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MALAYSIA'S PERSPECTIVE ON THE INDO-PACIFIC

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ANALYSIS

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Abstract

Small nations may play a significant role in regional security. They may act as mediators, providing a channel of communication for rival great powers that are bidding for military and/or economic influence in a particular region. As one of the founding members of the Association of Southeast Asian Nations (ASEAN) in 1965, Malaysia attempts to play this mediatory role. This role has evolved similar to ASEAN having faced critical junctures for the survival of its member countries. Without question, China has begun flexing its muscles and is demonstrating its strength. Malaysia maintains a balance and

hedges to avoid being either entrapped or abandoned. This policy paper discusses Malaysia's security perspectives and proposes strategies for overcoming respective dilemmas: by transforming the Armed Forces from an army- to a navy-based force and by balancing the relationships with larger and stronger nations to ensure territorial sovereignty without engaging in conflict. This paper also discusses other global powers' roles and includes suggestions for the EU and Germany to strategize their presence in the region.

1. Introduction

Malaysia enjoys a strategic location in the heart of Southeast Asia, with the South China Sea (SCS) and the Malacca Straits within its proximities, separating mainland Peninsular Malaysia in the west from Sabah and Sarawak in the east on the island of Borneo. This presents an interesting arrangement of challenges and security threats for a country with a population of slightly more than 33.5 million people and standing armed forces of 115,000 active personnel and 52,000 reserves.¹ The modestly-sized armed forces have experience in peace-keeping duties dating back to the 1960s in Congo, Somalia, Cambodia, Bosnia and Herzegovina, and Lebanon. The young nation thus assumed international responsibility shortly after its independence in 1957. Malaysia promotes its ability to deploy military personnel to the aforementioned conflicts and continues to participate in the United Nations' international efforts to bring peace and stability. Closer to home, illegal immigrants, illegal undocumented and unregulated (IUU) fishing, piracy in the Malacca Straits, Islamic extremism, and terrorism particularly post-9/11 present a changing landscape of threats and challenges to Malaysia.

This policy paper identifies and highlights relevant actions and strategies enacted by Malaysia through bilateral and multilateral platforms. These include the Association of Southeast Asian Nations (ASEAN), the group of former British colonies of the Commonwealth, the Organisation of Islamic Countries (OIC) and the loosely formed Five Power Defence Arrangements (FPDA) between Australia, Malaysia, New Zealand, Singapore, and the United Kingdom. The latter was built upon the Anglo-Malayan Defence Agreement, which was signed on 12 October 1957 and was subsequently replaced by the FPDA. This defence arrangement was agreed on after Britain's commitment to cease military activities east of the Suez Canal. Malaysia had to rethink its strategic defence and security policies to compensate for the British protection.

This paper is divided into four sections. The first section provides readers with a brief overview of historical perspectives on how Malaysia perceived its security in the world, particularly as a foreign direct investment (FDI) dependent country. Malaysia transitioned from an agricultural and labour-intensive country to a highly industrialised country of manufacturing, primarily in electronics and semiconductors, as well as in middle-to-higher level industry and services. The Malaysian Ministry of Defence (MinDef) White Paper 2019 and the National Security Council (MKN) Act 2016 (Act 776) (with amendments in 2020) are the relevant documents examined in this paper, looking for ways of curbing and minimising threats and maintaining peace in the country and region.

The second section discusses the challenges within the SCS and broader relevant Indo-Pacific security issues. Regional security is a complex issue, particularly for the archipelago of the Malay islands in Nusantara. It addresses how Malaysia and ASEAN manage a balancing act between China and the US. Further, it evaluates the significance of China's Maritime Law for its Coast Guards, as well as the security cooperation between Australia, the United Kingdom and the United States (dubbed AUKUS) with the potential future collaboration with Japan and the Republic of Korea (ROK). The paper examines Malaysia's and ASEAN's challenges in choosing their next path of strategic alignment and alliances. Even though China's abilities and actions are Malaysia's primary regional challenge, it is also concerned with India's growing influence.

The third section discusses Malaysia's potential for the future. Though it does not intend to be a crystal ball gazing, it does highlight many options available to a small fish in a big pond. Drawing onto experiences that let Malaysia survive the Cold War and deal with the war on terrorism, this chapter shows how Malaysia may fully realise its potential in the decades ahead. The final section contains policy proposals for Europe and specifically for Germany. Whether as an observer, a vanguard, or an otherwise active player, regionally and globally. The policy options presented aim to broaden the perspectives of the European Union (EU) and serve as a targeted instrument for Germany vis-à-vis the small and medium-sized powers in the region.

