

## CHAPTER 3

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### Key issues impacting Malaysia's security outlook

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Throughout its modern history, Malaysia has faced a variety of security issues impacting its threat perception. These were a mix of both external and internal issues, as well as what most security and defence literature would identify as both 'traditional' and 'non-traditional' security issues. In Malaysia and many of its neighbouring countries however, non-traditional security issues were the predominant concern and could be considered as its traditional security challenges.<sup>1</sup>

The changing regional environment – especially from the strategic, geopolitical, economic and security paradigms – have seen new calculations and perceptions for Malaysia as it seeks to best position itself in this new emerging order. However, the overarching theme for much of the security and defence issues, and its perceptions, largely remain the same for Malaysia – longstanding internal dynamics, concerns over contested sovereignty and a porous border and the challenge of resource allocation to deal with the said concerns.

This paper will be divided into two parts. First, this paper will identify 4 major security challenges, from the viewpoint of the author, currently faced by Malaysia and their implications to the Malaysian Armed Forces (MAF), the country's security policies and defence sector. Second, and by way of conclusion, this paper will address future prospects of security and defence cooperation in Southeast Asia under the Association of Southeast Asian Nations (ASEAN).

#### **Part 1: Major security challenges currently faced by Malaysia and their implications to MAF, security policies and defence sector**

##### *Socio political stability and national unity*

This issue might seem surprising to some observers, particularly those who are focused on defence and military matters. While they have long been on the radar of

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<sup>1</sup> Richard W. Baker and Charles E. Morrison, 2005, *Asia Pacific Security Outlook*, Tokyo: Japan Center for International Exchange

political observers for their socio-political and internal security implications to the country, the wider implications of this polemic are increasingly concerning some defence planners as well.

Malaysia is a multi-religious and multi-ethnic country, albeit one where certain special positions and rights regarding the majority Bumiputera (sons of the soil/native) population and the special position of Islam as the official religion of the country are enshrined in its constitution. It is also a country where the politics of race and religion has always featured heavily from both sides of the political divide. This has led to an unfortunate situation where after 60 years of independence, ethnic and religious identities are still a major, if not the major identifying factor for most Malaysians who only seem to be 'Malaysian' when abroad.

Combined with other emerging trends in the country like the growing appeal of conservative Islam – which has also been tapped on by politicians – the government has no easy task in managing this delicate balance as best it can. Its challenge is to ensure that it can retain the popular support of the electorate, while ensuring that all groups within the country are reasonably catered to. As the Malaysian population becomes more aware of global events and asserts their opinions on them from their identical viewpoint, such considerations have also increasingly been seen in the realm of foreign policy, security and defence.

This is and should be a major security concern for Malaysia. How can a country effectively articulate and defend its national interests and security from external threats when there are unresolved fundamental issues at home about what it means to be a nation? There hasn't been a major critical external security challenge to Malaysia for decades. The Konfrontasi with Indonesia happened in the early 1960s and the domestic communist insurgency was largely contained by that decade as well with an exception of relatively small flare-ups. Given concerns over the socio-political stability and national unity of the country, is Malaysia, or more specifically, are Malaysians prepared to respond as a unified front in the event that such a threat or event emerges?

This state of affairs has also impacted the defence sector in a rather crucial way – the ethnic makeup of the Malaysian armed forces. In the 1970s, it was thought that up to a third of serving personnel were from minority ethnic groups – this however

has dropped to single digit percentage figures, especially within the lower ranks.<sup>2</sup> Recruitment drives barely see 10 per cent of minorities signing up. In any multi-ethnic country it is not healthy to have any sector – whether the government or private sector – dominated by just members of a particular community. This has led to instances where right wing Malay politicians and non-governmental-organisations (NGOs) have questioned the loyalty and patriotism of minorities in Malaysia.

Reports and studies on the issue have identified a variety of issues on why minorities aren't interested. Low wages, perceived bias when it comes to promotions and increasing Islamisation of the armed forces are amongst the most common issues cited.<sup>3</sup> The MAF and the Ministry of Defence on their part have been working to deal with these perceptions and increase the intake of qualified minority candidates – both amongst officers and rank-and-file personnel. These include working with political parties and various NGOs in targeting minorities while also enlisting the aid of local celebrities and artists to promote a career in the military.<sup>4</sup> There is also an effort to utilise serving minorities, especially of high rank, to serve as defacto ambassadors of their respective services to attract recruits.

