**KEYNOTE ADDRESS 2 BY THE RIGHT HONOURABLE
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DEFENCE MINISTER OF MALAYSIA,
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"EMERGING REGIONAL SECURITY THREATS"**

Your Excellencies,
Distinguished guests,
Ladies and Gentlemen
(Insert Salutations)

Ladies and Gentlemen,

First and foremost, I am grateful for the privilege accorded me, to deliver the Keynote Address 2 on the 'Emerging Regional Security Threats' at this Putrajaya Forum 2014, the third in its series, which is organised by the Malaysian Institute of Defence and Security (MiDAS).

Introduction

Ladies and Gentlemen,

We live in the age of uncertainties. The multi-fold shifts in technology and societal behaviours have a net effect of creating an increasingly unpredictable threat environment globally. Security threats-be it traditional or non-traditional evolve rapidly, more often than not outpacing our abilities to find suitable solutions. We can't build models, extrapolate data and make guesstimates of what is to come, especially when lives are involved. We must instead persevere diligently in keeping up with the ever-changing global security landscape- mapping out the stakeholders and issues related to them.

Today, as nation states, we are much less threatened by one another than by the growing risk posed by non-statist, and often international, entities, from

religious extremists to cyber terrorists. We stand at a turning point in our history where knowledge information and news, truths half-truths and outright lies, now digitized, networked automated pervasive and instantaneous; have become a very important component in shaping our political, economic cultural and security concerns.

We now operate in a globalized environment in which local and international events are inevitably linked in complex and unpredictable ways. Criticisms, cynicisms and attacks from the public continue to demonize the very pillars and institutions of nation building including our military, police, the judiciary, our security and intelligence forces. In short, local and the international, domestic and foreign, gigantic transnational capital flows and human migration, from a new global and national political debate to suicide bombings; we suddenly find ourselves caught up in a reality to an extent that we have not begun to really appreciate.

Although traditional security threats seem to have receded, other non-military threats have become more dangerous and widespread. I believe this situation is attributed to the increasing number of non-state actors in international relations dynamics. As a result, traditional state-centric notion of security has been challenged by more holistic approaches to security. Among the approaches which seeks to acknowledge and address these basic threats to human safety are paradigms that include cooperative, comprehensive and collective measures, aimed to ensure security for the individual and, as a result, for the state. These new dynamics and threats demand of us to think outside the box- testing "blue ocean" strategies, primarily in the interest of peace and stability of our nation states.

Ladies and Gentleman,

Emerging Security Challenges: Transnational threats

Over the past 3 decades, we have seen a shift in global economic power towards the East. The numbers speak for themselves. According to the Boston Consulting Group, Asia now accounts for a third of the world's total trade and this figure is set to rise to 35% by 2020.This progress has been replicated here in the Asian Pacific region as well. Asia Pacific economies continue to exhibit strong growth. Intrinsic strength, progressive trade agreements among the region's countries, and recovering global demand are helping most economies in the region maintain healthy growth.

Asia is now an important engine of global economic growth, and Asia Pacific, sitting astride key trade and energy routes, is at the confluence of strategic and economic interests of major global players. A key to this economic success has been our ability to maintain peace and stability in the region. Hence, providing an environment that has encouraged trade and investments.

As mentioned earlier, the challenges that we face today are no longer in the form of traditional state-to-state conflicts. Instead, most of the challenges emerging today are transnational security threats that threaten crucial areas.

One of the areas threatened is that of Maritime security. The security of the maritime realm is crucial to the global economy. To put things into context, seaborne trade alone accounts for more than 90% of total global trade. With more than half of the world's oil supply passing through the Straits of Malacca and Singapore, any disruption to the straits will affect the global economy.

The threats to maritime security that we face are complex in nature and include transnational challenges such as maritime terrorism, piracy and territorial disputes. This also includes non-traditional threats such as climate change, pandemics and natural disasters. We have witnessed the

devastating damage and disruption caused by the 2004 Boxing Day tsunami in the Indian Ocean and the March 2011 earthquake in Japan. Both of which were too big for individual countries to tackle on their own.

We also face threats from non-state actors such as small terrorists groups. Early last year, the country was confronted with its gravest security breach since the Confrontation and Emergencies when gunmen aligned to the so-called Sultanate of Sulu in the Philippines landed in Lahad Datu, Sabah, in the Island of Borneo.

These men were attempting to enforce what they believed was a centuries-old claim to the state. In the subsequent Ops Daulat to repel the intruders, 71 Sulu Intruders were killed at the expense of 10 Malaysian Security personnel killed in action. At the same time, Malaysia established the 1,400-kilometre Eastern Sabah Security Command (ESSCOM) in the state of Sabah to better ensure the security of the state.