¹ https://www.globalfirepower.com/country-military-strength-detail.php?country_id=malaysia

2. Historical Perspectives of Security in Malaysia

After gaining independence from the British in 1957, Malaya later formed Malaysia in 1963, including Sabah, Sarawak, and Singapore. Singapore seceded from Malaysia in 1965. This was due to Lee Kuan Yew's disagreements with Malaysia's Prime Minister about the direction of the new nation. Neighbouring Indonesia initially rejected Malaysia's formation, and its President Sukarno propagated *Destroy Malaysia or Ganyang Malaysia* in Bahasa Indonesia. Vietnam's conflict between the communist North and South Vietnam, which was heavily backed by the US, caused instability in the region. From the 1970s to 1990s, Malaysia was mostly active in the Non-Aligned Movement (NAM) although it was more aligned with the west's liberal and democratic ideas that spurred the economic and industrial growth of the country. Malaysia had to rethink its foreign policy and defence strategy in the new millennium, following the attack on New York's Twin Towers, which launched the US-led War on Terror. The evolution of Malaysia's security threat has not declined as much from communist threat, neighbouring territorial claims, and Muslim extremists and fundamentalists. The domestic and external policy and security threats have evolved, but the defence and security policy remained largely unchanged.

A recent survey poll conducted by the Institute of Southeast Asian Studies (ISEAS) Yusof Ishak Institute identified three top security threats perceived by 1,308 ASEAN citizens interviewed. These are economic downturns, domestic political instability, and terrorism.² The sentiments are not far off in Malaysia and historically rooted in the Japanese Imperial Army's harsh and brutal occupation during World War II (acknowledging to the many historical records and folklores from generations)³, the communist insurgencies post-independence⁴ and the militant extremism that occurred less than a decade ago in Kampung Tanduo, Lahad Datu, Sabah, in 2013⁵. The Sulu Sultanate of the Philippines decided to lay claim to the land of the east coast of Sabah through armed invasion, only to be defeated by Malaysia's Armed Forces. Malaysians today, moreover, recall that only six decades ago the vision of a strong Nusantara, a united Indonesia and Malaysia, but also Singapore and Brunei led Indonesia to declare Konfrontasi (Confrontation). Malaysia's first Prime Minister Tunku Abdul Rahman in 1963 successfully formed and combined the Federation of Malaya, Borneo states of Sabah and Sarawak (via a UN referendum), and Singapore. Brunei Darussalam at the eleventh hour, decided not to become part of Malaysia.

As mentioned earlier, Singapore would later secede from Malaysia in 1965, leaving the new nation's leader Lee Kuan Yew exasperated as the only ethnic Chinese-majority country sandwiched between Muslim Malay-Malaysians and Javanese-dominated Indonesia.

Malaysia is currently facing a number of threats. Some of these threats have historical roots, while others are rooted in today's geopolitical environment in the SCS. The three most pressing security concerns are

- **China's increasing coercion** tying into a general mistrust of the communist legacy within and outside the country,
- mistrust of **Japan's regional military ambitions** and
- **militant insurgencies** by groups such as the Thai Muslim separatists and the Sulu Sultanate including hostility and territorial claims from neighbouring countries such as Brunei, the Philippines, Indonesia, and Singapore.

Firstly, Malaysia is concerned about China's increasing coercion and harassment of Malaysia's gas and oil exploration vessels. Furthermore, it shares regional and international concerns regarding the Freedom of Navigation and Operations (FONOPS) and disputes around Air Defence Identification Zones (ADIZ), as well as the prolonged China Code of Conduct (COC)⁶. In this regard, Malaysia's foreign and defence policymakers are quickly able to relate to and comprehend the numerous current security threats that exist on their shores.

Secondly, an act of aggression that lingers still is Japan's imperialism in World War II, which has left Malaysians until this day with doubt and untrustworthiness towards Japan and its ambition to be a strong defence player in the region. This particularly pertains to Japan's Self Defence Forces law as stated in the US-drafted Japanese constitution. With steps being taken in Japan to amend this law, many are asking themselves what would prevent Japan from invading Malaysia again.

Finally, Malaysia is facing threats from its neighbours in form of militants, both in the north from Thai Muslim separatists and in the south, from the Sulu Sultanate in the southern Philippines. These security issues have been identified by Malaysia's political elite, policymakers and its people as critical and are documented in Malaysia's first Defence White Paper.

