This paper will address three major security challenges for Malaysia that have and will continue to figure in government policy-making and defence spending for years to come. These are:

1. Territorial incursions;
2. Radicalisation and the threat of violent extremism; and
3. Nation-building and national integration.

Although the Malaysian government tables issue-based white papers from time to time, it does not, as a matter of course, release regularly-scheduled defence or security white papers outlining the country’s position on or approach to evolving strategic developments. As such, the list of security challenges above and the related discussion that follows is of the author’s own choosing rather than a reflection of an official policy or priority.

In considering the short, medium and long-term implications of the three challenges above, this paper will assert that only the threat of territorial incursions has the greatest and most direct impact on Malaysia’s defence policy and defence sector. While the country’s military capabilities may be relied upon in managing the other two largely internal security challenges, their primary role is in protecting national borders against external threats. Malaysia’s utmost security priority is fundamentally premised upon effective nation-building. This is crucial in empowering a population that has a sense of shared purpose and stake in their country, and that is also united and resilient in facing common threats to the nation. Finally, this paper will explore prospects for regional security policy cooperation and coordination in the listed areas.
Preface

It is telling of the Malaysian government’s priorities – or at least its articulation of them – that defence and security rarely, if ever, headline the country’s budget presentations. The budget for 2016, for example, outlined five priorities for the country: (1) Strengthening economic resilience; (2) Increasing productivity, innovation, and green technology; (3) Empowering human capital; (4) Advancing Bumiputera agenda; and (5) Easing cost of living of the rakyat. Defence and security were not featured line items in the heading and the security sector received only 1.9 percent of the total allocation, amounting to RM 5.2 billion.

This is usual for the Malaysian budget. It does not mean that the government takes issues of defence and security lightly but is demonstrative of three things: First, that the government takes a comprehensive view of security in prioritising socio-economic policies to bolster the welfare, stability, and prosperity of the nation. After all, the government’s mandate is to secure the welfare of its electorate and for this to be seen to be effective, must necessarily translate into tangible and direct budgetary measures. Second, that the government conducts a typically low-key approach to budgeting for defence and security to avoid unnecessary alarm, concerns, and/or questions from others. Third, that budgetary constraints over a number of years have scaled back plans to modernise Malaysia’s military to much more modest proportions.

These general qualifications notwithstanding, the allocation of RM 17.3 billion to the Ministry of Defence for 2016 did focus on much-needed capacity-building for the military. This sum included the procurement of six littoral combatant ships, very short range air defence weapons system, armoured vehicles, and the A400-M Airbus. The Malaysian Armed Forces (MAF) were also promised Unmanned Airborne Systems to improve intelligence, surveillance and reconnaissance (ISR) capacity.

Budget 2017 continues this trend. The security sector has been allocated RM

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2 Ibid.
5.3 billion, a marginal increase from last year but defence spending for 2017 will fall slightly to RM 15.1 billion. This will be elaborated on in the next section.

**Territorial incursions**

Since the February 2013 incursion of the eastern Malaysian state of Sabah by a group of some 200 armed individuals from the “Royal Sulu Force,” Malaysian authorities have remained on alert against possible repeat attempts. Given its proximity to the southernmost islands in the Philippines (it takes only 20 minutes by speedboat to travel between the nearest points of both countries) and 1,400 km coastline, the eastern seaboard of Sabah is particularly vulnerable not only to small-scale invasions but also to organised crime such as kidnap-for-ransom (KFR) cases, a number of which have been linked to pseudo-terrorist groups like Abu Sayyaf. Since 2013, there have been at least seven KFR incidents in Sabah, several of which were tied to Abu Sayyaf and its factions.

In response to the incident of 2013, to prevent a recurrence and to better secure the area for the future, the Malaysian government created the Eastern Sabah Security Zone (ESSZONE) covering 10 districts on the eastern seaboard of Sabah on 25 March 2013. To enforce ESSZONE and as a first step towards redressing the many complex cross-sectoral challenges of the area rooted in decades of policy abeyance, mismanagement, and manipulation, the government established the Eastern Sabah Security Command (ESSCOM). ESSCOM leverages on the involvement and cooperation of multiple agencies including the Royal Malaysia Police (RMP), the Malaysian Maritime Enforcement Agency (MMEA), the MAF, and the immigration department.

