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AM - Asia facing dangerous power shifts: Malaysia

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Reporter: Graeme Dobell

TONY EASTLEY: Overseas now but still in our region, Malaysia has backed Singapore's warning of the danger of a new cold war in Asia.

The Malaysian Prime Minister, Abdullah Badawi, says Asia faces fundamental shifts of power, and the stresses are building.

Mr Abdullah was speaking to the Asia Pacific security roundtable being held in Kuala Lumpur.

From there, Graeme Dobell reports.

GRAEME DOBELL: Singapore sounded the alarm at the weekend, with its warning of the danger of a new cold war between China and the United States because of rising American trade protectionism.

Singapore's Prime Minister, Lee Hsien Loong, says the

pressures are building and a trade war between China and the US could turn into a broader political confrontation - a new cold war that would divide Asia and undermine the world economy.

LEE HSIEN LOOG: If the US takes punitive measures against China on trade and China retaliates, it will lead not just to more protectionism, but also friction and recrimination that will sour the broader relationship between the two countries and increase the risks of a cold war.

GRAEME DOBELL: Malaysia has joined in, pointing to fundamental shifts in economic and strategic power across Asia.

Malaysia's Prime Minister, Abdullah Badawi.

ABDULLAH BADAWI: This shift has created nervousness and sparked new rivalries among the major powers.

GRAEME DOBELL: Mr Abdullah says perhaps the best Asia can hope for is a guarded peace, as China continues to press Taiwan and Asia's economic boom can pay for Asian military modernisation, what others see as a growing arms race.

ABDULLAH BADAWI: 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.

GRAEME DOBELL: Malaysia's Prime Minister also echoed recent Chinese attacks on the new muscle being put into the US military alliances with Japan and Australia, and the new security agreement between Tokyo and Canberra.

ABDULLAH BADAWI: Defence alliances, which are considered unnecessary vestiges of the Cold War by some, are being strengthened and expanded by others under various pretexts.

GRAEME DOBELL: Mr Abdullah says Asia's challenge is to see that ever richer and closer trade links lead to harmony, not hostility.

ABDULLAH BADAWI: As we trade more and invest more with each other, the costs will in fact become even more forbidding, war would indeed be a lunacy.

TONY EASTLEY: Malaysia's Prime Minister, Abdullah Badawi, ending that report from Graeme Dobell in Kuala Lumpur.

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