² https://www.iseas.edu.sg/images/pdf/TheStateofSEASurveyReport_2020.pdf

³ Kratoska, Paul H. 1996. *Malaya and Singapore during the Japanese Occupation*, Journal of Southeast Asian Studies Special Publication, No. 3

⁴ Thomas, M. Ladd. 1977. *The Malayan Communist Insurgency*. *Asian Affairs: An American Review*. Vol. 4, No. 5 pp. 306-316 (11 pages) Taylor & Francis, Ltd

⁵ Raman, Siti Nur, Mohd Adnan Hashim. 2020. *An Analysis on the Aftermath of Lahad Datu Incursion*. *Journal Of Media And Information Warfare* Volume 13(1), 87-104

⁶ <https://map.nbr.org/2020/10/declaration-on-the-conduct-of-parties-in-the-south-china-sea>

Prior to the documentation of the White Paper, Malaysia only had a broader and general working document on its defence policy that addressed domestic, regional and international issues and challenges. The white paper was an attempt to emulate Malaysia's ASEAN neighbours' practice as well as the FPDA members in observing Malaysia's future defence and security path. In developing it, feedback was taken into account from a variety of sources, not only from defence, security, and military personnel, but also from agricultural, socioeconomic, finance, and industrial sectors.

Besides the aforementioned 104-page Defence White Paper (2019), a 30-page National Security Council (MKN) Act 2016 (Act 776) (2020 amendments) was drafted with the intention to ensure that Malaysia's strategic interests and sovereignty are upheld and defended^{7 8}. This too reflects the historical threats of communist insurgency; China's encroachment to Malaysia Exclusive Economic Zone (EEZ), Japan's highly developed and sophisticated Self Defence Forces, and extremism of militants from neighbouring countries as causes for concern⁹. Critics of the document, particularly those from Malaysia's opposition parties and defence security analysts, have stated that the White Paper falls short of addressing critical and pressing security issues for the country. One must, however, keep in mind that it was the country's first defence white paper.

Malaysia's elites and policymakers realised early on that economic growth required investment and international businesses. Only a stable and peaceful country could attract foreign direct investment. This was prevalent during Dr. Mahathir Mohamad's tenure as the fourth Prime Minister of Malaysia when he introduced 'Malaysia Incorporated (Inc)' to encourage privatization and business development. As a result, he transformed Malaysia from relying on labour-intensive agriculture to a manufacturing and industrial nation. Today, much of Malaysia's FDI comes from Chinese investments, which may create dependencies and influence behaviour. Malaysia must be political and economic stable in order to continue doing business with the international community and thriving economically.

Another factor to consider when looking at threat perceptions is the social media habits of Malaysian citizens. 30.5 million out of 33.5 million Malaysian expatriates and foreign workers have domestic internet protocol (IP) Malaysian addresses indicating active social media users¹⁰. Young Malaysians aged 17-35 are also active users of Twitter and Instagram, and Malaysians have become accustomed to it, calling it Twitterjaya, like most of its named cities (i.e. Putrajaya, Subang Jaya, Petaling Jaya, Cyberjaya to name a few). Considering this use of social media, security risks such as disinformation, false news, and incitement of political instability must also be considered.

This section served to provide readers an understanding of Malaysia's self-assessment of security threats. The next step in this policy analysis is to frame Malaysia as a maritime nation. Malaysia must acknowledge this in order to pursue and protect its interests in the long run. It is important to note that traditionally, Malaysian elites are heavily reliant on its land forces. The Malaysian Army, which has a force of close to 80,000 soldiers, still is seen in light of its success in eradicating communist insurgents and guaranteeing the Security and Development policy enabling Malaysia to become a developed, peaceful, and stable nation. Many in Malaysia's traditional political elite and bureaucrats owed much to the army and emotionally cling to the idea that Malaysia still requires a strong land force rather than an effective naval fleet. This is also reflected in the absence of the Royal Malaysian Navy's (RMN) 15-to-5 Armada Transformation Program (Fleet Transformation Program), which envisions an effective and formidable fleet, as a critical component in the Defence White Paper. The dilapidated and aged RMN vessels have scrambled the navy's top echelons on its ability to ensure that its shores are safeguarded and well-armed in order to manage conflicts and future disputes. The RMN leadership admitted that the transformation program requires more attention and a larger funding¹¹.

7 <https://www.mod.gov.my/images/mindef/article/kpp/DWP-3rd-Edition-02112020.pdf>

8 <https://asset.mkn.gov.my/web/wp-content/uploads/sites/3/2019/08/Akta-MKN-2016-BM.pdf>

9 Abadi, Abdul Muein. 2021. *Kleptocracy and Foreign Loan Decision-Making Process: Insights From Malaysia's Deals and Renegotiations With China*. *Journal of Current Southeast Asian Affairs* 1–24.

Abadi, Abdul Muein. 2021. *Kleptocracy, strategic corruption, and defence policymaking: the impact of Najib Razak's 1MDB scandal on Malaysia's defence relationship with China (2015–2017)*. *Journal of Contemporary Politics*.

