



THIRTY-FIRST ASIA-PACIFIC ROUNDTABLE

THE FUTURE OF THE ASIA PACIFIC :
ISSUES AND INSTITUTIONS IN FLUX



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THE 31ST ASIA-PACIFIC ROUNDTABLE: A REPORT

Introduction

The Institute of Strategic and International Studies (ISIS) Malaysia has hosted the Asia-Pacific Roundtable (APR) series since its launch in 1987 to promote trust and confidence in the Asia-Pacific region. As a Track Two forum, the APR brings together think tanks, academics, media representatives and senior government officials acting in their personal capacity to engage in candid dialogue regarding major security challenges confronting the region. Over the past two decades, the APR has gained a reputation as the premier Track Two forum in the region, being ranked in recent years by the University of Pennsylvania's Global Go To Think Tank Index as one of the world's top-20 think tank conferences.

The APR is a project of the ASEAN-Institutes of Strategic and International Studies (ASEAN-ISIS), with ISIS Malaysia as the anchor institution convening the conference. This year's conference saw the attendance of over 300 scholars, government officials, policy makers and opinion leaders from across the Americas, Asia Pacific, Europe and West Asia.

The 31st APR was officially opened by YB Dato' Sri Hajah Nancy Shukri, Minister in the Prime Minister's Department on behalf of The Honourable Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia, at the Welcoming Dinner on 22nd May. The keynote address outlined ASEAN's progress and many achievements despite its constraints and challenges, and how Malaysia has also charted successful courses through issues and institutions in flux. Indeed, Malaysia's steadfast, reliable and open foreign policy has contributed to the progress of the nation through cooperation with friends and partners in the region and beyond. The full text of the Prime Minister's speech is annexed at the end of the report.

THE PLENARY & CONCURRENT SESSIONS

Tuesday, 23 May 2017	
Plenary 1	“New” Major Power Relations and Dynamics in the Asia Pacific
Chair	<p>Tan Sri RASTAM Mohd Isa Chairman and Chief Executive Institute of Strategic and International Studies (ISIS) Malaysia</p>
Panellists	<p>Dr James Jay CARAFANO Vice President, Foreign and Defense Policy Studies; EW Richardson Fellow; Director, Kathryn and Shelby Cullom Davis Institute for International Studies The Heritage Foundation USA</p> <p>Ambassador Yoshiji NOGAMI President Japan Institute of International Affairs</p> <p>Dr Sergey KARAGANOV Honorary Chairman of the Presidium, Council on Foreign and Defense Policy; Dean, Faculty of World Economy and International Affairs National Research University – Higher School of Economics Russia</p>

In response to assertions of the “America First” tendencies of the Trump administration, Dr Carafano argued that while Trump and his policy makers might be more nationalist than past administrations, they are not anti-multilateral. They believe that the fundamental strength of a nation state – its identity, sovereignty and independence in policymaking – are the basis of a successful international system. He further stated that the United States considers the freedom of Taiwan and the South China Sea key to its interests in the Asia Pacific and will not use them as a bargaining chip with China.

Key Japanese regional concerns, according to Ambassador Nogami, are the deterioration of the nuclear situation in the Korean Peninsula and the perceived actions of the Trump administration that are undermining the current international order that was painstakingly achieved. Additionally, the Japanese remain concerned about the continued shift of regional balance towards China and the fact that many, including China itself, are still figuring out the latter’s new regional and global role.

Dr Karaganov reemphasised Russia’s re-focusing on the Pacific and saw a role for Russia as a possible honest broker as it does not carry significant regional baggage, unlike the Americans. He further argued that direct, hard pressure on a closed country like North Korea might be counterproductive as it would only feed their paranoia of external threats and justify, in their eyes, their nuclear weapons programme.

