

**KEYNOTE ADDRESS BY
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AT THE ASIA PACIFIC ROUNDTABLE
AT HOTEL NIKKO, KUALA LUMPUR
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"THE WAY TO MUTUAL SECURITY IN THE ASIA PACIFIC"

Your Royal Highness Raja Muda Perak Darul Ridzuan
Raja Dr. Nazrin Shah ibni Sultan Azlan Muhibbuddin Shah,

Dato' Seri Jawhar Hassan,
Chair ASEAN-ISIS and Chairman and CEO ISIS Malaysia

Excellencies, Distinguished Participants, Ladies and Gentlemen,

I am delighted to welcome each and every one of you to the 21st Asia Pacific Roundtable. In particular, I welcome most warmly the participants from abroad. I do hope that you will be able to find some time to enjoy the beautiful sights and sounds of Malaysia, for this year is Visit Malaysia Year. We say Malaysia is truly Asia, and are proud of it. This year is particularly special because we are also celebrating 50 years of the country's independence.

Ladies and gentlemen,

2. In recent months, I had been in West Asia and Africa. I spoke to many leaders and heard their deep concerns about peace and security in their regions. In the Golan Heights, I saw the destructive consequences of war. In Darfur, I witnessed the miserable conditions under which many thousands have been surviving.

3. Yesterday, by way of video conferencing, I addressed an international conference in Afghanistan that had been convened to discuss ways of reviving a shattered economy.

4. These sobering experiences have reminded me of how lucky we have been in the Asia Pacific, considering the great misfortunes which have befallen the countries in West Asia, Africa and Central Asia. No doubt, we have had our share of problems, both between and within our countries. But they simply pale in comparison to the tragedies suffered by other people such as in Lebanon, Palestine and Iraq. Let us therefore pledge to work hard to keep the Asia Pacific region safe and prosperous. This Roundtable is meant to contribute to that purpose.

5. Let me begin by highlighting what I consider to be the continuing positive developments in our region. I do this for purposes of reminding ourselves not to be complacent because peace and stability are not self-perpetuating. They have to be nurtured, constantly.

Ladies and gentlemen,

6. The situation in the Asia Pacific region has indeed become noticeably better in the last year.

7. The problems relating to North Korea are being managed more astutely. Now, the parties involved seem less hard-lined and less inflexible. Their rhetoric has toned down. They appear more ready to engage in genuine dialogue and meaningful negotiation. The recent reopening of the railway link, with trains carrying people both ways across the North and South Korean border, has been fittingly described as "reconnecting the bloodline of the Korean nation". The train ride was a test-run but it was the symbolic first step in a journey which carries much promise.

8. The strains in relations which have existed for some time between China and Japan have shown signs of changing for the better. Prime Minister Shinzo Abe visited Beijing last October. Prime Minister Wen Jiabao has since visited Tokyo in return. Both made statements about improving relations between their two countries. The same improvement appears to have taken place in the relations between Japan and the Republic of Korea.

9. Certain economic facts are reinforcing the favourable political climate. Trade and investment among countries in East Asia are continuing to grow at a rapid pace. In 1990, exports among East Asian countries totalled only 39 percent of their total exports. By 2004 this figure had risen to 47 percent, or nearly half of the total exports. Imports among regional countries were already 49.6 percent of their total imports in 1990. By 2004 it was almost 60 percent. East Asia is the largest direct investor in East Asia itself. 40 percent of Asia's total F.D.I flows consisted of direct investment among countries in East Asia.

10. These happy tidings are being replicated among the Asia Pacific economies as well. About 70 percent of both A.P.E.C exports and imports in 2005 were with APEC economies. The top trading partners of countries in the region are within the region itself. A third of A.P.E.C's portfolio capital flows originated from within the A.P.E.C economies. This is higher than the figure for N.A.F.T.A, which is only 11 percent.

11. As we become more and more networked between ourselves and dependent upon each other for our well-being in more ways than one, the evidence will be overwhelming that hostility and conflict between us would be most unproductive. War would become an increasingly lunatic proposition.

