

CHAPTER 3

New Developments in Malaysian Security Outlook

Tang Siew Mun

Introduction

Security has been compared to oxygen. This analogy is a grim reminder of the important things we take for granted. When in limited supply, only then we will inquire as to its dwindling supply. Defence planning concerns the provision of security today as much as it does for tomorrow. In this regard, there are numerous lessons for the Malaysian defence establishment to draw from in the past year. The Lahad Datu intrusion and China's increasing assertive behavior in the South China Sea are demanding a change in Malaysia's security outlook and defence policy. This paper is divided into three parts. In the first part, it will briefly review Malaysia's defence spending pattern and trend. It will then focus on the two major developments that will have a profound impact on future defence planning and strategic posture. The last section will discuss the motivations and implications of establishment of the new Bintulu naval base.

Analyzing the Defence Budget

Defense budgets and allocations are often a factor of a nation's financial standing and threat perception. Strong financial health enables planners to put forth a stronger case for a larger share of expenditure and allocation. The military's political masters are more likely to be persuaded with more resources at their disposal. On the other hand, increased expenditures are also a reflection of the necessity to strengthen capabilities. In the case of Malaysia, domestic imperatives and a perceived benign strategic environment has kept the military budget relatively stable. It ranks fourth in the Southeast Asian region. Malaysia's share of the ASEAN states defense spending is 12.2%, following in the wake of Singapore (26.6%), Indonesia (21.3%) and Thailand (15.1%). While Malaysia's defense spending per capita increased from US\$129 (2010) to US\$153 (2012), the percentage of defense spending over GDP has declined from 1.54% to 1.45% in the corresponding period.

The government allocated RM16.1 billion for 2014. This allocation is a 6% increase from the preceding year of RM15.25 billion (see Table 1). The total sum of the allocation is divided into two streams, namely operational and development. 83% of the total allocation is for operational purpose and the remainder 17% of the allocation is reserved for developmental use.

Table 1: Comparison Between Malaysia’s Defence Budget in 2013 and 2014

	2013 (RM billion)	2014 (RM billion)
Total Allocation	15.251	16.1
Operational	11.970	13.355
Developmental	3.281	2.745

It is noteworthy that while the overall budget increased by 6%, the extra allocation goes to funding emolument, pensions, maintenance, and supplies. On the other hand, funding for developmental purposes decreased by RM536 billion. The decline is worrisome as it would mean gaps and urgent replacement programmes in the Malaysian Armed Forces such as the planned phasing out of the MiG-29 fleet will not be funded. The replacement of the multi-role combat aircraft is expected to be put on the backburner in light of the increasing scarcity of funds for development. Some of the major platforms covered under the 2014 budget, though, are the Airbus A400M transport aircrafts and the new *Laksamana* class littoral combat ships (LCS).

The A400M transports, expected to be operational by 2015, will dramatically improve the Royal Malaysian Air Force’s airlift capability and enhance operational effectiveness between East and West Malaysia. The commitment to fund additional offshore patrol vessels is a clear indication of the increasing importance and attention paid to securing the nation’s EEZ. The planned six Second Generation Patrol Vessel Littoral Combat Ship (SGPV-LCS) packs more firepower and enhanced capabilities compared to the commissioned *Kedah*-class LCS.

Significant Developments in Malaysian Security: the Lahad Datu Incident and the Hishammudin Announcement

The year of 2013 was a “make or break” moment for both sides of the political divide as the 13th General Election will decide the political fortune of the ruling

coalition, Barisan Nasional, and its contenders, the Pakatan Rakyat. The stakes were high. A swing on either side would have important implications. For Prime Minister Mohd. Najib Tun Razak a win would enhance his legitimacy and signals support for his reformist agenda. On the other side of the divide, a Pakatan Rakyat win would be a watershed moment, for it would be first time the opposition to capture the reigns of political power at the federal level. After months of tense campaigning, the ruling coalition was returned to power with a comfortable victory, capturing 133 of the 222 seats. The election was important for security as it put to rest questions of the nation's political stability. Although there still exists pockets of dissent over the results of the elections, many, including one of the leading opposition parties, the Democratic Action Party (DAP), had accepted the results of the ballot box.

In the run up to the general elections, Malaysia woke up to the dangers of terrorism when 235 Sulu terrorists landed in Lahad Datu, Sabah on 11 February 2013. The Sulu terrorists were laying claim to their alleged claim on Sabah on behalf of the now defunct Sultanate of Sulu. After exhausting peaceful means to end the intrusion, Malaysian forces had to resort to force to neutralize and remove the Sulu invaders. There were 68 casualties, including nine Malaysian security personnel. A total of 121 terrorists were captured. Some 30 insurgents are now standing trial.

The Lahad Datu incident is a major blow to security and left a huge imprint on the national psyche. This is only the second time Malaysia was confronted with an external attack after the *konfrontasi* of 1963. It begs the question of the security of its national borders. The government responded swiftly by establishing the Eastern Sabah Security Command (ESSCOM). Chaired by the Chief Minister of Sabah, it is tasked to protect and ensure the territorial integrity of the eastern Sabah seaboard. ESSCOM will be responsible for the safety of ten districts, namely, Kudat, Kota Marudu, Pitas, Beluran, Sandakan, Kinabatangan, Lahad Datu, Kunak, Semporna and Tawau, which collectively is organized under the Eastern Sabah Safety Zone (ESSZONE). ESSCOM will draw on the collective resources of the Malaysian Armed Forces, Royal Malaysian Police, Malaysia Maritime Enforcement Agency (MMEA), and other relevant agencies.