In Conversation: Asian Views on America's Role in Asia	
Chair	<p>Mr John BRANDON Senior Director, International Relations Programs; Associate Director, Washington, DC office The Asia Foundation USA</p>
Panellists	<p>Dr THITINAN Pongsudhirak Director Institute of Security and International Studies (ISIS) Thailand</p> <p>Professor YOON Young-Kwan Professor Emeritus, Seoul National University; Former Foreign Minister Republic of Korea</p> <p>Ambassador Pinak Ranjan CHAKRAVARTY Distinguished Fellow Observer Research Foundation India</p>

Dr Thitinan's presentation centred around three key points. First, the pivot under the Obama administration did not progress very far. Meanwhile the geostrategic and geopolitical scene of the Asia Pacific continues to evolve with many countries reacting rather than proactively influencing this development. Second, as China makes substantial gains in Southeast Asia and the wider region, it will be an opportunity for the former to amend the rules on the evolving regional order. However, if China pushes too hard and fast and does not truly live up to its win-win narrative, there will inevitably be pushbacks. Third, the Trump administration is not limiting its engagement with Asia but rather recalibrating the current basis of the relationship and developing a new orientation which could see more focus on its interests, rather than values.

Professor Yoon and Ambassador Chakravarty, in contrast, disagreed with some of that assessment. They argued that the Trump administration's "America First" stance and apparent disinterest in Washington's traditional leadership role in the Asia Pacific will lead to a regression of regional multilateral mechanisms and the eventual decline in strategic regional influence and positioning of the United States. They added that regional middle powers like South Korea, Japan, Australia and India will be forced to cooperate more extensively to balance against China.

The speakers also touched on the ongoing atmosphere of political uncertainty and polarisation in the United States as this raises questions surrounding continuity and influences regional leaders's decision in investing in a relationship with President Trump.

Plenary 2	ASEAN: Is Change Inevitable?
Chair	Dr Philips VERMONTE Executive Director Centre for Strategic and International Studies (CSIS) Indonesia
Panellists	<p>Dr Aries ARUGAY Associate Professor Department of Political-Science University of the Philippines-Diliman</p> <p>Dr HA Anh Tuan Director Center for Policy Analysis Institute for South China Sea Studies Diplomatic Academy of Vietnam</p> <p>Dr David CAPIE Associate Professor School of History, Political Science & International Relations Victoria University of Wellington New Zealand</p>

Dr Ha considers ASEAN to be at a critical juncture of its development. After nearly five decades, ASEAN is still preoccupied with discussing basic issues, such as institutions and structures, rather than moving towards deepening existing mechanisms. Looking forward to the next fifty years, Dr Ha envisions greater regional interconnectivity and increased mobility throughout ASEAN. He also believes that ASEAN's role in the future hinges on its response to the South China Sea dispute and its management of water and potential conflicts in the Mekong River.

According to Dr Arugay, there are three issues ASEAN needs to consider if any meaningful change is to occur. Firstly, ASEAN must balance its concern of geopolitics by paying similar attention to cross-border challenges such as climate change, international migration and transnational crime. Secondly, ASEAN must begin to display a level of sincerity and candour as well as establish deeper connections that go beyond diplomatic pleasantries. In order to maintain its relevance, ASEAN must move beyond non-intervention by rethinking its "consensus-based" approach and introducing greater flexibility to its decision-making processes. Finally, any change introduced to the organisation must transcend its elite and state-centric nature. More inclusive mechanisms should be introduced and implemented in ASEAN in order to bring the youth and civil society into the fold as much as possible.

Dr Capie disputed the argument that ASEAN is dead and argued that the organisation receives partial credit for important developments in regional integration, peace and stability over the last few decades. However, there are still challenges that need to be addressed in order to elevate ASEAN's role as a regional organisation. One of the most important challenges is the impact of the coming Fourth Industrial Revolution on ASEAN's economic advantage as a source of low cost labour as well as its competitiveness. More positively, ASEAN is in a unique position because it is a demographically young region with many more opportunities to deepen ties among members.