12. This general picture is even more illuminating when we look at the trade figures for specific countries. For the United States, China has become its fourth most important export market and second most important import source. For China, the United States and Japan are its top two trading partners. For Japan, its most important trading partners are China and the United States. For Chinese Taipei, China is its most valuable export destination and a major source of imports. For Australia, China is now the country's biggest trading partner. For the ASEAN countries, their top trade and investment partners are also China, the United States and Japan besides the European Union. Just imagine the huge economic costs to them if these countries become embroiled in violent confrontations. As we trade more and invest more with each other, the costs would in fact become even more forbidding. War would indeed be a lunacy.

13. In many ways, it is these economic reasons, plus certain security imperatives, which have been driving the regional processes for cooperation and integration for quite some time. Undoubtedly, there also exists a whole supporting network of official track-one, informal track-two and many business processes in the political as well as the economic spheres. This network is strengthening and drawing us ever

closer in various webs of cooperation and community building.

14. This year seems poised to mark additional milestones of progress. The ASEAN Charter, scheduled for launching during the ASEAN Summit in November, will further define and develop an outward-looking community in Southeast Asia. The ASEAN Plus Three Second Joint Statement on East Asia Cooperation, scheduled to be unveiled later this year, will promote community building among the countries of East Asia for the next decade. The East Asia Summit is casting a net for wider cooperation while APEC continues to seek fresh impetus.

15. A solid architecture for political, security and economic cooperation is therefore unfolding in the region. I feel comforted that it is propelling us in the direction of cooperative peace and prosperity. This is most encouraging. But we must not fail to recognize the concurrent existence of a challenging environment, and be alert to certain contrary trends. As I have stated earlier, peace and stability are not naturally self-perpetuating.

16. We must take note that some fundamental shifts of relative economic and strategic power are taking place. This shift has created nervousness and sparked new rivalries among the major powers.

17. Several emotive issues concerning reunification and territorial disputes remain unresolved. The threat of nuclear proliferation still confronts us. Conventional forces are also being modernised all over the region. Military capabilities are being strongly enhanced in some countries, generating concern in other quarters. Defence alliances, which were considered unnecessary vestiges of the Cold War by some, are being strengthened and expanded by others under various pretexts. Militancy and terrorism continue to plague us in some parts of the region.

18. Indeed, the processes for regional cooperation and integration are being put under stress even as they are being built. It would seem that many competing interests and agendas continue to clash.

Ladies and gentlemen,

19. I do see the present situation in our region as a delicate one. On the one hand we are strengthening the infrastructure for cooperation. On the other, we seem to be allowing the preparations for confrontation to continue. We might consider this parallel approach pragmatic and realistic to take care of lingering distrusts, and since we do not know what the future holds.

20. In all probability, we can live with this situation of guarded peace. It is also only proper that we prepare for eventualities. Those who did not do so had sometimes paid a heavy price in the past.

21. But I would like to ask the question whether we are in fact giving sufficient attention to building peace while preparing, at the same time, for eventualities of conflict and of war. I am concerned whether we are inadvertently putting in place mechanisms that in fact invite the very instability and conflict that we want to prevent and manage.

22. I am very mindful of the fact that opportunities to change things for the better present themselves all too infrequently in the course of history. When they do, and

we do not take the correct decisions, the consequences can be disastrous.

23. I believe that the window of choice is still open for us in the Asia Pacific region. The concrete has not quite set to make the structure for managing regional security unalterable. I think we can do more, much more, to lay down a firm foundation for enduring peace, stability and prosperity in the region than we are doing now. The choice is ours.

Ladies and gentlemen,

24. In Southeast Asia, we have developed a working model. I am referring to the successes of the ASEAN way of keeping the peace. Southeast Asia was a region of turmoil and instability after the end of the last World War. It was similar in many respects to the situation in Northeast Asia today. Indeed, it was much worse. We were caught in the grip of the Cold War and the rivalry among the major powers. The region was divided and some of us saw our interests served best by aligning with one coalition of states or another. We relied on military alliances, and these alliances were fully activated. The Cold War deteriorated, engulfing our region into one of the most violent and deadly conflicts in history, centred on the Indochina peninsula.

25. Neighbours harboured deep, historically rooted suspicions and animosities towards one another. There were many territorial disputes, some of which persist to this day. There was poverty virtually everywhere. Performing systems were in place only in some countries

26. We could have opted for adversarial security by relying on ever stronger and wider defence treaties. We could have spent furiously on building our military capabilities. We could have remained implacable in our differences over ideology and governance systems. We could have rejected any notion that security could be common and shared. And we could be dogmatic in the belief that there could never be real peace if we tried to find security by way of joint actions to maintain security.