### *The South China Sea dispute*

The South China Sea dispute is the most urgent territorial dispute for Malaysian policymakers and defence planners today. The facts of the dispute are well known as is Malaysia's stand on the matter. Malaysia largely shuns rhetoric in favour of closed door negotiations on the dispute, away from the public glare.<sup>5</sup> Described by some as a quiet claimant who likes to play it safe, Malaysia is nonetheless firm in the defence of its claims in the South China Sea, the rejection of China's nine-dash line and the need for a negotiated settlement amongst all claimants based on international law.<sup>6</sup> It had also been a longstanding Malaysian policy to avoid involving external

<sup>2</sup> Malay Mail, "Non-Malays' bleak promotion prospects a myth, says Brig-General Toh", 15 March 2015, Available at: <http://www.themalaymailonline.com/malaysia/article/non-malays-bleak-promotion-prospects-a-myth-says-brig-gen-toh#t7eqfLkQ7cdI33GT.97>

<sup>3</sup> Malaysiakini, "The low non-Muslim enrolment rates in the armed forces", 19 December 2017, Available at: <https://www.malaysiakini.com/letters/405909>

<sup>4</sup> Malay Mail, "Armed Force targets 10pc intake from other races", 16 December 2017, Available at: <http://www.themalaymailonline.com/malaysia/article/armed-force-targets-10pc-intake-from-other-races#bvq6EVyzXrVT2WHL.99>

<sup>5</sup> Ralph Jennings, "Why Malaysia Stays Quiet About Its Claims In The South China Sea", Forbes, 2 June 2016, Available at: <https://www.forbes.com/sites/ralphjennings/2016/06/02/why-malaysia-stays-quiet-about-its-claims-in-the-disputed-south-china-sea/#4caf34a661b0>

<sup>6</sup> Deputy Foreign Minister Reezal Merican, Hansard, Parliament of Malaysia (House of Representatives), D.R.19.05.2016, 19 May 2016

major powers in the dispute as policymakers felt that it would decrease the chance of an acceptable solution to all claimant states and instead increase major power competition and instability in Southeast Asia.<sup>7</sup> Malaysia itself occupies five features in the Spratlys – Mariveles Reef (Terumbu Mantanani), Ardasier Reef (Terumbu Ubi), Erica Reef (Terumbu Siput), Investigator Reef (Terumbu Peninjau), and Swallow Reef (Pulau Layang-Layang).

2017 saw China significantly consolidating its position in the South China Sea – with little meaningful challenge by most of the other claimant states and stakeholders. It continued with substantial construction of facilities in its reclaimed features in the Spratly and Parcel Islands, and had reclaimed up to 72 acres in total across the South China Sea by end 2017 with 27 acres being reclaimed in that year alone.<sup>8</sup> The United States, despite a brief respite late last year, continued with its freedom of navigation operations (FONOPs) and overflight missions – and has plans to increase them.<sup>9</sup> China is predictably annoyed by this and has lashed out on what it calls foreign interference and a deliberate escalation of tensions in the South China Sea.

Other littoral states in Southeast Asia – both claimants and non-claimants haven't been idle either. Vietnam, which moved advanced weaponry to its South China Sea holdings in 2016, has upgraded and expanded some its occupied features as well.<sup>10</sup> Indonesia, though not a claimant in the dispute but an interested party since China's nine-dash line overlaps with its exclusive economic zone (EEZ) around the resource-rich Natuna Islands, has increased patrols and upgraded infrastructure and increased the deployment of military and law enforcement forces.<sup>11</sup> Indonesia has also renamed a portion of the South China Sea which is under its EEZ as the North Natuna Sea.<sup>12</sup>

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<sup>7</sup> Elina Noor & TN Qistina, "Great Power Rivalries, Domestic Politics and Malaysian Foreign Policy", *Journal Asian Security*, Vol. 13, Issue 3, 2017

<sup>8</sup> Asia Maritime Transparency Initiative, "A Constructive Year for Chinese Building", *Centre for Strategic and International Studies*, 14 December 2017, Available at: <https://amti.csis.org/constructive-year-chinese-building/>

<sup>9</sup> Nirmal Ghosh, "US sets schedule for patrols in South China Sea for the first time, plans to increase operations", *Straits Times*, 2 September 2017, Available at: <http://www.straitstimes.com/world/united-states/us-sets-schedule-of-patrols-in-south-china-sea-to-challenge-chinas-maritime>

