Over the past decades, great change has come to Asia; even greater change awaits. By choosing to work together, to look not for dividing lines but for common ground, we can ensure that change brings better lives for our citizens, and better futures for our countries.

43. To borrow the title of this conference, that is change worth strategizing for.

I Thank you.