10 <https://datareportal.com/reports/digital-2022-malaysia>

11 Interviews with Malaysian Armed Forces personnel

3. The South China Sea: A security thorn for Malaysia

3.1. Malaysia-China Bilateral Relations

Malaysia established diplomatic relations with the People's Republic of China two years after US President Richard Nixon's administration normalised relations with China in 1974. Prior to that, Malaysia established a trade council with Beijing. Malaysia's second Prime Minister, Abdul Razak, made an executive decision to follow the US and extend a hand of friendship to Chairman Mao Zedong. Despite Malaysia's own domestic communist insurgency threat, Malaysia became the first democratically elected Southeast Asian nation to normalise relations with communist China. Malaysia's approach regarding Malaysia-China relations was a two-pronged strategy. One was to address Malaysian ethnic Chinese with family roots, while the other was to neutralise communist terrorists who still wanted to turn Malaysia into a communist state. Malaysians of Chinese descent were questioned by the Malays on whether they were loyal to Malaysia or to ancestral China. This was all resolved when China did not recognise dual citizenship along with Malaysia and China politically denouncing the Malayan Communist Party.

The communist threat in Malaysia formally ended in 1989, when the leader of the Malayan Communist Party, Chin Peng, signed a peace treaty with the Malaysian government in Hatyai, southern Thailand. This coincided with the fall of the Soviet Union and collapse of communist regimes worldwide. It also marked the end of communist threats in Malaysia. That same year, Malaysia refrained from officially criticising China's handling of the Chinese people's protest at Tiananmen Square for an open and democratic society post-Cold War and remained largely silent about the situation. In some ways, China took note of the countries that did not interfere in Chinese affairs. One of ASEAN's pillars is not meddling in domestic politics. Malaysia remained careful and maintained its status quo in managing China, bilaterally and multilaterally.

In the maritime domain, however, Malaysia takes a slightly different approach. Apart from Malaysia, ASEAN member countries that are active in bringing the issue of maritime disputes of the SCS into the ASEAN Summit are Brunei, the Philippines, Vietnam, and to some extent Indonesia. These have been a thorn in these nation's internal politics and China's ambiguous policy approaches to the ASEAN countries challenging the former's claims. China has so far been successful in its divide and rule approach. Vietnam and the Philippines have traditionally been more vocal towards China, to which China has responded aggressively, as opposed to Malaysia's Foreign Ministry's (Wisma Putra) quieter and more diplomatically channelled protest acts. Though Malaysia joined hands with Vietnam in 2009 to protest China's claims, China is more lenient toward Malaysia than it is towards Vietnam and the Philippines.

This paper will not go into detail about China's actions but rather focuses on Malaysia's reaction and position. Claims and counterclaims to the disputed maritime territory pose a vicious cycle. Among others, these issues are discussed at the Yokosuka Council of Asia Pacific Studies (YCAPS), the ISE-AS, Malaysia Institute of Defence and Security (MiDAS) under MinDef Malaysia, the Maritime Institute of Malaysia (MIMA) under the Ministry of Transport Malaysia, and the RMN Sea Power Center (PUSMAS TLDM). All of these institutes have provided insightful speakers to the discussions and debates. Central to the discussion is the question why China is acting ambiguously toward Malaysia, despite Malaysia's diplomatic approach toward China. Malaysia has found its own way to deal with China's power aspirations in the region. This is due to Malaysia's age-old understanding of Tianxia (Chinese: 天下), which literally means "(all) under Heaven" during the Malacca Sultanate-era. A historical Chinese cultural concept symbolising either the entire geographical world or the metaphysical realm of mortals, which later became associated with Chinese political sovereignty¹². While Malaysia has recognised that it is a small nation, larger and more powerful nations may not need to conquer or exterminate it entirely. As indicated earlier, Malaysia became the first democratically elected ASEAN-member government to normalise diplomatic relations with China in 1974. The 40th anniversary of diplomatic relations was celebrated with great fanfare in 2014. Even the Chinese proverb "Those who drink the water must remember those who dug the well" was used to promote Malaysia-China relations. It became a symbol of the personal bond between Malaysia's and China's leaders. This balancing act has managed to keep China more lenient towards Malaysia than other ASEAN countries. However, in the maritime realm of SCS, things are very different. Malaysia has repeatedly advised China to exercise restraint. It adapted different channels available to respond to China's coerciveness and aggression, including downplaying China's actions on national news and pro-government media. Despite Malaysia's efforts, China's power assertion in the SCS has not halted from Malaysia claimed territories. Another point raised by Malaysian scholars is the government's and policymakers' hedging and balancing act, which will be addressed in the next chapter.