<sup>10</sup> David Tweed, "Vietnam Follows Beijing With South China Sea Upgrades of Its Own", *Bloomberg*, 18 December 2017, Available at: <https://www.bloomberg.com/news/articles/2017-12-17/vietnam-follows-beijing-with-south-china-sea-upgrades-of-its-own>

<sup>11</sup> Joe Cochrane, "Indonesia, Long on Sidelines, Starts to Confront China's Territorial Claims", *New York Times*, 10 September 2017, Available at: <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>

<sup>12</sup> Luke Hunt, "Indonesia New North Natuna Sea: A Response to an Old China Problem", *The Diplomat*, 3 August 2017, Available at: <https://thediplomat.com/2017/08/indonesia-new-north-natuna-sea-a-response-to-an-old-china-problem/>

These developments have impacted Malaysia directly. Malaysia is now dealing with increased and more coordinated incursions by Chinese vessels into waters that are claimed by the former. These are carried out by a variety of agencies – the People's Liberation Army Navy, the China Coast Guard, China Fisheries Law Enforcement Command and China's maritime militia.<sup>13</sup> They have been increasingly aggressive in their manoeuvres – especially the maritime militia – leading to a few incidents of physical contact between vessels at sea. Nearly all are unreported in the public sphere. China's navy and coast guard still maintain an almost constant presence around the North and South Luconia Shoals (Gugusan Beting Raja Jarum and Patinggi Ali respectively). Future incidents like the widely publicised 'swarm' of Chinese fishing fleets in waters claimed by Malaysia in 2016 are a real possibility as China further tests the limits of Malaysian resolve in the South China Sea.<sup>14</sup>

As China's reclaimed features are further built up and operationalised, those bases and the assets eventually based there will be a significant problem for Malaysia. They drastically reduce the operational distance between Chinese bases in Hainan and the Paracels and Malaysian waters. How will Malaysia react to a more frequent and intense Chinese presence in the southern reaches of the South China Sea? Additionally, Malaysia has only had to deal with naval assets thus far, not aerial patrols which will further stretch Malaysian resources.

In response to these, the Malaysian Maritime Enforcement Agency (MMEA) and the Royal Malaysian Navy (RMN) have increased their patrols – by as much as 30 per cent – and deployed more assets in the South China Sea.<sup>15</sup> This has led to a shortfall of patrols and assets in other areas, especially in West Malaysia. The Royal Malaysian Airforce (RMAF) has also permanently deployed a squadron of Hawk light fighters to the island of Labuan, fronting the South China Sea in East Malaysia and rotates the more capable F-18Ds and Su30MKMs there. Third, in spite of lower spending on defence, more funds have been made available for the purchase and upgrading of naval assets for MMEA and RMN, sorely needed in the South China Sea. There have also been indications of the purchase of Maritime Patrol Aircraft

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<sup>13</sup> AndrewSErickson, "Understanding China's Third Sea Force: The Maritime Militia", Medium, 9 September 2017, Available at: <https://medium.com/fairbank-center/understanding-chinas-third-sea-force-the-maritime-militia-228a2bfbbdd>

<sup>14</sup> Elna Noor & TN Qistina, "Great Power Rivalries, Domestic Politics and Malaysian Foreign Policy", *Journal Asian Security*, Vol. 13, Issue 3, 2017

<sup>15</sup> *Ibid*

for the RMAF.

It is important to remember another significant consideration for local policymakers – Malaysia is not a contiguous country and is cleaved, almost in half, by the South China Sea – separating West or Peninsula Malaysia from East Malaysia where the resource rich and politically vital states of Sabah and Sarawak are located in northern Borneo. The most direct air route from West to East Malaysia to east Malaysia goes through not just international airspace but Indonesian airspace. This makes the peace and stability of the South China Sea of vital importance to Malaysia.

Given these considerations, can Malaysia afford to maintain its current diplomatic, political and defence stance in the South China Sea? What options are available – and more importantly what resources are available that can provide options to policy planners in Kuala Lumpur? Only so many assets are available and only so many can be deployed at a time. Thus, the challenge for Malaysia is to manage the dispute as best it can while a permanent, peaceful solution can be found. This approach is unlikely to change, for as long as Malaysia isn't pushed into a corner or until the country's military and enforcement agencies attain sufficient capacity to protect Malaysia's claims and interests, if push comes to shove.

