

CHAPTER 3

The Security of the Federation of Malaysia

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Introduction

The year 2014 was remarkable for Malaysian security in four respects: the unprecedented loss of 3 Malaysian passenger planes; the worst floods for several decades in Peninsular Malaysia; the rise in concerns regarding Malaysians joining the Islamic State in Iraq and the Levant (ISIL) and other insurgent groups in Syria returning to engage in militant or terrorist activity in Malaysia; and the stirring of isolated separatist sentiment in Sabah.

Elsewhere on the security front, the situation that had been developing in recent years continued. Security affecting the eastern coast of Sabah arising from the activities of armed and criminal groups operating out of southern Philippines and the situation in the South China Sea were the more immediate security concerns. On the wider East Asian and Asia Pacific front, the tensions over maritime disputes between China and Japan, the continuing rivalry among the major powers in the region and the situation affecting the Korean peninsula were of security interest to Malaysia.

However, the security challenge of paramount concern to Malaysia, and the one that has the greatest capacity for causing comprehensive security damage, remained internal security concerns relating to national unity and the relations among the various ethnic and religious groups in Malaysia. It is here that the paper begins. It will then proceed to other security challenges of direct interest to the defense and security establishment.

Nation-building and national unity issues

The people belonging to the major ethnic and religious groups as well as the constituent states of the Federation entered into a consociational social contract when Malaya regained independence in 1957 and Malaysia was formed in 1963. This social contract, embedded in the Federal Constitution, specified the common and special positions, as well as the rights and responsibilities of all parties. It has been

largely responsible for the peace and stability of the young nation-state as nation-building proceeded over the years. Malaysia, for instance, does not suffer from armed insurgencies mounted by minorities unlike in some neighboring countries where a strong social contract negotiated among the main groups was absent.

Nevertheless, differences over some core matters such as language, education, religion, special economic position and federal-state ties remain and they occasionally spike leading to strains and tensions among various groups. The worst occurred during the May 13 disturbances in 1969 that led to the suspension of Parliament and the declaration of an Emergency.

A similarly grave situation is not expected in the foreseeable future, but there is consensus that inter-ethnic relations have become more polarized. At the same time, socio-economic divisions that transcend ethnicity have developed and complicate the situation. An active social media that engages heavily on issues that impact upon racial or religious sentiment aggravates matters.

Discontent with the Federal Government has also grown in Sabah and Sarawak over alleged marginalization, disregard for some of the matters agreed upon when the Federation of Malaysia was formed in 1963, and religious and immigration issues. Voices calling for separation or secession have emerged, though they have since quietened down after warnings from security authorities that secession is treason under Malaysian law applicable to all parties to the Federation.

These factors have also impacted the political scene in a big way and the party in power at the national level has lost significant support. In the Peninsula, Chinese support that was previously split among the major Chinese-majority political parties in government as well as in the opposition has largely gone to the parties that are in the opposition at federal level. A majority of the young in the urban areas irrespective of race also support the opposition political parties.

At present, the general perception is that the situation among the various parties is at best in limbo, if not steadily deteriorating in the face of the inability to foster meaningful dialogue and substantive consensus among the different sides including the extremes. The festering problems are undermining the internal cohesion and resilience of the nation.

The measures that can slow the trend and foster more healthy and fruitful integration are constructive social, economic and political measures as well as dialogue and negotiation. Instruments to address the more extreme symptoms rather than the root causes of the problems, to be used sparingly and wisely, are constraints to provocative and incendiary speech and material on sensitive issues provided by the Sedition Act as well as normal police and legal action consistent with the rule of law.

Security concerns affecting eastern Sabah

For Malaysia, the next challenge of highest concern in the last couple of years is the vulnerable security situation in the eastern part of Sabah. The eastern coastal areas and islands of Sabah have long been vulnerable to kidnappings, piracy, smuggling and robbery perpetrated by criminal and terrorist elements from across the sea. But the bloody clashes in February-March 2013 with 200 armed men claiming to be followers of the Sultan of Sulu who declared that they intended to take over the state finally made it clear to the authorities the gravity of the security challenge facing the country along the lengthy Sabah coastline. The abduction for ransom of at least six persons from islands off the Sabah coast by the Abu Sayyaf group in 2014 further underlined the need for a major revamp of security measures and upgrading of security capabilities.

