

By : DATUK SERI SYED HAMID ALBAR
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"ASEAN ON THE MOVE: BUILDING ON SUCCESS"

Mr. Chairman,

Distinguished Guests,

Ladies and Gentlemen,

I would like to congratulate ASLI for the successful convening of this 2nd ASEAN Leadership Forum. This Forum is a commendable effort as it is held at the time when Malaysia will assume the Chairmanship of ASEAN this year.

2. The choice of the theme is apt. After 37 years of being in existence, ASEAN today is a dynamic grouping of countries. Over the years there has been a significant shift in mindset among the ASEAN countries. From simple co-existence, ASEAN countries have rapidly moved towards becoming a community of nations.

3. At the Bali ASEAN Summit in 2003, the ASEAN Leaders adopted the Declaration of ASEAN Concord II which envisages the realization of an ASEAN Community by 2020. It is a comprehensive document on the future development of ASEAN in political, economic and socio-cultural areas. The ASEAN Community will be built on three mutually reinforcing pillars namely the ASEAN Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community. All three pillars take their own action plans. It is my fervent hope that by 2020, the ASEAN countries would recognize themselves as a community and behave as a community.

4. When we look back at the historical development of ASEAN, I believe that we owe a debt of gratitude to our founding fathers who had the vision to envisage cooperation and collaboration among a seemingly disparate lot of countries. They put aside the differences to focus on what could be done collectively to improve the well being of their peoples. They took important confidence building measures to promote peace and stability in a region recognised as a cockpit of international rivalry. It is no accident that ASEAN had always placed a high premium on the scrupulous observance of inter-state relations, respect for territorial integrity and the principle of non-interference in the internal affairs of another country.

5. These are values that had helped create mutual trust and confidence among the member states. Once a certain level of comfort had been achieved, increasingly deeper levels of cooperation had become possible. ASEAN started with simple

economic cooperation in the form of joint ventures and gradually built it up to the ASEAN Free Trade Area. The successes in the economic field in turn gave positive impetus to political cooperation. The possibility of ASEAN moving further in economic integration should be encouraged as it will contribute towards the creation of an ASEAN Community.

6. In other words, building on success has been an ASEAN way. ASEAN had always believed in progressing step-by-step. How do we proceed from here?

7. The challenges are multifaceted including economic, political and social aspects. On the economic point, the 1997 financial crisis taught us a lesson that financial cooperation is a crucial ingredient.

8. Further challenge for Southeast Asian countries now is to sharpen their competitiveness rather than merely attracting direct foreign investment like in the past. While we agree that foreign investment is still a major drive for industrialised growth for many developing countries especially in Southeast Asia, we cannot underestimate that other factors such as strong local technological and industrial capabilities are also needed to facilitate growth.

9. Southeast Asian countries should now focus on a new industrial strategy that is based on stronger local capabilities. This concept of human resource development can be achieved through providing formal education and on-the-job training and learning.

10. With the rise of China and India in terms of global economy, ASEAN in particular should also foresee the opportunities from collaborating with its key partners from the perspective of facilitating trade and investment.

11. When we talk about building a community, we must bear in mind that we are actually building our collective strength and capabilities. Only with our competitive and integrated market, we can make the region an attractive spot for foreign investors.

12. There are also challenges in the political and security fields. An ASEAN Security Community is envisaged to be a community where the members should rely exclusively on peaceful modes for resolving inter-state disputes. Given the recent events in Ambalat, some quarters have wondered what happened to the spirit of ASEAN cooperation and friendship. Hence, what need to be given urgent attention is how to build and to continuously reinforce 'peace mentality' as part of the edifice of the ASEAN Security Community.

13. Equally important is adherence to universal values and international law. Democracy, good governance, justice the promotion and protection of human rights

must continue to remain intrinsic and integral to ASEAN as ASEAN gears up to meet the challenges of our times.

14. As for the larger strategic environment, I wish to point out that YAB Prime Minister Dato' Seri Abdullah Hj. Ahmad Badawi during the 10th ASEAN Summit in Vientiane last year underscored the significance of ASEAN shaping the development of the East Asian community. He stressed that ASEAN must continue to play a central role in the emerging community. Indeed the development of the East Asian community is consistent with ASEAN's step-by-step approach to deepen and strengthen relations with its Dialogue partners.

15. ASEAN will also have to contend with issues such as uncertainty of oil prices and supply, global trade issues, multilateralism and many other issues which would impact on the regional strategic environment.

16. These are indeed big challenges. Could our past track record assure us of future success? ASEAN cannot take its successes for granted. As we construct a community, it is essential to reinforce the principles of inter-state relations as part of the edifice.

17. I am sure that over the last two days you would have had discussions on some of the challenges of community building. Clearly it is not going to be an easy task. But I am a firm believer that there is no problem too difficult to solve. In our characteristic step-by-step manner, I am certain that we would be able to proceed on realizing an ASEAN Community.

Thank you.