### *The security of eastern Sabah*

The region of eastern Sabah had always been a frontier region of sorts with an almost wild-west vibe to it. It is about as far away as one can get in Malaysia from the nexus of decision-making in the west coast of the Peninsular. Some critics have long argued that the region always suffered from a lack of government attention – both state and federal. Its borders were long, vast and poorly monitored which resulted in plenty of unregulated and undocumented traffic of people and goods with the neighbouring provinces in the Southern Philippines and East Kalimantan in Indonesia.

The porous borders were exploited on 12 February 2013 by some 235 armed militants of a group called the Royal Sulu Force in what became known as the Lahad Datu Standoff/Incursion. Based in the Southern Philippines, they claimed to act on behalf of one of the claimants to the throne of the Sulu Sultanate that once ruled over parts of Sabah. They infiltrated into the Lahad Datu district in eastern Sabah, 'liberated' territory, held hostages and conducted ambushes on police who were called to investigate. This resulted in an operation by security forces to

dislodge the militants. When the shooting stopped on 11 March 2013, around 10 Malaysian security personnel, 6 civilians and 68 militants were killed.<sup>16</sup> In response, the Eastern Sabah Security Command (ESSCOM) and the Eastern Sabah Security Zone (ESSZONE) were created in March 2013, covering the districts in eastern Sabah. It covers a 1734 kilometre stretch of coastline, bordering both the Philippines and Indonesia.<sup>17</sup> ESSCOM itself comprises of the MAF, Royal Malaysia Police (RMP) MMEA and relevant authorities from the state and federal governments who coordinate all action and policy on the security of eastern Sabah.

The eastern seaboard of Sabah continues to suffer from various security threats. The main threat plaguing the area is kidnapping for ransom, which is an industry of its own in the Southern Philippines.<sup>18</sup> Increased patrols, beat-bases and surveillance managed to reduce the number of kidnappings from coastal resorts, fish-farms and villages. From mid-2016 however, kidnappers began to focus on maritime targets – sailors on the various trade vessels, fishing boats and tugboats that ply the busy routes between the Southern Philippines, eastern Sabah and East Kalimantan. Given the vastness of the maritime region, security forces have yet to get a handle on this. By the third quarter of 2017, a total of 59 people had been kidnapped with 15 still being held hostage.<sup>19</sup>

The various armed groups based in the provinces of the Southern Philippines are another source of concern. These include radical terrorist organisations like Jemaah Islamiyah, Darul Islam and Daesh – all of whom have sympathisers in Malaysia and have attempted to launch attacks in Malaysia.<sup>20</sup> The fallout from the siege and battle of Marawi in particular has increased concerns and vigilance in eastern Sabah as the region was used as a transit and jump-off point for some militants heading to Marawi. Malaysian security forces reportedly made up to 232 arrests of both locals

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<sup>16</sup> Jasmine Jawhar & Kennimrod Sariburaja, "The Lahad Datu Incursion and its Impact on Malaysia's Security", The Southeast Asia Regional Centre for Counter-Terrorism, 2016

<sup>17</sup> Background of ESSCOM, ESSCOM, 2017, Available at: [https://esscom.gov.my/?page\\_id=17243](https://esscom.gov.my/?page_id=17243)

<sup>18</sup> Reena Raj, "Sabah Security Under Scrutiny", Malay Mail, 21 November 2015, Available at: <http://www.themalaymailonline.com/malaysia/article/sabah-security-underscrutiny>

<sup>19</sup> Zam Yusa, "Of 59 people kidnapped from boats off Sabah, 15 still being held captive", FreeMalaysiaToday, 14 September 2017, Available at: <http://www.freemalaysiatoday.com/category/nation/2017/09/14/of-59-people-kidnapped-from-boats-off-sabah-15-still-being-held-captive/>

<sup>20</sup> Straits Times, "Malaysia detains 20 suspected militants, 13 of them foreigners", 22 December 2017, Available at: <http://www.straitstimes.com/asia/se-asia/malaysia-detains-20-suspected-militants-in-new-swoop-13-of-them-foreigners>

and foreigners in Sabah directly connected to the Marawi incident.<sup>21</sup>

In response to these incidents, the MAF have had to work in concert with the RMP, MMEA and other civilian agencies – which take the lead in ESSCOM as the situation is considered an internal security matter – which require a policing, rather than military solution. A key development for the MAF is the decision to establish a fifth infantry division of the Army in Sabah overseen by a newly established group called Task Force 450.<sup>22</sup> This however is expected to take time, money and resources – the last two of which are in short supply. Its formation would entail relocation regiments and units based in the West Malaysia to Sabah, the construction of camps and other facilities as well as the raising of several new regiments/units in Sabah itself. These include mechanised and artillery units – most of which were previously only found in West Malaysia.