The Lahad Datu incident laid to bare the dangers of porous international waterways and borders. The government was severely criticized for failing to intercept and

prevent the Sulu terrorists from reaching Malaysian shores. Enforcing the integrity of the EEZ and to patrol the ESSZONE's some 1,400 km of eastern Sabah's coastline is the top priority but it may be a tall order. The kidnapping of a Taiwanese tourist in Pom Pom Island on 15 November 2013 points to the challenges that lay ahead for ESSCOM.

Notwithstanding the Pom Pom Island setback, ESSCOM will put in place a permanent structure that will enhance the territorial integrity of eastern Sabah. While it may be impossible to rollback every attempt of unlawful entry, efforts to shore up the ESSZONE will have a positive impact on transnational criminal activities and to ward off future intrusions. Operationally, this would mean a diversion of personnel and resources from other operational areas to support ESSCOM. Maritime assets from the navy and MMEA would be especially stretched, unless additional resources are required.

The other major development in the last year is the announcement of the establishment of a new naval base in Bintulu and the formation of a marine corps. Defence Minister, Hishammudin Tun Hussein Onn made the announcement on 10 October 2013. These plans are notable for three reasons. In the first instance, committing to building a new naval base and the acquisition of a structured amphibious capability took at the time, the lion's share of budgetary resources, which are allocated to non-military sectors as an instructive. Secondly, the location of Malaysia's newest naval base is strategically located in the backyard of the South China Sea. More importantly, Bintulu is located just 60n miles from Beting Serupai (James Shoal) where the People Liberation Army's Navy had conducted military exercises on 26 March 2013. Thirdly, the development of amphibious capabilities is an affirmation of the military's expectation that it will increasingly face greater demands and challenges in the maritime domains.

Harbinger of Shift in Perception toward China?

The official explanation for the Bintulu naval base and marine corps is to better protect the nation's maritime assets and integrity. Although China was noticeably absent in the official narrative, Beijing's shadow looms large in these strategic developments. The PLAN's action in Beting Serupai (James Shoal) and subsequent

harassments of Malaysia's oil and gas interests and activities in the South China Sea is forcing Malaysia to take defensive measures to affirm and protect its national interest. The Bintulu naval base will enable Malaysian security agencies to respond effectively and in a timely manner to future Chinese "visits." The Chinese factor is also in play in the decision to procure the more powerful and capable LCS under the 2014 defence budget. The enhanced LCS *Laksamana* class is Malaysia's response to possible runs-in with the PLAN. It would be a misfit if the rationale and mission of the *Laksamana* class were to patrol EEZ and to support ESSCOM. The *Kedah* class LCS would suffice for these missions. Similarly, the acquisition of amphibious capabilities would enhance Malaysia's ability to reinforce and strengthen the five islands and features where Malaysia has a strategic presence.

These developments point to an incipient change in Malaysia's strategic outlook toward China. Although hesitant to officially and openly cast doubts of China's peaceful intent in the South China Sea, Malaysian policy makers cannot ignore Beijing's management and behavior toward the Philippines in the Scarborough Shoal dispute. China's modus operandi of "creeping invasion" raises the stakes and imperative for Malaysia to respond immediately and at the first point of challenge. It may be premature to ascertain if Malaysia is "turning away" from China. However, what is certain is Malaysia is making a clear stand that it will defend its rights and interests in the South China Sea. The Bintulu naval base and marine corps announcements signal a resolve to upgrade Malaysia's capability and preparedness to stand its ground in the choppy waters of the South China Sea.

A concomitant development with the formation of the marine corps is the possibility of closer military cooperation with the US. The authoritative security publication, IHS Jane's, reported that Malaysia is keen to tap into the US expertise and experience to develop the new military arm. The strategic value of assisting and advising the Malaysian Armed Forces to set up the latter's marine corps is immeasurable. It will provide the US military with a golden opportunity to cultivate and further improve its warm relations with the Malaysian military. Beijing should be rightly alarmed at the prospect of having one of the closest ASEAN neighbors upping its military ties and cooperation with the US. Whether connected or otherwise, Malaysia and China is scheduled to embark their first military exercise in 2014. Perhaps this would soften the blow to Beijing's psyche. Nevertheless, Beijing would consider any inroads the

US makes in ASEAN as a “loss.”

This is a cautionary tale for China. It would be unrealistic for ASEAN states, including Malaysia, to continue taking a sanguine and positive view of China as Beijing continues to ratchet up tensions and drive insecurity in the South China Sea. The test of the strength of Sino-Malaysian relations will come when Malaysia acquires the capability to effectively respond to what Kuala Lumpur views as Chinese intrusions into the former’s EEZ and maritime interests.

Conclusion

The numbers for the defence budget is “un-exciting.” Malaysia spends less than some of its neighbors, including Singapore, Indonesia, and Thailand. What stands out in the 2014 budget is the increasing focus on maritime assets and capabilities. This focus is unlikely to fade in the near future and may even become more pronounced. The first line of defence for ESSCOM is to turn back and deter seaborne intrusions and criminality. This would require a stronger and more robust maritime visibility and capability. The long coastline that ESSCOM has to guard and protect will require additional and sustained investment in the navy and MMEA. At the same time, it is difficult for Malaysia to ignore China’s increasingly brazen behavior in the South China Sea. Revenues and taxes from the oil and gas industry contributes a significant amount to the government coffers and this is the redline that Malaysia will steadfastly defend. With these imperatives at hand, it is reasonable for the navy (and MMEA) to receive a larger share of the defence budget in the years to come.