3.2. Malaysia-US Bilateral Relations

Malaysia-US relations have always been mutually beneficial to both countries. Since independence in 1957, Tunku Abdul Rahman Putra Alhaj, Malaysia's first Prime Minister, desired a country modelled after the United States – a young Muslim-majority country with a secular state and a liberal democracy. Malaysia has benefited from its bilateral relations with the US, especially in the fields of trade and economy, as well as defence

¹² Hayton, Bill. 2020. *The Invention of China*. Yale University

procurements. This also includes training and education for Malaysians in US higher learning institutions since independence. Since the 1980s, Malaysia has sent military cadets to US military academies to emulate and learn from their best practices, and ideals of a modern and sophisticated armed forces. Despite the challenges posed by the war on terror and certain elements of human rights in which Malaysia could not support the US directly, Malaysia-US' government-to-government and people-to-people relations have improved fairly over the years.

Hence, Malaysia's act of not abandoning the United States in its efforts for a stable and peaceful region is an act of power balancing and hedging typical for a smaller state. At the same time, it engages with China through defence contracts to manufacture the RMN's littoral combat ship (LCS)¹³. Under President Barack Obama's leadership, together with US Secretary of State Hillary Clinton, the United States responded to the region's perceived waning US influence by emphasising the "Asian Pivot". Malaysia and ASEAN members have made it clear to the US that ASEAN will not allow the weaponization of the SCS dispute and will continue to deescalate potential armed conflicts in the region.

The 2022 Russia-Ukraine war will serve as textbook material for Malaysia and other Indo-Pacific countries. The fear of abandonment by their defence partners, strategic alliances, and cooperation has increased. The actions of the North Atlantic Treaty Organization (NATO) and the EU towards the Russian aggression to Ukraine were met with disappointment in Malaysia. Instead, Malaysia derives that it must have the appropriate tools to deescalate such aggression on its own. The analysis of this war thus far is that financial assistance and military equipment will be provided, but countries will be left on their own when it comes to fighting the enemy at the gates. Malaysia's government recognises that this cannot happen in the SCS: If there is a conflict in the SCS, what would happen to smaller states when attacked without provocation and if their territory were invaded? The true source of concern in the region is the domino effect of China's invasion of the Republic of China (Taiwan). When Taiwan is at odds, what are modes for escalation and de-escalation that could be used to keep the conflict from becoming a regional war in which smaller states must choose sides? When considering different options, one must take into account that ASEAN's approach has so far always been to address any challenges at the table or through diplomatic channels.

3.3. Mitigating China and the US, invest in self-defence

The options available are to engage with both China and the US on a continuous basis, using ASEAN and its expanded platforms as tools, such as the ASEAN Defence Ministerial Meeting (ADMM), ASEAN Regional Forum (ARF), and many other chan-

nels to showcase unity and speak with one voice for the region. When Ukraine pleaded to big powers, underlined by Russia's aggressive stance on Russian-speaking territories in Ukraine, the EU and NATO did not fully utilise their options on the table, especially when Russia responded with brute military force. Smaller nations such as Malaysia and many ASEAN countries observe that should China provoke, attack, and invade a country, they should expect a similar response from the West.

Malaysian authorities believe that the only way to avoid such conflict is to be prepared to defend themselves against any aggression. In order to monitor and defend its shores, a maritime nation requires a strong navy, efficient coast guards, marine police, and naval air reconnaissance. Militarily, the first point of action for the country is to reduce the size of Malaysia's army, which consumes a large portion of the budget. This is a contentious and unpopular transformation, but it may be the most expedient solution. The 80,000 soldiers and officer corps could be reduced to 25-45 per cent in ten years, which would provide significant financial relief to focus on the RMN fleet and personnel. Combined with modernising the equipment and highly trained navy personnel, the RMN's size should be doubled to 30,000 sailors and officers in ten years. This practice was used in the earlier part of this millennium when RMN personnel were selected and absorbed into the Malaysia Maritime Enforcement Agency (APMM) or coast guard. This suggests that such a change is possible.

Issues such as maintenance, repair and overhaul (MRO), faced by the navy due to lack of sea time for ships could be solved by downsizing the army and increasing the size of the navy's fleet and personnel. Malaysia's defence budget in 2019 was the lowest after 2017, with an allocation of only US\$3.87 billion, a 40 per cent decrease from the budget allocated in 2018. This allocation includes US\$3 billion for Operation Expenditure (OE) and the remainder for Development Expenditure (DE)¹⁴. This basically means that the OE takes a larger portion for salary payments and operational costs that should have gone toward the development of navy vessels. Essentially, a smaller nation should have a capable maritime force to deal with illegal encroachments by foreign vessels, whether militarily or commercially. Malaysia notices this about Singapore, her southern neighbour. The Republic of Singapore's Navy and Coast Guards are well-equipped with cutting-edge maritime technology that helps defend its maritime territorial borders. Singapore is a small country, but it is capable of deterring any threats or conflicts that are deemed dangerous to its peace and stability. This comes at a high cost, which Malaysia's authorities have yet to address and resolve.