In recognition of the critical, front line role ESSCOM plays in the defence of eastern Sabah against trafficking, undocumented migration, terrorism, and other crimes, in 2016, the Malaysian government allocated RM 523 million to develop ESSCOM’s armed forces camps. The camps are in Lahad Datu, which was the location of the

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2013 incursion. For 2017, the government announced that there would be sea basing off the east coast of Sabah and helicopter forward operating bases.\(^7\)

As of April 2016, ESSCOM’s defensive capabilities were expected to be reinforced by six MD-530G helicopters, infantry fighting vehicles – specifically, the AV8 Gempita 8x8 armoured vehicles in Lahad Datu, Hawk fighter jets, and Eurocopter EC725 helicopter squadrons at the nearby Labuan Air Base.\(^8\) An underwater detection system was also to be installed at the Royal Malaysian Navy (RMN) base in Kota Kinabalu to complement a coastal surveillance system in ESSZONE.\(^9\)

Additionally, the waters off Sabah within Malaysia’s Exclusive Economic Zone (EEZ) have been the site of apparent territorial challenges in recent years. Minister in the Prime Minister’s Department, Shahidan Kassim, reported to parliament that PLAN vessels had encroached into Malaysia’s maritime zone\(^10\) in the South China Sea nearly once a year since 2011. In 2013, these incursions occurred around Beting Serupai, Beteng Patinggi Ali (South Luconia Shoal), and Beteng Raja Jarom (North Luconia Shoal), all within Malaysia’s EEZ. Consequently, the MMEA and Royal Malaysian Navy (RMN) increased their patrols in the Beteng Patinggi Ali area. From 2014 to 2015, the frequency of these patrols grew by nearly 30 percent.\(^11\)

As the incursions themselves became more frequent, Cabinet ministers took to social media contrary to Malaysia’s preferred approach of quiet diplomacy on the South China Sea dispute. In June and November 2015, Minister in the Prime Minister’s Department Shahidan Kassim uploaded to his personal Facebook page photographs from his flight over South Luconia Shoal with the MMEA.\(^12\) Even Minister of Youth and Sports Khairy Jamaluddin weighed in with a Twitter post on February 2016

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7 Prime Minister Najib’s Budget 2017 speech, *op. cit.*
9 *Ibid*.
calling for China to be held to its assurance of non-militarisation of the South China Sea in the face of seemingly inconsistent developments. Minister of Defence Hishammuddin Hussein called for a “push back, as we decided in Cabinet this morning.” In March 2016, there were reports of encroachment in Malaysia’s EEZ around the Luconia Shoals by 80 to 100 fishing boats accompanied by Chinese Coast Guard (CCG) vessels.

When the Arbitral Tribunal under Annex VII to the 1982 United Nations Convention on the Law of the Sea (1982 UNCLOS) issued its award and provided considerable legal clarity as to what could be disputed, reports of further intrusions also ceased. For the Malaysian government, for the time being there seemed to be no reason to take the issue to the public.

Yet displeasure at incidents of encroachment continues to rankle. Most recently, Shahidan confirmed media reports that foreign fishermen who encroached Malaysia’s EEZ last year had received military training. These 150 or so boats, escorted by a coast guard vessel, acted aggressively and even colliding with Malaysian enforcement boats. He did not mention the origin of those boats but the swarm of fishing vessels reported in the media in 2016 were from China. He spoke at the launch of the Malaysian Maritime Volunteer Reserve (PSSMM) and the Malaysian Maritime Cadet Team (PASKAM), created in part to secure Malaysia’s territorial waters and EEZ. Malaysian authorities were also engaging with local fishermen to be vigilant and to guard against foreign encroachment. Shahidan added that the two coastal patrol boats offered by Japan during Prime Minister Najib’s visit to Tokyo in November 2016 and the littoral mission ships (LMS) ordered from China during Najib’s official visit to China earlier the same month would be deployed to protect Malaysia’s sovereignty against incursions.

While the Malaysian government has been adamant that the defence of its territory is non-negotiable it is also intensely aware that as a small country with stretched resources, it has to be practical and discerning in protecting its sovereignty in the short, middle and long-term.

In the short-term, this has resulted in seemingly mixed messages conveyed by political and military leaders. When Chinese media reported on three PLAN ships around James Shoal carrying out a “sovereignty oath-taking” ceremony, then-chief of the Royal Malaysian Navy (RMN) Admiral Abdul Aziz Jaafar, stated that the exercise had actually been conducted 100 nautical miles away from Malaysia’s EEZ and that Malaysia had been given prior notice of it. Then-Malaysian chief of defence forces, General Zulkifeli Mohd Zin later confirmed that the vessels had “strayed” into Malaysian waters while on an innocent passage. Defence Minister Hishammuddin’s caution was probably most prescient: “Most importantly is that our people are safe, our region is stable and our wisdom in tackling this issue. We must be realistic in our capabilities in facing such big powers, if we face something we cannot control, our rakyat (citizenry) will be angry.”