Plenary 3	Tensions in Cyber Space: Balancing National Security, Privacy and Innovation
Chair	Mr Arun Mohan SUKUMAR Head Cyber Security and Internet Governance Initiative Observer Research Foundation India
Panellists	<p>Ms Mihoko MATSUBARA Chief Security Officer for Japan Palo Alto Networks Japan</p> <p>Dr Rafal ROHOZINSKI Principal and CEO The SecDev Group Canada</p> <p>Ms Kaja CIGLIC Director Government Cybersecurity Policy and Strategy Microsoft Corporation</p> <p>Mr Daniel WU Director of Government Relations, Southeast Asia Visa</p>

At least 25 billion devices are projected to be connected to the Internet by 2020. The Internet of Things (IoT) creates a vast connected attack surface which increases cybersecurity risks. These issues may be those that affect national security, are classified as a crime or driven by user behaviour. Ms Matsubara shared Japan's experience in balancing cybersecurity and national security in the midst of Tokyo's preparation for the Olympic Games. As facial recognition software paired with wandering cameras raise privacy concerns, she held that it was necessary to classify the data gathered.

Dr Rohozinski highlighted that the young population is now growing up in a state of hyperconnected experience with unmediated access to information, where it was previously filtered through institutions, parents and communities.

The session also addressed the state of a multi-stakeholder legal regime to regulate cyberspace. The sharp uptick of attacks on critical infrastructure and proliferation of cryptocurrencies depict an environment that is managed by the private sector and government without an institutionalised framework. Ms Ciglic pointed out that governments are heavily involved in cyberspace where they are users and also protectors.

Mr Wu went on to explain that networks are in the business of trust. Visa, for example, manages its own security baselines and uses four layers of security to protect and harness data. Some of the data that reside in the private sector are, in fact, desirable to governments. According to Ms Ciglic, governments that are locked out of data access face challenges in harmonising policies and enforcing laws.

Concurrent 1	Strategic Update: Southeast Asia and Oceania
Chair	U Khin Maung LYNN Joint Secretary Myanmar Institute of Strategic and International Studies
Panellists	<p>Dr Christopher ROBERTS Associate Professor and Director National Asian Security Studies Program Australian Defence Force Academy University of New South Wales in Canberra Australia</p> <p>Dr YOHANES Sulaiman Lecturer School of Government Universitas Jenderal Achmad Yani Indonesia</p> <p>Mr KAVI Chongkittavorn Senior Fellow Institute of Security and International Studies (ISIS) Thailand</p>

Dr Roberts proposed five variables that would determine Southeast Asia's trajectory: (i) traditional security, explicitly the changing power dynamics between China and Trump-led US in the region; (ii) non-traditional security, namely the increase of terrorism, growing social divisions, the proliferation of drugs and food security; (iii) economic development, that is the positive GDP growth but also the widening disparity within and between countries; (iv) domestic political development, such as the persistence of corruption and the changing state of democracies in the region; and (v) future policy dilemmas specifically the option to bandwagon with China.

Mr Kavi went on to expand some of Dr Roberts' points. He saw the democratisation of Myanmar and Philippines' President Rodrigo Duterte's turn away from a confrontational approach in the South China Sea as two notable domestic developments which would alter the face of Southeast Asia in the future. He also argued that ASEAN, as a distinct regional player, should play a role in facilitating peace in the Korean Peninsula.

Dr Yohanes's presentation was solely focused on the fall of Basuki Tjahaja Purnama (Ahok), the former governor of Jakarta and a controversial figure in Indonesian politics. He considered the controversy surrounding Ahok as a signal of an increase in identity politics, which would pose a significant hurdle for President Jokowi to manage the populations's interethnic/interfaith relations and seek re-election in the 2019 presidential election.

Concurrent 2	Strategic Update: Northeast Asia
Chair	Mr Nicholas FANG Executive Director Singapore Institute of International Affairs (SIIA)
Panellists	<p>Dr CHOI Kang Vice President, Research; Principle Fellow; Director, Center for Foreign Policy and National Security The Asan Institute for Policy Studies Republic of Korea</p> <p>Professor Akio TAKAHARA Faculty of Law, University of Tokyo; Adjunct Fellow Japan Institute of International Affairs</p> <p>Dr RONG Ying Vice President; Senior Research Fellow China Institute of International Studies</p>

Describing Northeast Asia as “unpredictable and very unstable”, Dr Choi elaborated on five elements which are affecting the region’s strategic landscape: (i) the global impact of North Korea’s nuclear tests; (ii) the absence of common ideas on regional security structure; (iii) the existence of a regional “trust deficit”; (iv) an “accidental clash” due to the increase in expenditure on defence and military; and (v) nationalist sentiments fuelling territorial disputes.