¹³ <https://thediplomat.com/2017/02/malaysias-new-china-warship-deal-promises-and-prospects/>

¹⁴ Ministry of Finance Malaysia Budget 2019

4. Malaysia's Security in the Indo-Pacific: Making it Future-Ready

In the previous sections, we presented Malaysia's threats and challenges from a historical perspective and suggested ways to transform the military by downsizing ground forces and expanding the navy. In this section, we will attempt to forecast Malaysia's future threats, as well as future perspectives, to then address possible actions for the next decade. Malaysia cannot compete with the expanding Chinese fleet or fight in an unwinnable war. A quote by Dr. Mahathir on China's aggressiveness can be summarized as follows:

"We always say, we have had China as a neighbour for 2,000 years, we were never conquered by them. But the Europeans came in 1509, in two years, they conquered Malaysia."

"When China was poor, we were frightened of China. When China is rich, we are also frightened of China," he said. "I think we have to find some way to deal with China." ¹⁵

4.1. AUKUS and Beyond

Australia's participation in the Australia-UK-US nexus did not surprise many ASEAN members. Malaysia has had bitter and at times strained relations with Australia, with Malaysia once calling Australia the US Deputy Sheriff of the Indo-Pacific, much to the chagrin of Australia's leaders. Malaysia and ASEAN believed that using ASEAN-centric methods to discuss regional issues through the Asean Regional Forum ARF was a win-win situation for all parties involved. While many have supported AUKUS, others have criticised it for a lack of engagement and discussion with other important players in the region, namely Japan, the Republic of Korea, and other ARF members. Japan is already a member of the Quadrilateral Security Dialogue (Quad/QSD): a grouping of Australia, India, Japan and the United States. At the same time, AUKUS probably could one day become J-AUKUS. Such a move would be understood as an assertion of Japan's ambitions to expand its security sphere and influence in the region. Considering Malaysia's history of Japanese imperialism in the region, these ambitions may not be welcomed.

If Malaysia builds a respectable and formidable Navy fleet in the coming 20 to 25 years, Malaysia could be a partner to AUKUS and the Quad. However, it is unlikely to go as far as becoming an equal party to it. Malaysia's long-standing policy has been to be friendly to its neighbours in the SCS maritime domain. Malaysia will remain friendly toward China which views AUKUS and Quad with suspicion and distrust. At the International Institute for Strategic Studies (IISS) Shangri-La Dialogue in Singapore in June 2022, China's Defence Minister, General Wei Fenghe, sent a stern signal and warned that the "Taiwan

issue" and SCS claimants should be discussed among relevant countries in the region, and external parties should not interfere. Malaysia has observed for many decades that it's better not to ruffle feathers or challenge the status quo when it comes to China's claims in the SCS. After all, Malaysia is much closer to China than other big powers.

Even though Australia is located in the Pacific, the country has practiced Western ideals and norms. Over time, it has realised its geopolitical position and identifies itself more closely to Asia while maintaining these ideals and liberal views. Under Dr. Mahathir's leadership, there was always a schism between Malaysian and Australian leaders, including under the era of Prime Ministers Paul Keating and John Howard. However, as both are former British colonies and members of the Commonwealth, military cooperation and people-to-people interactions have always been warm and cordial. Post-Mahathir era relations between the two countries have greatly improved under Prime Ministers Tun Abdullah Badawi and Najib Razak. As a result, Malaysia-Australia relations will hopefully continue to be mutually beneficial. However, the AUKUS and Quad initiatives will create new gaps that must be addressed bilaterally and multilaterally. This includes the status of both the nation's active participation in FPDA and ADMM platforms.

The transformation of Malaysia's Armed Forces, possibly including expanding its naval fleet, may be a welcome development by the region's security community and encourage further collaboration with its neighbours. It is within Malaysia's balancing acts between the US and China, as well as other external major powers, where complexities will deepen. For example, the author foresees that the mere presence of RMN vessels would significantly reduce Chinese Coast Guard (CCG) aggression. Despite the fact that the CCG is larger than the RMN, the latter's presence demonstrates sovereignty and territorial supremacy because the majority of the disputed maritime areas are close to Malaysia's Exclusive Economic Zones (EEZ). This act of defence would not only encourage the CCG to abide by the UN Convention on the Law of the Sea, but it would also help Malaysia gain respect by emphasising the importance of its maritime territory demarcation to China's People's Liberation Army-Navy (PLA-N). In this scenario, the US and other major powers in the region may try to capitalise on this effort by either strengthening the AUKUS or the Quad to increase Malaysia's readiness to deny China's overpowering presence. Malaysia will continue to play it safe by not irritating China. The RMN's own Sea Power Center recognises and identifies sea presence and sea time as the most important deterrent of hostile elements in the SCS.