In order to make up for the existing shortfall as well as to bolster the security needs of eastern Sabah, units from West Malaysia are on rotation in different parts of eastern Sabah until permanent units can be assigned. Similar arrangements have been made for the RMN and RMAF. As mentioned earlier, a squadron of Hawk light fighters with air-to-ground attack capability has been permanently stationed in Labuan Island along with more helicopters, patrol craft and fast pursuit boats at ad-hoc and newly built facilities throughout eastern Sabah.

Another key development has been the formation of the Trilateral Patrols involving Malaysia, Indonesia and the Philippines in the Sulu Sea. Although it is a largely maritime based operation, air and eventually ground based military assets or units are or will be involved. Maritime Command Centres have been set up in Tarakan (East Kalimantan), Tawau (Sabah) and Bongao (Tawi-Tawi) to coordinate these patrols.<sup>23</sup> While the involvement of additional stakeholders from both ASEAN and its Dialogue Partners will most certainly aid the trilateral states in terms of training, capacity and technical building this should not be rushed. Having too many external players involved too soon will likely prove to be counterproductive to the ultimate

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<sup>21</sup> Straits Times, “232 people arrested in Sabah since unrest in Philippine city Marawi”, 10 August 2017, Available at: <http://www.straitstimes.com/asia/se-asia/232-people-arrested-in-sabah-since-unrest-in-philippine-city-marawi>

<sup>22</sup> BorneoPost, “Fifth Infantry Division to boost Sabah security”, 3 April 2015, Available at: <http://www.theborneopost.com/2014/04/03/fifth-infantry-division-to-boost-sabah-security/>

<sup>23</sup> Straits Times, “Indonesia, Malaysia, Philippines launch joint operations in Sulu Sea to tackle terrorism, transnational crimes”, 19 June 2017, Available at: <http://www.straitstimes.com/asia/indonesia-malaysia-and-philippines-launch-joint-operations-in-sulu-sea-to-tackle-terrorism>

aim of security in the Sulu Seas.<sup>24</sup> The concerns, requirements and pace of Malaysia, the Philippines and Indonesia should be respected. Agreeing on the formation and terms of the Trilateral Patrol itself was a hard-fought achievement itself.

### *Defence spending and policies*

In Malaysia, economic and social development like infrastructure, education, skills development, and healthcare have always taken a priority over defence expenditure. Malaysia's defence budget and spending has never exceeded 5 per cent of the annual budget since independence – even during the height of the communist insurgency and Konfrontasi.<sup>25</sup> Defence spending averaged around 1.5 per cent of the GDP, well below the regional average of 2.2 per cent.<sup>26</sup> There have also been plenty of disruptions to Malaysia's defence expenditure and modernisation efforts. They are mainly attributed to unfavourable economic conditions and the low value of the Malaysian Ringgit (MYR) when compared to the US Dollar (USD), or other currencies used by major weapon exporting nations. The politicisation of defence spending is another growing hindrance.<sup>27</sup> As a result, acquisitions have often been downgraded, downsized, delayed or even scrapped altogether.

In 2015, the defence budget stood at MYR17.7 billion (USD4.4 billion) before being slashed by about 2.25 per cent to MYR17.3 billion (USD4.3 billion) in 2016.<sup>28</sup> This further dipped to slightly over MYR15 billion in 2017 from which MYR13.6 billion was allocated for operational and maintenance expenditure costs.<sup>29</sup> For 2018, a total sum of MYR15.8 billion was announced with around MYR12.5 billion for operational and maintenance expenditure leaving around MYR 3.2 billion for developmental expenditure, including acquisitions.<sup>30</sup>

<sup>24</sup> Prashanth Parameswaran, "A US-China Role in the New Sulu Sea Trilateral Patrols?", *The Diplomat*, 13 October 2017, Available at: <https://thediplomat.com/2017/10/a-us-china-role-in-the-new-sulu-sea-trilateral-patrols/>