Prof Takahara echoed the North Korea nuclear test issue, but saw it as an opportunity for regional unity. Challenges exist, such as the rocky relationship between Japan and China, with China criticising Japan for practicing double-dealing and not acknowledging China’s rise as a big power. Japan, however, denies these allegations and expresses that a good relationship with China serves their national interest economically and security-wise.

Dr Rong highlighted updates on China, particularly on close interactions with the United States concerning nuclear issues surrounding South Korea. He noted that China is committed to playing a role in addressing the North Korea nuclear issue. The Q&A session included questions on South Korea’s role as a middle power and the return of the “Sunshine Policy”. Also asked were questions relating to the region’s relationship with the United States.

Wednesday, 24 May 2017	
Plenary 4	Wither Economic Cooperation in the Asia Pacific: More Ingredients for the Spaghetti Bowl?
Chair	Associate Professor Simon TAY Chairman Singapore Institute of International Affairs (SIIA)
Panellists	<p>Mr Jeffrey SCHOTT Senior Fellow Peterson Institute for International Economics USA</p> <p>Tan Sri REBECCA Fatima Sta Maria Senior Policy Fellow Economic Research Institute for ASEAN and East Asia Indonesia</p> <p>Dr Deborah ELMS Executive Director Asian Trade Centre Singapore</p>

The US withdrawal from the Trans-Pacific Partnership (TPP) presents a significant setback for the realisation of the Free Trade Area of the Asia Pacific (FTAAP).

Mr Schott and Dr Elms believed that the Regional Comprehensive Economic Partnership (RCEP) is not a viable pathway towards the FTAAP. The RCEP is complementary, not comparable, to the TPP, particularly in terms of the depth of reforms and scope of 21st century issues.

Mr Schott asserted that deepening bilateral economic ties between the United States and China could provide an avenue to the eventual FTAAP that involves both economies.

According to Dr Elms, the remaining eleven TPP parties should proceed with the TPP11. She argued that the United States has been a relatively open market but the same cannot be said for the remaining TPP members. Without the United States, the TPP11 still offers substantial benefits that would enable these countries to pursue broader market access and secure participation in a trade deal, which is likely to be a benchmark for future agreements.

Tan Sri Rebecca instead stressed the importance of ASEAN leadership in concluding the RCEP and highlighted a substantial progress made by the Pacific Alliance. Thus, there is a need for better cooperation between ASEAN and the Pacific Alliance.

Concurrent 3	Mekong Cooperation: Managing Challenges and Expectations
Chair	Dr Lattana THAVONSOUK Deputy Director General Institute of Foreign Affairs (IFA) Lao People's Democratic Republic
Panellists	Dr PHAM Tuan Phan Chief Executive Officer Mekong River Commission Ambassador Pou SOTHIRAK (Executive Director, Cambodian Institute for Cooperation and Peace (CICP)) Ambassador Pou SOTHIRAK Executive Director Cambodian Institute for Cooperation and Peace (CICP) Dr CHAYANIS Krittasudthacheewa Deputy Director Stockholm Environment Institute Asia Centre Thailand

Since the early establishment of the Mekong River Commission (MRC) in 1995, transboundary interactions on managing the Mekong river basin have been gaining more attention. As listed by Dr Lattana, these include the Mekong–Mississippi Sister River Partnership, Japan–Mekong Cooperation, Mekong–ROK Comprehensive Partnership for Mutual Prosperity, Mekong–Ganga Cooperation (MGC), and Lancang–Mekong Cooperation (LMC).

Dr Pham expressed that the LMC has been the best mechanism to stress the importance of burden- and responsibility-sharing and reduce friction among the riparian countries. He also urged concerted efforts to address environmental concerns and cooperation to maintain peace and stability.

While regional cooperation is necessary and beneficial, Ambassador Pou highlighted that ill-conceived developments have become obstacles to real economic growth and prosperity. He echoed the need for the LMC to synergise all recommendations made by the MRC, especially on appropriate measures of hydropower generation. He was confident that the regional development approach could boost a nation's productivity without jeopardising other countries.