There are many lessons that could be gained from this incident and certainly one that is most prominent is the threat from non-state actors and in a non-traditional manner. Another vital factor was the close cooperation with our ASEAN neighbours, in this case, Philippines was vital where information and certain security cooperation prevailed at the height of the crisis.

The incident shows that the biggest threats to nations today are not always from each other, but from shadowy groups, often with historical grievances not easily addressed. These groups recognize no national boundaries, are often not easily categorized and whose motivations are often unclear or shifting.

Previously, many Asian countries might have thought of itself not as major targets for large-scale terrorism by religious extremists in the way that the

West may be. Yet Asia's experiences with global terrorism are every bit as tragic as those of the United States, United Kingdom or Spain.

From Bali to Colombo, what is traditionally termed the East or even the Islamic world, are as much locked in this battle as their Western counterparts. If anything, more citizens of the developing world have been murdered by the ideology of hate than any other people.

Terrorism will scavenge off anything to realize its narrow aspirations. The world is fast waking up to the fact that it is not merely the West that is attacked by this international network of terror, but that every State, and indeed every city, is a potential target.

The global movement of resources and people makes the surveillance and defeat of international terror networks an especially challenging prospect. Unlike traditional criminal outfits with an obvious leadership structure, international terrorism thrives on its fluid and footloose nature. With cells scattered throughout the globe and individuals united by an evil motive without necessarily having to actually meet one another, there is no one target to strike, no one person to arrest, no one centre to destroy.

Further, what makes international terrorism even more worrisome is the trend of collusion between terrorist insurgents and transnational organized crime – a potent combination that can lead to devastating outcome for our security interests. All these mean that even in tackling the largest threat – that of terrorism – we cannot afford to take a simplistic, straightforward position.

That is to say, in this case, we must consider the prospect that crippling the terrorist threat also requires action against more 'traditional transnational crimes', whether it be drug trafficking or money laundering. On the surface, these activities may have little in common, but as The Report of the Secretary-General of the United Nations on Global Counter-Terrorism

Strategy indicates, these links are bourgeoning into a vicious, symbiotic relationship. There is no one-dimensional weapon against a multidimensional enemy.

Indeed, another troubling, if unintended, consequence of the global free flow of human resources is the spike in the scale of human trafficking. Although by its very nature, precise data is very difficult to obtain, broad estimates suggest that annual cross-border trafficking incidents are as high as 4 million, with half of them originating in South and South East Asia.

UNICEF reports state that 1.2 million children are trafficked every year for anything from prostitution, forced marriage, domestic service, exploitative labour, and begging. Here, too, the spectre of terrorism looms large in the background. Along with drugs, human trafficking is increasingly a source of funding for terrorist networks globally. Advancements in technology have made it harder to move money from legal accounts into the hands of terrorists without raising red flags – it is thus only to be expected that terror organizations would turn to organized crime activities as a means of financing their operations. Include the fact that trafficking in drugs and humans are the most profitable of all transnational criminal activities, and very quickly we realize that there is more to combating terrorism than meets the eye.

Ladies and Gentleman,

All the limitless possibilities that you see on the internet are being challenged by one thing and that is the question of cyber security. The internet has to be protected. You would not leave your bank account open or money on the table or your door open, but effectively with cyber-attacks, everybody is exposed.

There are no rules of the game and we enter chaos. What's more frightening is that those responsible are often difficult to detect. We certainly cannot ignore that the cyber world of the 21st century poses fundamental new questions. First, is how to balance between freedom and security? And the other is deciding if the internet poses huge benefits or severe dangers?

Well, the use of cyber space has made it very difficult for the authorities to trace perpetrators of security breach let alone tracking them.

As I see it, today's security approaches are primarily reactive and the cyber criminals are already exploiting this weakness. Cyber attacks and security breaches are increasing in frequency with new discovery occurring literally every other day. Cyber warfare has become one of the most vital non-traditional security issue to emerge and is ever evolving.

As you may be well aware, the security threats emerging from the cyber domain are certainly new and may amongst others include Cyber Warfare, Cyber Terrorism, Cyber Espionage, Cyber Crime and Cyber Spying. These cyber threats are intangible in nature, with no borders, and involving unseen armies.

It tends to target the symbols of national security and data of security value, thus posing a more serious danger than many existing strategic threats. It is worth noting that among the more vulnerable targets of cyber attacks, are the military, including the nuclear and missile components, apart from national security targets and intelligence agencies, and infrastructure especially transportation.

Non-state actors and rogue state actors are capable of generating worse dangers by conducting economic espionage on a massive scale and launching cyber attacks to paralyze an entire country. For example, not long ago the penetration modules like the STUXNET Worm almost ruined one-fifth

of Iran's nuclear centrifuge facility. Thus the emergence of cybercrime trends on leveraging innovation ahead of many organizations and security vendors. We have to continue to be cautious of this phenomenon.