27. We were fortunate that the leaders of the region then had the vision and wisdom not to take the wrong path. They were bold statesmen who rose above narrow national self-interest and recognised that their destinies lay with each other rather than against each other. They realised that peace was possible without hegemony, and that security was attainable without maintaining preponderant power. The leaders opted not to let history stand in the way. Instead they decided to embark upon a fresh path of friendship and cooperation.

28. The result is a system of managing peace and security that is embedded within a wider framework for cooperation embodied in ASEAN. The system is by no means perfect. It is still work in progress. Some things it has not been able to do sufficiently well. There is still some lingering lack of trust. Occasionally there are strong disagreements. Sometimes naval vessels are deployed to keep an eye on each other in disputed waters. Some still feel the need to be reassured of their security by having linkages with outside powers.

29. All things considered, however, the framework within ASEAN has done a remarkable job. It has helped bring stability and predictability to the region. There is full reconciliation among all member states and across political divides. Confidence among them has improved tremendously. War has become unimaginable. Many

territorial disputes are being settled through peaceful negotiations or through judicial settlement. There are no major military build-ups although force modernisation proceeds continuously as countries become more affluent. Vestigial defence arrangements remain but they are essentially for exercise and training. And cementing all this is the commitment to build a regional security community that is part of a broader ASEAN community.

Ladies and gentlemen,

30. I think relations among the ASEAN states have been peaceful because forty years ago we made the correct choice, and took the right path. The window of opportunity to make a similar choice is open to the countries of the Asia Pacific. I think the countries of ASEAN were able to make the right choice because their judgement was sober and sound. We did not exaggerate threats and we did not overreact to exaggerated threats. We saw the rivalry among the major powers and chose to distance ourselves from the rivalry.

31. Instead, we opted to engage with the major powers for mutual peace and prosperity. Our engagement through all the ASEAN-anchored processes was comprehensive. Our priority was political and economic engagement, but we included as well the field of security. When we discussed security, we made sure that it was about security cooperation that engaged all, and was for all. This kind of engagement has brought enormous benefits not only to ASEAN but also to the entire region.

32. We retained our security arrangements and military alliances because they were already in place and there was no need to dismantle them. But we did not seek to strengthen them or widen their membership because it was unnecessary. And we vowed not to form a regional military pact.

33. We did not spend excessively on weaponry because we saw limited relevance for the military in solving our problems. When we became more affluent, some of us spent more on arms but the others did not become unduly alarmed. We recognised that many of us lacked capacity in so many areas including defence capabilities. We did not therefore question, or seek to deny to others, what we thought would have been proper even for ourselves.

Ladies and gentlemen,

34. We do recognize that the ASEAN system for managing security needs to be further developed. The situation in the wider Asia Pacific, extending from India in the west to Australasia and Northern America in the east, may not be exactly similar to the dynamics and challenges that confront us in Southeast Asia. But I would like to suggest that there is much greater similarity than we sometimes tend to think. The ASEAN experience could in fact serve us equally well in the wider Asia Pacific region.

35. We should be encouraged by the spirit of enlightened rather than narrow interest which moved our leaders, and be inspired to do more in common cause. The momentum of constructive rapprochement and cooperation that has been gained over the years should not be allowed to falter. We should perhaps recognise that influence and strategic stature ensue much less from military preponderance than from economic weight, technological prowess and cultural appeal. All the major powers have these assets in abundance or are acquiring them very quickly. If there is to be a contest, let it be in this field. It would indeed enrich us all.

36. If we can do this, we can devote more attention to the infinitely more formidable problems that confront us all, and which can impact on our security. These include the hundreds of millions of the poor within our own borders; the natural disasters like the tsunami that killed half a million people in a single day; the diseases that waste and destroy hundreds of thousands of lives every year; the polarisation of humanity along religious and cultural divides; and the deadly warming of temperatures, the rising of water levels and the denudation of forests that are slowly choking all forms of life on this planet.

Ladies and gentlemen,

37. The choice is definitely ours.

38. I wish all of you a fruitful conference.

Thank you.