When the discourse touched on China, which is seemingly overshadowing water resource management, Dr Chayanis advised each riparian country at the lower Mekong basin not to have a silo mentality. The countries should, instead, focus more on technical capacity as a long-term investment to mutually benefit the region.

Concurrent 4	Irregular Migration: Regional Flows and Impact
Chair	Pengiran Datin SHAZAINAH PD Shariffuddin Permanent Secretary (International), Prime Minister’s Office; Representative Brunei Darussalam Institute of Policy and Strategic Studies (BDIPSS)
Panellists	Ambassador Andrew GOLEDZINOWSKI Ambassador for People Smuggling and Human Trafficking Australia Ms Chris LEWA Director The Arakan Project Mr Richard TOWLE Representative to Malaysia United Nations High Commissioner for Refugees Ms Isabelle BARRAS Kuala Lumpur Head of Regional Delegation International Committee of the Red Cross

Despite the fact that irregular migration by sea in the region has ceased, the lack of coordination between countries remains the greatest obstacle in handling irregular migration effectively due to anti-trafficking measures and the absence of embarkation options.

Ms Lewa stated that the Kofi Annan Advisory Commission has come to a standstill since the conflict in the Rakhine State escalated in October 2016.

Mr Towle highlighted that the “invisibility” of refugees in the region remains problematic due to humanitarian concerns and security challenges for host countries. The region lacks a mechanism that addresses the registration of migrants, as many continue to enter illegally. Alternatives to the detention of illegal migrants also need to be explored.

In an effort to streamline regional coordination, Ambassador Goledzinowski conveyed that the Bali Process Business Forum will bring together the private sector in Asia and their ministerial counterparts to have a dialogue on irregular migration.

Such collaboration and cooperation must also be made on the international level, according to Ms Barras, via a stronger, more fluid partnership with other actors, like civil society and non-governmental organisations.

Plenary 5	Military Modernisation in the Asia Pacific: Motives, Trends and Transparency
Chair	Professor Dr NGUYEN Vu Tung President Diplomatic Academy of Vietnam (DAV)
Panellists	<p>Dr Collin KOH Swee Lean Research Fellow Maritime Security Programme Institute of Defence and Strategic Studies S Rajaratnam School of International Studies Singapore</p> <p>Major General (Rtd) GONG Xianfu Vice Chairman China Institute for International Strategic Studies</p> <p>Ms Katherine DIXON Director Defence & Security Programme Transparency International</p>

Dr Koh revealed that military expenditure is not the singular indicator of military modernisation as it does not take into account operating, maintenance and manpower costs, which are significant. Data on purchases over the last three decades show that countries in the Asia Pacific are building up their air and naval capabilities. Many smaller states are now achieving varying degrees of domestic capabilities in shipbuilding and air/naval maintenance. He further predicted militaries in the Asia Pacific will be moving towards the development or acquisition of sea-launched cruise missiles and supersonic naval missiles, a proliferation of unmanned systems, and the expansion of the size and capacity of coast guard type forces.

Additionally, Major General Gong emphasised the growth of defence spending in the Asia Pacific, indicating that it had the biggest growth rate when compared with other regions. Further growth is almost assured given the likelihood of further increases by the United States and China. He also stated that regional modernisation, particularly by China and Russia, will be impacted by the United States' ongoing move to place its latest assets in the Asia Pacific.

In exploring the element of transparency and oversight on regional defence spending and military modernisation, Ms Dixon indicated that such spending is increasing fastest in countries where standards of fiscal oversight and transparency are weak. There is little to no indication on what the money is spent on. This fits into a wider pattern of opaque processes in the region as the sense of exceptionalism and national security often see the defence sector being subject to high levels of abuse and corruption.

Plenary 6	Exceptionalism vs. Integration: Nationalist, Anti-Globalisation and Anti-Establishment Politics
Chair	Dato' Steven WONG Deputy Chief Executive Institute of Strategic and International Studies (ISIS) Malaysia
Panellists	Professor JOMO Kwame Sundaram Tun Hussein Onn Chair in International Studies Institute of Strategic and International Studies (ISIS) Malaysia Ambassador Bilahari KAUSIKAN Ambassador-at-Large Ministry of Foreign Affairs Singapore Mr Nico LANGE Director Konrad-Adenauer-Stiftung USA

Deficiencies in both international and domestic governance structures have engendered opposition against the status quo.