More so, with the Revolution in information technology, the advancement of science and technology has further spurred new forms of threats, including unconventional threats such as biological weaponry, cyber security threats and Chemical Biological Radioactive and Nuclear (CBRNe) devices.

The security threat landscape changes constantly, with malicious hackers developing new ways to compromise our systems as older vulnerabilities are discovered and patched. Regrettably, the technology of cyberspace evolves so incredibly fast that our societies have not been able to keep pace in agreeing on legal, political or ethical rules to mitigate cyber threats.

In short, cyber attacks are a daily reality and are growing in sophistication and complexity. Thus keeping pace with this evolving threat requires evolving solutions. Today, humanity seems to be vulnerable to threats and devastation, if not from man-made threat, it is from Mother Nature.

Here I am referring to Environment Security. It was recently reported that by the middle of 21st century significant disruption to human society and the natural world is expected unless action is taken to address environmental degradation.

The current phenomenon of global warming has caused some environmental degradation and it has directly affected the wellbeing and survivability of the human race. Climate change is believed to pose new challenges to states and directly shapes national security policies. Presently, we are often called upon to assist in Humanitarian Assistance and Disaster Relief (HADR) efforts. Internal Disaster, External Disaster, Trans-Boundary Disaster, Natural Disaster, Endemic and Pandemic have continued to challenge our resolve.

We have witnessed, Natural disasters occurring in a very complex and large scale putting a lot of stress on society and causing social distress. We have to be sensitive to our surrounding especially when disaster strikes.

The chilling thought of a Chemical, fertiliser or nuclear plant's destruction causing the release of dangerous and poisonous gases or material into the air or water supply cannot be discarded. It has a great impact on sustaining human development and food security.

From another perspective, Environment security if not addressed appropriately may cause tensions between states. A case in point is the Haze problem attributed by land and forest fires. The primary reason attributed to the drop of air quality is the open and uncontrolled burning or forest fires which is affecting neighbouring countries. The countries affected by the haze may accuse neighbouring countries of not taking sufficient measures to mitigate the haze enveloping these countries. The air pollution upon reaching unhealthy levels can cause health problems specifically respiratory problems.

Additionally, under extreme conditions it may even affect airlines and surface vessels safety. In the Southeast Asia region, almost all ASEAN members have ratified the 2002 ASEAN Agreement on Trans-boundary Haze Pollution. This Agreement binds states to tackle trans-boundary haze pollution resulting from land and forest fires. However, I think the weakness of this Agreement is the enforcement element. Parties are duty bound to create laws that ban open burning practices that cause trans-boundary haze but the implementation of such laws still appear ineffective.

As we ponder further on environment security we must realise its close link to food security. Food security is a growing concern with the shortage of supply and rising cost of food. Food security can be compromised by acts of sabotage or subversive activity on the food and water supply chain, causing

food shortage due to internal and external crises, food safety, and diminishing primary food supply during prolonged war-strife-conflict-crisis.

With the growing population, the Asia-Pacific region is expected to face critical shortage of food supply in the near future. Food production will be impinged by the shortage of fertile land, Global warming and escalating cost of food production. In recent years, shortage of rice supply to Malaysia was attributed to the big floods in Thailand. I would like to quote, that the Food and Agriculture Organisation of the United Nations predicts that the unhealthy balance between food production and food consumption will cause a global food crisis in 2050.

New realities call for more regional cooperation

Recognising these new challenges, governments in Asia have made their respective defence budgets their number one priority. According to the International Institute of Strategic Studies (IISS), from 2002 to 2012, Asia's defence spending rose from US$203 billion to US$356 billion; a 75% increase compared to a 12% increase in Europe over the same period.

In 2012, Asia spent more on defence than Europe. Asia's nominal military expenditure in 2012 was US$287 billion; it surpassed Europe's military spending of US$262 billion. However, considering the nature of the emerging threats that I highlighted earlier, these efforts will not be suffice if we are to maintain stability within this region.

It is clear that no one country, no matter how well-resourced, can solve these problems on its own simply because these threats cut across national borders. States need to come to terms with this new reality and start looking beyond their borders to maintain peace and stability.

In our case, Malaysia's primary platform for regional cooperation is ASEAN. We were one of its founding members in 1967 and ASEAN has always been the cornerstone of Malaysia's foreign policy. Malaysia has championed the idea that a strong and successful ASEAN is not only an economic necessity, but also a strategic imperative. Since its inception, Malaysia has never been involved in any conflict with any of the ASEAN members and cooperation remains strong with several value added subsidiary forums - the ASEAN Regional Forum (ARF), ASEAN Defence Ministers Meeting (ADMM and ADMM Plus) and ASEAN plus Three (to name a few) to address regional security issues.