¹⁵ <https://www.todayonline.com/world/id-side-rich-china-over-fickle-us-malaysias-mahathir-mohamad>

In light of Dr. Mahathir's aforementioned quote on managing China, this should be one of the options for avoiding conflict and future wars. A portrayal of strength but not aggression, a display of presence to gain respect but not to demand it.

4.2. Striking a balance between major and minor powers

The majority of big powers tend to pay little attention to a small and weak country. The former Malaysian Defence Minister under the Pakatan Harapan administration, Mohamad Sabu, recognised this when he said, "when an elephant fights another elephant, the mousedeer will be trampled". Malaysia is, without a doubt, that mousedeer. So, what is that mousedeer capable of? Does it sit idly by and wait to be trampled, or does it collaborate with other small animals to make the elephant take notice? Malaysia has, in some ways, accomplished this. Beginning with being a member of the Non-Aligned Movement's and remaining neutral in the Cold War, the country has been able to withstand attacks. Similarly, Malaysian diplomats worked with the OIC, as a Muslim country, to give voice to and isolate Islamic extremism and radicals when President George W. Bush delivered the "Either You're With Us or Against Us" speech on September 11. At the same time, the Malaysian government acknowledged that its own citizens were being held captive in Guantanamo Bay. This led to the establishment of the region's Southeast Asia Regional Center for Counter Terrorism (SEARCCT) under the Ministry of Foreign Affairs in 2003. The SEARCCT continues to address terrorism, which remains a challenge in the region, especially after Islamic militants infiltrated Malaysian territory in 2013.

Malaysia's many successes in manoeuvring and surviving over the years can be attributed to government strategies that address issues such as development, economy and land management. Rather than focusing solely on defence, the government established businesses and industry-related initiatives. Programs and initiatives of KESBAN, the Five-Year Development Plan (an idea originated from Chinese President Mao Zedong), and many other initiatives such as the Federal Land Development (FELDA) for poorer Malaysians, the Federal Land Consolidation and Rehabilitation Authority (FELCRA), the People's Trust Council (MARA), are visions from Malaysia's leadership to focus more on development rather than solely on weapons and defence acquisition.

These strategies have not only prevented the country's citizens from becoming radicalised, but have also served as a guidepost for many developing countries. Friendships with other small nations have proven to be one of Malaysia's main strengths, especially when it needs support in multilateral platforms. Hence, Malaysia's practice of striking a balance between major and minor powers is in line with the adage of keeping a safe distance from the sun. We don't want to be too close to the sun and get burned, nor too far away and get cold and damp. The image of conquest of smaller and weaker nations by great powers is still embedded in the collective memory of Southeast Asia, and was aptly described by the Indonesian Minister of Defence, General Prabowo, at the IISS Shangri-La Dialogue in Singapore: "We in the East still remember the European conquerors coming to our shores, to exploit our natural wealth and resources. The plundering of our commodities by the West has resulted in your favour that we are still recovering from until today. We've learned this from our history, and we don't want this to happen again, in any way."¹⁶

¹⁶ General Prabowo Speech at the IISS Shangri-La Dialogue 2022: Managing Geopolitical Competition in a Multipolar Region, Jun 11, 2022.

5. Liberal Policy Recommendations: Does Malaysia need the EU and Germany?

When news of British warships, French Rubis-class nuclear attack submarine and Germany's Frigate "Bayern" surfaced, the nuances of European imperialism were the first thing to surface in the minds of people in the region. Malaysian authorities, on the other hand, did not react so strongly in viewing these warships as unwelcome. In fact, there was little media coverage, and the Ministry of Defence made no clear statements about the ships operating in the region.

Remnants of European architecture still dot the geographic landscape of Malaysia. The Portuguese fort of A Famosa, the gleaming red bricks of the Dutch Stadthuys building in Malacca, and the British bungalows in the Cameron, Fraser, and Maxwell highlands built during colonial times remind the peoples of Southeast Asia of what Europeans were capable of. The presence of these fleets or activities in the SCS and Indo-Pacific may in fact mean nothing or at a minimum symbolise modest support for US FONOPS and ADIZ.

Malaysia recognises that the clear and imminent threat to the Western world in fact stems from China. In his book "Has China Won?" Kishore Mahbubani argues that China, as a trading nation, requires access to maritime trade routes to transport and deliver its goods, and that it would be unthinkable if China were to be the one halting and restricting freedom of navigation¹⁷. China accounts for the bulk of Malaysia's trade, as well as the majority of other ASEAN-members.