Consequently, like many other Southeast Asian countries and out of necessity, Malaysia will have to hedge and balance its bigger and more powerful neighbours in the region. In fact, it has already been doing so. In September 2015, even as Malaysia held the largest bilateral exercise of any ASEAN country with China, the next month it welcomed to Kota Kinabalu the Arleigh Burke-class guided-missile destroyer USS Lassen for a port visit just after the destroyer had been conducting a freedom of navigation operation off the coast of the South China Sea. In November 2015, on the sidelines of the ASEAN Defence Ministers Meeting (ADMM-Plus) that Malaysia hosted as ASEAN Chair, Malaysia’s defence minister flew out in a

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21 Ibid.

\section*{Radicalisation and the threat of violent extremism}

Although the RMP repeatedly and successfully foiled terrorist attacks in Malaysia in past years, last year one slipped through the dragnet. In July 2016, eight people at a nightclub in an urban suburb outside the capital city were injured when a hand grenade was tossed and exploded. The RMP initially discounted terrorism but later confirmed that the bombing was, in fact, the first Daesh-linked attack in the country.\footnote{Akil Yunus, “Local IS fighter claims Movida bombing is ‘first attack on Malaysian soil,’” The Star, 4 July 2016, http://www.thestar.com.my/news/nation/2016/07/04/local-is-fighter-claims-movida-bombing-is-first-attack-on-malaysian-soil/} It was really only a matter of time given the increasing seriousness of the threat to Malaysia. While the attack was relatively small in scale and harm, the possibility that it was a trial run for a larger and more destructive attack must be borne in mind for the near future as extremists improve their explosives engineering skills.

Throughout 2016 alone, the RMP arrested 115 individuals in Malaysia associated with militant groups. This figure represented a jump from previous years and a graduated increase since 2013: 82 arrests in 2015, 59 in 2014, and four in 2013.\footnote{“Special Branch drop IS bombshell, reveal 14 attack attempts in M’sia foiled,” New Straits Times, 6 December 2016, http://www.nst.com.my/news/2016/12/194965/special-branch-drop-bombshell-reveal-14-attack-attempts-msia-foiled.} Authorities revealed that they prevented 14 attempted attacks by Daesh in-country so far.\footnote{Ibid.} But as the ongoing offensive in Syria fragments the leadership and territories occupied by the group, there will likely be a geographical shift in focus away from West Asia by its supporters and sympathisers triggering “automatons” or “lone wolves” inspired by the cause.
The threat of radicalisation and violent extremism or militancy and terrorism is not new to Malaysia. What is new with the current wave of violent extremism is its reach (women, children, and government personnel), the embrace of suicide terrorism among Malaysians, and the manner of appeal (technology).

Of the 60-odd Malaysian fighters still alive in Syria, 12 are women and nearly 20 are children (nine are boys and eight are girls). Whole families have uprooted to Syria to live in the puritanical image sold to them of a historical golden age of Islam waiting to be resurrected. This is different from the Malaysian men who travelled without their families to Afghanistan to fight the Soviet occupation. A number of detainees have included serving military personnel (14) – four of them commandos, policemen, religious figures, university lecturers, and senior government officers. They come from a range of geographical, educational, demographic and professional backgrounds with different motivations so that there is no single profile of a militant in Malaysia.

At present, approximately 20 Malaysian militants have died in Syria. This number will no doubt rise with time. However, what is startling is that there have already been nine Malaysian suicide bombers. To die by way of suicide is a huge psychological leap of faith for any Muslim. So, the phenomenon or intentionally seeking it out in Syria breaches deep cultural and religious taboos surrounding suicide. Yet in recent times, the absolutism of this prohibition has become more relative with twisted interpretations of a religious struggle and assurances of martyrdom, affirmed and amplified by World Wide Web clerics.

The government, like many elsewhere, has struggled to keep up with the technology savvy and agility of the extremists it seeks to counter. In May 2015, Minister of Home Affairs Ahmad Zahid Hamidi reported to parliament that of the 107 terrorism-related arrests made in Malaysia up to that point in time, 75 percent had been

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29 Ibid.
30 Ibid.
recruited through social media. A majority of them were first-time offenders. Police investigations also found that 95 percent of Malaysians already fighting in Syria or were looking to do so had been recruited through social media.