Malaysia believes that a strong ASEAN is a stabilizing influence in the region. Indeed, many nations have now come to realize the importance of ASEAN and have moved to engage it. We are gratified to note that the US has acknowledged the role that ASEAN can play in the stability of the region. As mentioned by Secretary Hagel, during his visit to Malaysia, "ASEAN remains an important organization to the US in its re-balancing of her overtures in the Asia-Pacific region".

Beside its huge market of 620 million people and a combined GDP of USD2.1 trillion, ASEAN has helped shaped Malaysia's national and regional security policies. ASEAN nations have always subscribed to what we now call the 'ASEAN way' which is the principles of consultation and consensus with confidence-building and preventive diplomacy to contain conflict in the region. At the same time, ASEAN members have always prided themselves with the principle of non-intervention in the domestic affairs of its members.

Here I am compelled to mention a quote by our Prime Minister Najib when he said, "I believe the biggest challenge facing us in the Asian region is domestic stability. International conflicts have often been caused by internal instability." As such, these guiding principles have very often avoided unwarranted

tensions and contributed to the continued peace and stability in the region. Through ASEAN, Malaysia has substantially reduced intra-regional threats which may affect her sovereignty.

Thus, to effectively tackle the whole spectrum of these emerging security challenges, robust regional security architecture is necessary to promote peaceful accommodation between states, and facilitate effective transnational cooperation. These structures must serve the objectives of building trust, pre-empting and resolving potential conflicts. It must be open and inclusive to all stakeholders, big or small. It must ensure that all stakeholders have a seat at the table encourages countries to engage constructively in dialogue and tackle regional security challenges together.

It is thus crucial that multilateral forums such as East Asia Summit (EAS) and the ASEAN Regional Forum (ARF) continue to bring together all relevant stakeholders who can make useful contributions to regional security.

On top of that, there is a need for more initiatives such as "Eyes-in-the-Sky" - a proposal which was raised by our Prime Minister Najib Razak, who was then our Defence Minister, during the 2005 Shangri-La Dialogue. This has since been implemented as part of the Malacca Strait Patrols (MSP) framework. Formed by Malaysia, Indonesia, Singapore and subsequently Thailand, the MSP tackles pirate attacks and sea robberies in the Malacca Strait with combined maritime air patrols, co-ordinated aerial patrols and an Intelligence Exchange Group.

Since its inception in 2005, the MSP has successfully reduced the number of piracy attacks in the Malacca Strait from a high of 38 incidents in 2004 to close to zero in 2011. The incidences of sea robbery and piracy have remained low since. It is clear that we can achieve a lot working together, thus I hope to see more strategic dialogue and practical cooperation within the region.

In terms of niche areas such as cyber security, states should agree on a common position regarding shared norms for responsible state behaviour and the applicability of international law for the use of advanced cyber capabilities and techniques.

Coordination and cooperation among law enforcement authorities across the region and with third countries as well as Europol and INTERPOL should be strengthened. Positions should be coordinated to promote ASEAN values and policies and a common ASEAN position.

By building trust where we have common interests, practical cooperation and sustained dialogue will help us work through disagreements and help us tackle the emerging transnational security challenges within the region.

Solving territorial disputes within the framework of international laws

In recent times, a contentious issue within the region has concerned territorial disputes. The way I see it disputes in the South China and East China Seas must be subject to and resolved through international norms and laws. We expect these disputes to be managed and resolved peacefully and diplomatically, and oppose the use of any form of force or coercion.

Any disagreements between states should be settled peacefully and in accordance with international law. Commitment to internationally accepted norms and legal frameworks provides the only viable and peaceful way to prevent conflict when differences of views arise. In disputes, all sides should exercise maximum restraint and avoid escalating tensions or precipitating confrontations.

Ladies and Gentleman,

Conclusion

As the balance of the world's strategic and economic weight shifts towards Asia, a robust regional security architecture that can accommodate all stakeholders and rising aspirations is vital. Relationships marked by strategic rivalry and uncertainty increase the risks of friction and conflict, which could have devastating consequences on the global economy given Asia's increasing influence.

Given the transnational nature of these emerging security threats, it is clear that no nation can do it alone. Asian defence establishments and extra-regional partners who have a stake in Asia's continued prosperity must therefore engage in ways to increase mutual understanding and confidence, and cooperate to deal with transnational threats to regional security.

One can never underestimate how important it is for leaders at all levels to meet, establish relationships, and form networks. This web of personal ties is as important a part of the robust regional security architecture as the institutionalised links between our defence establishments. Warm ties facilitate the frank exchange of views, which reduces uncertainty and encourages countries to look beyond their differences to focus on where we can work together for mutual benefit.

So on this note, I look forward to hear your insights, and continue the conversation on how together we can sustain regional peace and stability to ensure continued prosperity for all. Thank you very much.