From publicly acquired data, one can see that total trade between China and Malaysia reached US\$176.8 billion in 2021, representing a 34.5 per cent year-on-year increase in the midst of the Covid-19 pandemic¹⁸. Malaysia's trade with Germany in 2020 is between \$5 billion and \$7 billion, focusing primarily on machines, instruments, plastics, and rubbers¹⁹. Malaysia's trade with the EU indicates it as the fifth largest trading partner (after China, Singapore, South Korea, and the United States), accounting for 7.4 per cent of total trade. Trade with the EU totalled US\$40.38 billion in 2019, accounting for 9.5 per cent of Malaysia's total trade, a 4.8 per cent decrease from 2018. Exports to the EU fell 2.9 per cent year-on-year to US\$22.15 billion. Malaysia in 2020 was the EU's 20th largest goods trading partner. Industrial products dominate bilateral trade between the EU and Malaysia²⁰. Malaysia has a significant trade surplus with China, which benefits Malaysia. Having China as an important trade partner and source of foreign direct investment has positioned China as an important and crucial financial resource for Malaysia's GDP growth and development.

Malaysia, on the other hand, cannot ignore other countries such as the EU and, more importantly, Germany in order to maintain its growth.

From this data, we recognise the significance of China as a trading partner for Malaysia. Malaysia cannot ignore the importance of China's trade and investment. However, Malaysia has avoided falling into China's debt trap, which was a major reason for Prime Minister Mohd Najib Razak's defeat in the 2018 elections. This was a first for Malaysia's dominant party alliances, the United Malays National Organisation (UMNO) and the National Front (BN), which have guided the country's development and growth since independence. Malaysia's people's defiance of Malaysian Prime Minister Mohd Najib Razak came in the face of allegations of kleptocracy and abuse of power stemming from China's inflated construction costs and other misappropriation of government funds. It also served as a wake-up call to China that money and wealth do not equate to loyalty from small nations like Malaysia. Even during the 2018 General Elections, when a serving Chinese Ambassador to Malaysia hinted at the importance of Najib Razak winning to ensure wealth and prosperity, this was taken with a grain of salt, as it clearly fell on deaf ears, even among Malaysians of Chinese descent, who were mostly pro-opposition²¹.

At the same time, Malaysia acknowledges the EU for its assistance and recognition as a new nation in 1957. Malaysia's foreign policy promotes the value of making friends rather than enemies. Having dialogues rather than provoking violence. Keeping tensions at bay and always deescalating potential risks. Malaysia recognises Germany's investment and fostered its growth through technical colleges such as the German-Malaysian Institute (GMI). Founded in 1991, it is a government and people-to-people initiative aimed at developing a professional workforce based on German philosophy and ethics.

However, in terms of security, the presence of a European warship in the South China Sea and the Indo-Pacific is not helpful. Since there are no direct security threats or conflicts in the Indo-Pacific region at this time, most would view the European presence as a mere show of force and military exercise that further exacerbates the problem. Conversely, if a Chinese fleet or other hostile nation with a nuclear submarine appeared off the coasts of the Baltic, North Atlantic, Mediterranean, or Black Sea, alarm bells would ring and numerous ships and fighter jets would be dispatched to warn against them.

The best option is to avoid the presence of warships in the region, either through goodwill or through humanitarian efforts and assistance, such as semi-military or mixed civil-military

17 Mahbubani, K. 2020. *Has China Won? New York PublicAffairs*
18 <https://www.thestar.com.my/news/nation/2022/01/26/china-malaysia-trade-hit-740bil-in-2021>

19 <https://oec.world/en/profile/bilateral-country/deu/partner/mys>

20 https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia_en

21 <https://www.youtube.com/watch?v=IXFGY1an9JQ> Bilahari Kausikan on "How to Think About Southeast Asia"

efforts or a full non-military presence. It certainly doesn't help that US bases are located in the region, and given NATO's

perceived mismanagement of the Russia-Ukraine conflict, the SCS and Indo-Pacific region in fact requires less attention.

6. Conclusion

Malaysia understands the importance of a safe, secure, and stable region. Following China's economic growth and military expansion over the past millennia and into the 21st century, the Malaysian leadership made an important decision in 1974 to normalise relations with China. China's current leadership recognises this gesture of goodwill. Factor in the SCS disputes and the intrusion of the Chinese Coast Guard into the Malaysian EEZ, and a fascinating paradox emerges: China is a good friend, but in reality a bad neighbour. Arguments about a declining US presence are, in reality, half-truths because the

US maintains a strategic military presence in the region. US military bases in both Japan and South Korea indicate that they are here for the long term, and the presence of warships from other regional and global players such as the United Kingdom, France, and Germany frequently raises fundamental questions among leaders, scholars, and think-tanks in the region. Are you here as a friend or an enemy? What are your true intentions? Ultimately, these questions can only be answered by the major powers and the West.

About the Authors



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