<sup>25</sup> Mohamad Faisol Keling, Mohd Na'eim Ajis, Md Shukri Shuib, Muhammad Fuad Othman & Hishamudin Md Som, "The Malaysian Government's Efforts in Managing Military and Defence Development", *International Journal of Business and Social Science*, Vol 2, No 12, 2011, p.181, Available at: [http://ijbssnet.com/journals/Vol\\_2\\_No\\_12\\_July\\_2011/20.pdf](http://ijbssnet.com/journals/Vol_2_No_12_July_2011/20.pdf)

<sup>26</sup> Zachary Abuza, "Analyzing Southeast Asia's Military Expenditures", CSIS, 2015, Available at: <http://cogitasia.com/analyzing-southeast-asias-military-expenditures/>

<sup>27</sup> Reuters, "Tight budget hampers Malaysia's defence ambitions", 20 March 2015, Available at: <https://www.reuters.com/article/malaysia-defence/tight-budget-hampers-malysias-defence-ambitions-idUSL6N0W125Y20150319>

<sup>28</sup> Prashanth Parameswaran, "What Does Malaysia's New Defense Budget for 2016 Mean?", *The Diplomat*, 2016, Available at: <https://thediplomat.com/2015/10/what-does-malysias-new-defense-budget-for-2016-mean/>

<sup>29</sup> Marhalim Abas, "2017 Budget: Defence and National Security", *Malaysian Defence*, 22 October 2016, Available at: <http://www.malaysiandefence.com/2017-budget-defence-and-national-security/>

<sup>30</sup> Marhalim Abas, "RM50 Million For SF", *Malaysian Defence*, 27 October 2017, Available at: <http://www.malaysiandefence.com/rm50-million-for-sf/>

Among the new acquisitions planned for 2018 and beyond include new coastal surveillance radars to be deployed off eastern Sabah and more funds for special operations forces. Four new advanced Maritime Patrol Aircraft and the introduction of the Multi Role Support Ship class vessel into the RMN are also on the cards.<sup>31</sup> The latter is a key part of the RMN's "15-to-5" transformation programme which aims to streamline the navy into a capable yet efficient force. It is still at an early stage however – defence planners will have to draft the technical and operational requirements of the desired platforms. Tenders are still some way off.

Previous orders are also expected to continue as funds are slowly released. These include up to six MD530-G armed scout helicopters, 24 M109A5 self-propelled artillery plus support vehicles, additional AV8 Gempita armoured vehicles and an unspecified number of 105mm pack-howitzers. The purchase of 4 Littoral Mission Ships from China, of which two will be assembled in Malaysia, also continues as planned. It is unlikely however that the decade-long requirement for Multi-Role Combat Aircraft and Airborne Warning and Control System aircraft will be fulfilled by 2020.

It is important to note that Malaysia's defence budget does not include allocations for the RMP and the MMEA. Both civilian agencies are funded separately. The latter, despite being Malaysia's frontline maritime law enforcement agency, has long suffered from a lack of resources and assets to carry out its mandate.<sup>32</sup> For 2018, MMEA was allocated close to MYR900 million with slightly more than half channelled towards upgrading and procurement of new patrol boats.<sup>33</sup> New acquisitions include six new patrol vessels and three offshore patrol vessels.<sup>34</sup> This comes on top of the two refurbished offshore patrol ships received from the Japan Coast Guard.<sup>35</sup> Despite the increased allocations and orders, more is needed to meet the optimum requirements of the MMEA. This takes on added urgency since MMEA's mandate had been recently expanded, making it the lead agency for

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<sup>31</sup> Marhalim Abas, "MRSS and MPA, Really?", Malaysian Defence, 29 October 2017, Available at: <http://www.malysiandefence.com/mrss-and-mpa/>

<sup>32</sup> Zulkifli bin Abu Bakar, "Enhancing Maritime Security – Law Enforcement in Malaysia", prepared for the 24th Asia-Pacific Roundtable, Kuala Lumpur, 7-9 June 2010.