The Eastern Sabah Security Command (ESSCOM) which was established in March 2013 was restructured and strengthened in 2014 and extended to the coastal areas of Sarawak. Police, immigration, registration, military and maritime resources continue to be significantly enhanced to enable better surveillance, intelligence-gathering, security presence and control of illegal immigration.

The annual national budget for 2015, which was announced in October 2014, provided for an allocation of RM660 million for ESSCOM. The allocation is for one additional battalion of the Police General Operations Force; one additional battalion of the Army with approved manpower of 1,280 personnel; two new military camps; new equipment including radars; refurbishment and upgrading of the runway in Lahad Datu to support military planes; and redeployment of the Air Forces' BAE Hawks from bases in the Peninsula to Labuan.

The massive illegal workers and immigrants problem in Sabah is also being tackled more purposefully and effectively with the release of the findings and

recommendations of the Royal Commission of Inquiry on Illegals in Sabah in December 2014. A Permanent Committee co-chaired by the Federal Minister of Home Affairs and the Chief Minister of Sabah and a Working Committee chaired by the Deputy Chief Minister of Sabah have been set up to implement the recommendations of the Royal Commission.

However, improving the security situation in Sabah will take some time given the substantial resources required to surveil and police the vast area to be covered on sea and on land including the 1,400km long coastline from Kudat to Tawau covered by the Eastern Sabah Security Zone. Most importantly, the challenge is compounded by the fact that the main criminal and security threat emanates from outside Malaysia in southern Philippines.

The South China Sea

The South China Sea has evolved from an area of overlapping maritime disputes among countries bordering the sea to an arena for major power contest and rivalry, albeit at a modest level. This has further complicated the situation.

The disputes are generally muted and peacefully addressed among the claimant states except in the case of disputes involving China and Vietnam and China and the Philippines. Chinese assertiveness, in part claimed to be caused by the increased military presence of the United States in the vicinity, began to decline in 2014. This could have been because China saw that a stronger stance in the South China Sea was counter-productive to its interests – it invited greater US involvement; drove Vietnam and the Philippines further into the arms of the US by strengthening their security ties with the latter; brought India's commercial and security presence into the area; enabled Japan to step up its military ties with some ASEAN countries; and generally strengthened ASEAN antipathy towards China.

In Malaysia's case, Chinese maritime incursions have occurred with increasing frequency since 2011. There were at least seven incursions of Chinese Navy and Coast Guard vessels in Malaysian waters in 2013 and 2014. They include a highly publicized passage of four PLAN warships near James Shoal on 26 January 2014 after patrolling the Paracels and on their way to the Indian Ocean. This was followed by a military exercise near James Shoal in March 2014.

While Malaysia does not welcome the presence of Chinese naval and coast guard vessels in its EEZ, interactions between the vessels of both countries in the disputed areas have been professional and correct. The general practice when they encounter each other is for both sides to declare that the relevant area belongs to them before the Chinese vessels depart.

Malaysia has adopted a less confrontational stance with China over the disputes and Chinese incursions because Chinese assertiveness has been less pronounced with regard to Malaysia and in view of the strong overall friendly ties with China. Both countries marked 40 years of diplomatic relations in 2014. China is Malaysia's largest trading partner and ties in other economic sectors are also strong.

The two countries held their first-ever bilateral military exercise in Malaysia in December 2014. It was a five-day table-top exercise and the emphasis was on disaster relief. Defence cooperation with China is likely to increase incrementally in the years ahead based on the Memorandum of Understanding on Bilateral Defence Cooperation signed between the two countries in September 2005.

Financial constraints have limited Malaysia's ability to upgrade its naval and coast guard capabilities to better protect its interests in its territorial waters and EEZ. There is a great need not only for modernization but also replacement. Nevertheless the budget allocation for defense has increased modestly from RM16.1 billion in 2014 to RM17.8 billion in 2015, and the allocation for the Malaysian Maritime Enforcement Agency for 2015 is RM804 million.

Malaysia's policy on the South China Sea disputes will remain unchanged as Chair of ASEAN in 2015. It will uphold the ASEAN stance, call for peaceful resolution of disputes and do everything it can to effectively hasten a successful conclusion to the negotiation on a Code of Conduct in the South China Sea. More discreetly, and especially in Track Two discussions, there will likely be attempts by individuals to press Chinese counterparts to clarify China's claims in the South China Sea and what the 9-dashed line signifies.