The inequitable distribution of the spoils and perils of economic and financial globalisation, as well as the inability to compete in the new economy, have contributed to alienation and vulnerability in so-called forgotten communities. Such sentiments triggered attempts at exercising entitlement and reclaiming privilege, as well as scapegoating the Other. Prof Jomo argued that Trump's election based on a non-status quo agenda is both a corollary of these sentiments and a sense of American "sovereignism" mounting since the Berlin Wall's fall.

The rise of populism, which oft leverages on the aforementioned sentiments, can be attributed to dysfunctional political systems. The crux of democracy is rule according to vox populi. However, Ambassador Kausikan notes that satisfying the electorate has become difficult. The concept of a singular collective or "people" has become fragmented. Politicians must choose between delivering inclusive and equitable policies, and doing what is most popular for re-election. As political establishments veer towards the latter, the divide between the elite and the people grows; once-marginalised movements, such as the far-right, fill this vacuum.

Populism taps into the electorate's worries – though Mr Lange argues that this is a marginal, rather than systemic, crisis. These concerns include fundamental questions of identity, post-material security and future prospects, which need to be answered by authorities in accessible terms. Media too has enabled populism: profit-seeking business models have caused increasing dissemination of sensational stories while discouraging the propagation of fact-based, rational discourse. Holding both discourses in the same esteem problematises policy decision-making processes.

Regaining trust through delivering substantive policies is critical to stemming this phenomenon. The speakers agreed that this is a challenge given trends like the discrediting of experts, but also a necessary effort since it will impact both domestic and foreign policy.

KEYNOTE ADDRESS & OFFICIAL OPENING

The Hon Dato' Sri MOHD NAJIB Tun Abdul Razak
Prime Minister of Malaysia

22 May 2017

Delivered by
YB Dato' Sri Hajah Nancy Shukri
Minister in the Prime Minister's Department

Yang Berbahagia Tan Sri Rastam Mohd Isa Chairperson, ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS), and Chairman and Chief Executive, Institute of Strategic and International Studies (ISIS) Malaysia;

Excellencies;

Distinguished speakers and participants;

Members of the Media;

Ladies and gentlemen.

Bismillahirrahmanirrahim

Assalamualaikum warahmatullahi wabarakatuh

1. First and foremost, on behalf of Yang Amat Berhormat Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak, Prime Minister of Malaysia, I would like to convey Yang Amat Berhormat's sincere apologies for not being able to be here to personally deliver this speech tonight. Yang Amat Berhormat sends his best wishes to the speakers, participants, organisers as well as all the attendees of this conference.
2. Please allow me to deliver Yang Amat Berhormat's speech:
3. I would like to welcome all speakers and participants to the 31st Asia-Pacific Roundtable (APR) – an event of the region's leading innovative and strategic thinkers. Many of you have flown long hours and distance to be here. For those of you who are in Kuala Lumpur for the first time, I bid you a warm welcome. For the frequent visitors among you, welcome back.
4. My congratulations go to ISIS Malaysia and the ASEAN-ISIS network for convening this year's edition of the APR. These are certainly interesting times we live in. I understand that over the next two days, you will deliberate some of the systemic shocks we have witnessed in the past year as well as those we will try to anticipate in the coming years.
5. As we, in government, ride these waves of change, we recognise that the strength and value of Track Two discussions like the APR lie in the candour that leaders and ministers are not always afforded. This frankness allows for unvarnished analyses that governments like ours in Malaysia appreciate and will continue to rely on.

Ladies and gentlemen,

6. Since I last addressed you, there have been a number of significant developments on the global political scene that reverberate to this day and throughout this region. The United States elected a new President amid hackings, leaks and accusations. The United Kingdom voted to leave the European Union after 44 years of membership.
7. And just recently, tensions reached new heights in and around the Korean Peninsula. Even Malaysia became unwittingly embroiled in an international incident when Kim Jong-nam was killed by assailants using a chemical nerve agent on our soil. It seems that the era of big power politics is well and truly back.