The reality, however, is that what technology amplifies is a deeper undercurrent of “root causes” of extremism and terrorism. Terrorists are not created overnight, social media notwithstanding. It takes an ecosystem to cultivate the drivers which vary between personal trauma and the search for redemption to political grievances stemming from injustices and adventurism.

Because the drivers of radicalisation, extremism, and terrorism are both structural and superficial, any effective strategy must recruit a range of stakeholders within government and society at large. The defence sector has a limited and supportive role to play at the operative level. It is the police and law enforcement that must be at the forefront of the tactical fight against counter-terrorism because terrorist acts are a crime and terrorism, a tool of ideology. Neither is a war to be fought militarily in the first and only instance. Malaysia’s long experience with terrorism proves this to be true for its particular context.

**Nation-building and national integration**

The utmost and enduring security priority for a multi-ethnic, multi-faith country like Malaysia must be the preservation and celebration of its diverse identity. There is little room for defence policy or the defence sector to play a role in this particular challenge to the nation’s security. Nonetheless, it is this very diversity that will anchor the nation’s resilience to a threat within or beyond its borders. This must be cultivated within the country through a delicate balance of good governance, support for critical thinking education, and the introduction of a healthy, respectful manner of expression and debate even on sensitive matters such as race and religion.

As Malaysia battles a changing threat landscape induced from abroad, it faces evolving internal socio-political dynamics that, left unchecked, may turn toxic and pull the fabric of society apart. Public sentiment concerning the state of governance and communal tensions in the country has always been latent but until the democratic space opened up for such debates in the mid-2000s, they had only ever been muted. As these debates are amplified in a freer environment and facilitated by technology,
there will undoubtedly be louder radical voices that will push the boundaries of what is acceptable in a plural and diverse community. While security measures may be necessary at times, they may also have the reverse result of fomenting resentment and fuelling radicalisation. Where political will is unable or unwilling to push back against these radical, even extreme voices, the majority will have to step in to ensure their own voice is not drowned out by the alarming din. All the while there must be continued pressure for the intellectual support structure that will be necessary to educate a critical mass of young, thinking, engaging Malaysians who will be able to question matters of faith and governance civilly without the fear of having their own faith in religion and country questioned.

**Summary and recommendations**

The bulk of these challenges is for Malaysians to address collectively as a nation involving a myriad domestic stakeholders. However, there are opportunities for regional cooperation and coordination in the following ways:

**Coordinated patrols in the region’s seas.** The Trilateral Cooperative Arrangement being worked out between Indonesia, Philippines, and Malaysia to ensure security in the Sulu Sea would involve coordinated and joint patrols as well as hot pursuits against criminals and militants across the area. Malaysian Defence Minister Hishammuddin has said that this trilateral partnership would be crucial to preventing Daesh fighters from “gaining a foothold in the region.”

When paired with political and socio-economic redress on-land, this maritime arrangement could also obviate resort for some to KFR.

This arrangement is not new to Southeast Asia. The 13-year old Malacca Straits Patrol (MSP) initiative initially between Indonesia, Singapore, Malaysia and since 2008, Thailand, is the region’s best known cooperative project involving coordinated patrols of the Straits of Malacca and Singapore.

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In a similar vein, there could be expanded cooperation to combat crime and terrorism involving not just littoral states but including other regional partners in the longer-term. These need not necessarily take the form of patrols but could draw technical and technological support to boost countries’ maritime domain awareness.

**Joint training and exercises.** The MAF trains and exercises with many regional partners, some to a greater extent than others. Since 2012, it has also started exercising with China despite its territorial dispute with the country in the South China Sea and exaggerated commentary from abroad. There should be more of these exercises with as many countries that defence budgets will allow. Having disputes or differences with some should not preclude countries from advancing greater defence transparency, predictability, and stability in the region. Militaries that train and exercise together help do this. Confidence can be incrementally built through modest beginnings by observing or participating in multilateral exercises, or through table-top rather than field exercises.

**Regional counter-narrative best practices.** There is a nascent indigenous effort within countries in Southeast Asia to create local content countering the narrative(s) of Daesh and similar groups. While some of these counter-narratives need to be tailored to the particular domestic context of their target audience, there are common threads, best practices, and innovations that should be shared as the methods and substance of communication evolves. The experience of women in violence in Mindanao or parts of Indonesia, for example, could serve as a guide to reaching out to other women in the region either to help empower those at risk in their own communities or to discourage sympathy among their own for militant causes. Similarly, the stories of terrorism survivors and families of victims in Indonesia could be shared as a way to engage at-risk members of communities in other countries in the region. Any such efforts, however, would have to be led by non-government entities rather than government agencies in order to preserve the credibility of the message and of the messenger.