Malaysia's regional security and external threat perceptions

The China "threat"

Malaysia does not see any immediate external threat from neighboring and regional powers. It does not see any country, including China, as having an intention to invade and occupy neighboring countries including Malaysia. Disputes in the South China Sea will generally be managed peacefully, though there could be some intended or unintended incidents and face-offs. In such eventualities, tensions and hostilities are likely to remain at low intensity and of limited duration because of the larger common strategic interest in sustaining regional peace and development that is shared by all.

China is generally regarded as a peaceful and benign resurgent power that abides by international law and plays by international rules. Its foreign policy is non-hegemonic and its primary instruments are economics and diplomacy, not military alliances and military presence.

The substantial increase in annual Chinese military expenditure and the steady and significant enhancement of its military capabilities would be considered normal for any country – including countries in Southeast Asia – in a similar strategic situation: obsolete, outdated and inadequate arms and other military equipment; massive defense and security needs given its size and growing strategic interests; perceived security challenges including US military bases and deployments and the strengthening of US defense and security ties with countries around China; unresolved land and sea border issues; and the security of vital maritime routes critical for China's economic and strategic well-being.

China's defense posture is at best directed at neighborhood dominance involving the neutering of the first island chain rather than regional or global hegemony which would be impossible in any case given the absolute military superiority of the United States, which is multiplied further by its network of allies that include some of the leading global military powers.

However, China's future defense posture towards its weaker neighbors once it attains competitive major power military capability, say by 2020, is unclear. China could well adopt a harder stance on claims in the South China Sea if not in the East China Sea.

For the present, the only significant security concern Malaysia has with China is in regard to the extensive claims it has in the South China Sea, which impinge upon what are considered international waters and intrude as well into the more “reasonable” claims that other countries have based upon what they believe is provided for under international law and UNCLOS. No enduring resolution is possible unless there are negotiations and international law is the basic premise. In the meantime the emphasis must be on conflict avoidance, non-provocation and adherence to the provisions of the Declaration of Conduct in the South China Sea which can hopefully be strengthened by way of the Code of Conduct.

Assertive behavior on the part of China leveraging upon her superior military capability could lead to individual claimants further strengthening their defense links with the United States and Japan. This can pose new challenges for China and kindle hostilities among major powers that undermine regional stability and security.

Major power rivalry

The year 2014 saw further developments in the rivalry between the major powers in the Asia Pacific. The primary drivers were the continued economic and strategic resurgence of China and its assertive actions in the East China Sea and South China Sea; Japan’s vigorous reactions, including to Beijing’s declaration of the ADIZ the previous year; US attempts to preserve its military hegemony in the region; Russia’s look east towards China after its fallout with the United States and NATO over Crimea and Ukraine; and the further involvement of India and Australia in the major power dynamics, generally on the side of the United States and Japan.

Japan in particular sought to increase its strategic profile in the region through various diplomatic, economic and security initiatives with counter-balancing China in mind. They included a historic re-interpretation of Article 9 of the Japanese Constitution on 1 July 2014 to allow for military operations overseas in collective defense of allies even if Japan itself was not threatened. This move, termed “active pacifism,” had the strong support of the United States. Japan also forged closer strategic relations with Australia and India, and engaged in international response drills in the South China Sea by dispatching a JSDF transport ship that carried US and Australian troops. It also enhanced strategic relations with the Philippines further, which included the transfer of military equipment.

Defence and security ties continued to be strengthened with Vietnam, another country in Southeast Asia that was having difficulties with China. The bilateral strategic partnership between Japan and Vietnam was elevated to an Extensive Strategic Partnership for Peace and Prosperity in March 2014. Six patrol ships were also provided for the use of Vietnam's Coast Guard and Fishery Surveillance Force.

The United States also continues to enhance its security and defense cooperation with countries in Southeast Asia as part of its re-balancing strategy. This is in addition to its already close ties with Japan and South Korea, its defense allies in Northeast Asia. The most significant enhancements are also with Vietnam and the Philippines, with which it entered into a 10-year defense agreement in May 2014. US defense and security ties are especially strong with Singapore.

Strategic rivalry also plays itself out on the political economy front, where the United States and China are promoting two rival trade and economic groups, the Trans-Pacific Partnership Agreement (TPPA) and the Regional Comprehensive Economic Partnership (RCEP) respectively.