Ladies and gentlemen,

8. One of the most profound and underestimated phenomena that has manifested itself in recent times has been the popular groundswell of disillusionment over the failed promises of globalisation. This discontent did not develop just over the past year. It has been rising for many years, fuelled by economic disparity, social marginalisation and political disenfranchisement.
9. In parts of the world, this bitterness has translated into intolerance, bigotry and xenophobia.
10. The lessons we can draw from the experience of those countries are important for us in Southeast Asia. A state is only as strong as the prosperity and security of its people. This is why, as we in ASEAN look forward to celebrating our golden jubilee later this year, we affirm our commitment to our people, to their well-being, and to their aspirations.
11. We acknowledge that even if all ten ASEAN member states have had remarkable success in keeping the peace among ourselves over the last 50 years, we will be judged more by what we do to improve the lives of our citizens over the next 50 years and beyond.
12. Of the more than 620 million people in ASEAN, nearly 400 million are youths. As the young people take over the leadership reins in the next decades, what will matter to them is that we in this generation did our best to enrich the lives of the small-scale and medium-scale entrepreneurs, improve connectivity, support all parts and every sector of our societies, empower women and the marginalised, and ensure that the growth we are forging is inclusive and sustainable – so that none of our citizens are left behind, and their future is built on sturdy and lasting foundations. The vision of a people-oriented and people-centred ASEAN has to become a reality from now.

Ladies and gentlemen,

13. As ASEAN celebrates its 50th anniversary, it is only natural that it will continue to have its critics. ASEAN has and will continue to take feedback on board in order to grow from strength to strength.
14. It has, after all, begun implementing reforms to strengthen the ASEAN Secretariat and, under the leadership of the Philippines this year, it has shown flexibility in varying the format of the ASEAN+1 Summits and Post-Ministerial Conferences to ensure greater substantive interaction.

15. But make no mistake. ASEAN also has its champions and rightly so. For despite its constraints, ASEAN has marked many achievements it can be proud of. This is an organisation that with all its faultlines could have gone the way of separation and conflict a long time ago, but has instead underscored community, consensus-building and connectivity.
16. This is an organisation that has achieved a total trade of nearly US\$1 trillion in under a decade from the mid-2000s and attracted more than US\$130 billion in foreign direct investment, representing more than 10 percent in global FDI inflows.
17. This is an organisation that counts major global and regional powers as its Dialogue Partners, countries from further afield as its Sectoral Dialogue Partners and Development Partners, and that has the good fortune of considering applications for membership rather than for withdrawal.
18. Crucially, this is an organisation that looks to the future rather than the past. ASEAN has proven as serious about tackling the numerous traditional security issues endemic to the region, such as terrorism and maritime insecurity, as it is about grappling with newer, evolving threats such as those in cyber space.
19. That is not to say there is not much more to be done. There certainly is. But we should note the progress that has been made. And we should note that the ASEAN way of a loose, informal understanding among neighbours is evolving into a more institutionalised, rules-based structure, so that it remains bound together in values and in law even in the face of change.
20. There is no doubt that ASEAN will continue to reinvent itself as challenges – and there will be many – present themselves. That will provide the strength for the enhancement of the ASEAN Community.
21. The desire for ASEAN unity is shared, but it must never be taken for granted. As the larger powers around us jostle and settle into a “new normal” of relations, ASEAN’s role should be to provide stability and a platform for constructive dialogue.

Ladies and gentlemen,

22. The theme of this conference is “Issues and Institutions in Flux”, and you have heard me speak about the example ASEAN has provided during decades of flux. I have no doubt it will continue to do so as the tectonic plates of geopolitics shift in the future.
23. One of the reasons Malaysia has always been at the forefront of ASEAN is that our values and nature coincide. This country is also an example of stability and moderation, open to friendship with all, in keeping with our history as a seafaring, trading nation; a multi-ethnic, multi-cultural and multi-religious nation, friendly to all and enemy of none.
24. Indeed, rather than acting out of pique and perpetuating old grievances, as sometimes happened in the past, one of the hallmarks of Malaysia’s foreign policy under my Government has been the forging of new bonds in the region and beyond, and the strengthening of ties with old friends.
25. This Government has signed Comprehensive and Strategic Partnerships with a number of countries, including the United States, China and India. We welcome friendship and cooperation and the pursuit of legitimate interests.