The major power rivalry in the region is not as vicious or consuming as during the Cold War years. The countries cooperate on a wide variety of political/security, economic and functional fronts. Economies are integrating, and trade and investment ties are getting ever stronger. War is extremely unlikely except for limited conflict over disputed territory, which is likely to be contained relatively quickly.

However the Asia Pacific seems headed for sharper rivalry, especially between China and Japan and China and the United States backed in varying degrees by its allies. In the case of China/Japan the flashpoint could be the dispute over the Senkaku/Diaoyu islands. Spikes in tensions can also be caused by actions such as visits to the Yasukuni Shrine and Japan's strong political and military support for parties having territorial disputes with China that are unrelated to Japan's disputes with China.

In the case of China-US relations, a revival of assertive Chinese behavior in territorial disputes with its neighbors or the continued strengthening of US alliances, strategic partnerships and coalitions perceived to be aimed against China will likely be the main factors undermining bilateral and regional stability and security.

Malaysia's policy towards rivalry among the major powers is unlikely to change for the foreseeable future. It will not take sides and it seeks good relations with all countries. It will also hope that its ASEAN neighbors do the same in accordance with the spirit of the Zone of Peace, Freedom and Neutrality (ZOPFAN), and limit any tilt towards a major power only to the extent necessary to protect its vital interests in territorial disputes with China.

It perceives the rivalry as being unavoidable to some extent, given the factors that are driving them, but regrettable nonetheless because sufficient serious attention is not being given to addressing the factors driving the rivalry. Malaysia will also be concerned about actions taken by some parties that are considered excessive and that merely serve to aggravate rather than improve the situation.

Support for ISIL

About 50 Malaysians are estimated to have gone to Syria to join the Islamic State of Iraq and the Levant and other insurgent groups. The rough estimate for Indonesia is about 500, many of them Indonesian workers in neighboring countries. The number from the Muslim south in Thailand and the Philippines is not known.

For Malaysia, the concern is that the returning recruits who have received training in arms and combat could pose a security threat just as the returning fighters from Afghanistan did previously, after joining the Mujahideen to fight the Soviet military.

Though the number is small, Malaysia takes the problem seriously. Since the threat so far is limited, and is directed against forces in a foreign country and not Malaysia, it is considered that the appropriate counter-measures are good intelligence and surveillance at Malaysian points of entry and exit, to intercept those leaving and returning, exchange of intelligence with other countries and exposing the false ideology utilized by ISIL and the other groups.

A more lasting solution to the problem lies outside Malaysia in addressing the factors and forces fueling the conflict in Syria and Iraq as well as securing a peaceful and just resolution to the Palestinian issue.

Future prospects for regional cooperation

Malaysia is the Chair of ASEAN for this year. As Chair of ASEAN, it also chairs the other ASEAN-anchored platforms for wider regional cooperation in the Asia Pacific, specifically the ASEAN Regional Forum, the ASEAN Defence Ministers' Meeting Plus, the ASEAN Plus Three and the East Asia Summit.

Besides overseeing the process of fostering the ASEAN Community, which is due to be officially declared at the end of the year, Malaysia will also have an opportunity to exercise some influence on the process of regional cooperation and shape outcomes.

In this regard, besides seeking to make ASEAN a more people-centered organization, Malaysia will try to promote the value and processes of moderation to manage conflict and promote cooperation. In practice this could mean stronger advocacy for adopting moderate stances on existing regional security issues including territorial disputes and major power rivalry; more determined recourse to peaceful means of resolving disputes; and strengthening institutions such as the East Asia Summit to play a bigger and more effective role in managing security issues. Malaysia will also push for the early conclusion of a Code of Conduct for the South China Sea.

However, in the absence of an effective supranational entity for the region, there can be no illusion that regional security cooperation based on consensus can do much for promoting regional peace and security beyond acculturating positive norms, providing the forums for discussion, facilitating activities that directly or indirectly promote confidence building, and furnishing the platforms for multilateral cooperation on global and regional commons.

Instead, it is more likely that tangible progress will come from bilateral initiatives and processes, say between China and Japan and between China and the United States, to appreciate and accommodate each other's concerns and interests, and work on dialogue and negotiations to resolve issues. If they are unable to do that, and feel compelled instead to sustain policies and positions that perpetuate or even exacerbate existing issues and conflicts, Malaysia and ASEAN will not be able to accomplish much.