26. In the last year alone there have been so many meetings, including with heads of government and heads of state of the ASEAN countries, of America, China, India, Saudi Arabia, Turkmenistan, Iran, France, Germany, and most recently, Bahrain. Just last week there was the Belt and Road Forum for International Cooperation in Beijing.
27. These interactions and agreements have concrete results in terms of trade and jobs, such as the RM144 billion investment by China in Malaysia, Saudi Aramco's RM31 billion investment in Petronas's Refinery and Petrochemical Integrated Development in Johor, and the RM159 billion investment and economic cooperation deals agreed with India.
28. At the peak of construction, the Petronas project in Johor alone will create up to 60 thousand new jobs – and neither that, nor China's or India's investments, will lead to Malaysia giving up an inch of sovereignty, as anyone with the slightest grasp of economics will be aware.
29. Malaysia remains a highly attractive investment destination. Despite the challenging economic climate, in 2017 we anticipate continued growth in FDIs from the RM41 billion we received last year. The Government's transformation programmes have clearly borne fruit and we will continue to adapt and adjust in keeping with our national needs and the external environment around us.
30. Ours is a foreign policy that is at the service of, and which benefits, the *rakyat* of Malaysia, while also contributing to the progress of our nation through cooperation with our friends and partners.
31. This approach – of being open, of extending the hand of friendship, of being willing to work with others – has benefits in terms of security as well. Malaysia has facilitated peace talks in both Thailand and the Philippines, which, given our proximity, makes both Malaysia, as well as our two neighbours, safer.
32. With different sets of neighbours, we have joint patrols in the Straits of Malacca and now in the Sulu Sea as well. And it is Malaysia's practice of moderation and cooperation that made us a natural fit for the establishment of the Regional Digital Counter-Messaging Communication Centre.
33. With the diminishing of Daesh's so-called caliphate, this centre will be all the more important, as we know Southeast Asia faces a small but significant number of radicalised fighters fleeing West Asia and returning home.

Ladies and gentlemen,

34. As we approach the 60th anniversary of Malaysia's independence, it is fitting as a maturing nation that we should practise a steadfast, reliable and open foreign policy, one that concentrates on the well-being of the people rather than harping on past quarrels. This brings other benefits too.
35. For this is how Malaysia and Singapore came to a win-win solution to the Points of Agreement on Malayan Railway Land in Singapore, and have now signed an agreement for the High Speed Rail Link between our two capitals – which will bring the journey time down to only 90 minutes.

36. The reliance that the Kingdom of Saudi Arabia knows they can place on us has also been recognised by the establishment of the King Salman Centre for International Peace in Malaysia, and has resulted in the raising of the Malaysian Hajj quota to 30,200 pilgrims.
37. And it is this new foreign policy that this Government has forged that allowed us to succeed in the negotiations with Ukrainian separatists to retrieve the black box from MH17 and to ensure the smooth repatriation of the remains of the victims including 43 Malaysian victims. Our pragmatic approach has also helped in the resolution of the issues involving North Korea recently.
38. Malaysia's status as a trusted interlocutor and leader in the international community was also demonstrated in our successful two-year term in the United Nations Security Council, and in the convening power we brought to the issue of the Rohingya, when at our initiation, the OIC's foreign ministers gathered here in Kuala Lumpur for an extraordinary meeting.

Ladies and gentlemen,

39. I have outlined some ways in which ASEAN and Malaysia have charted successful courses through issues and institutions in flux in the past. I know that your deliberations over the next couple of days will be invaluable for how we in the Asia Pacific manage the challenges we face now and in the future.
40. I wish you every success, and look forward to hearing full reports about what I know will be stimulating and, I hope, free and frank discussions.

Thank you.

Wabillahi taufik walhidayah, wassalamualaikum warahmatullahi wabarakatuh

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