<sup>33</sup> Fairuz Mohd Shahar, "MMEA appreciative of RM900 million allocation", New Straits Times, 27 October 2017, Available at: <https://www.nst.com.my/news/nation/2017/10/295967/mmea-appreciative-rm900-million-allocation>

<sup>34</sup> The Star, "New ships for MMEA to safeguard our waters", 22 March 2017, Available at: <https://www.thestar.com.my/news/nation/2017/03/16/new-ships-for-mmea-to-safeguard-our-waters/#QssuHdI5xxKFXSou.99>

<sup>35</sup> Borneo Post, "MMEA strengthening operations with new vessel from Japan", 19 April 2017, Available at: <http://www.theborneopost.com/2017/04/19/mmea-strengthening-operations-with-new-vessel-from-japan/>

coordination of air surveillance activities over the country's waters.<sup>36</sup>

The above mentioned disruptive factors are not new and are likely to remain a constant in the foreseeable future. While near-term economic growth remains favourable and growth stands at around 5-5.7 per cent, the long-term outlook is less certain and there are significant reforms required to enhance long-term productivity and human capital.<sup>37</sup> Barring a major aberration in its regional security assessment, it is also unlikely that Malaysia will significantly boost the defence budget at the expense of other sectors. In a recent study, the Deloitte Asia-Pacific Defense Outlook classifies Malaysia as an "Economiser" in terms of defence spending where the real defence budget is projected to decline through 2020.<sup>38</sup> Thus, one can expect a continuation of a significant capacity gap between the defence requirements of the MAF and the resources allocated to it.

## **Part 2: Future prospects for regional security/defence cooperation**

Regional security/defence cooperation was – and is – a rather sensitive subject in Southeast Asia. This was due to the value placed on sovereignty and non-interference by ASEAN Member States (AMS) and various ongoing border disputes. In some cases, suspicion and rivalry have defined the security and defence relationships within ASEAN. All things considered though, the situation has certainly significantly improved. AMS are now working together in ways that were nearly impossible to imagine in the 1980s and early 1990s.

The two best known examples of security/defence cooperation in ASEAN – the Malacca Straits Patrol (MSP) and the Sulu Sea Trilateral Patrols – best attest to this. The former was formed as much to improve security in one of the most heavily used shipping routes as it was to ensure that the littoral states and not external stakeholders were the ones that were taking the lead. Malaysia in particular was concerned about the interest showed by major powers, and was worried that the presence of one or two major powers in securitising the Straits would attract other competing powers,

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<sup>36</sup> Hidir Riduan, "MMEA's role in coordinating air surveillance can boost security of Malaysian waters", *New Straits Times*, 24 November 2017, Available at: <https://www.nst.com.my/news/nation/2017/11/306997/mmeas-role-coordinating-air-surveillance-can-boost-security-malaysian>

<sup>37</sup> The World Bank, *Malaysia Overview*, 2018, Available at: <http://www.worldbank.org/en/country/malaysia/overview>

<sup>38</sup> Deloitte Asia-Pacific Defense Outlook 2016, pp. 6-7

bringing unwanted complications to its doorstep.<sup>39</sup> The Trilateral Patrols in contrast, came about due to the initiative of Malaysia, Indonesia and the Philippines in the Sulu Sea who were all facing a variety of security issues and threats. There was very little in the way of external pressure, as in the case of the MSP. They managed to come to terms, despite the fact that all three littoral states have various disputes either at or near the area and their security forces have sometimes been at odds with one another. This is an achievement that cannot be understated.

Given the nature of ASEAN, security/defence cooperation in the region is still likely to be characterised by cooperation between neighbouring and littoral AMS in dealing with a particular issue, rather than the participation of all or even most AMS. The situation could slowly change as various concerns of AMS are addressed and as security/defence cooperation is further strengthened in the region. One possible avenue could come from the ASEAN Militaries Ready Group (AMRG) on humanitarian assistance and disaster rescue (HADR), proposed by Malaysia. It envisions AMS volunteering military units for a rapid-deployment like force, under the ASEAN flag, purely for humanitarian purposes. Ultimately though, participating forces would be under their respective national command structure and only be activated if called by the affected country.<sup>40</sup>

The lynchpin of Southeast Asian security and defence cooperation is the ASEAN Defence Ministers' Meeting (ADMM) and the ADMM-Plus.<sup>41</sup> Its current focus is largely on counterterrorism, HADR, maritime security, military medicine, peacekeeping operations, demining, and cyber security. Under Singapore's chairmanship of ASEAN in 2018, several items have been identified within the defence sphere. They include the previously proposed ASEAN-China maritime exercise, an expansion of the Code for Unplanned Encounters at Sea (CUES) to all ADMM-Plus countries, and establishing a set of guidelines for air encounters between ASEAN military aircraft.<sup>42</sup> Additionally, the decision in 2017 to hold

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<sup>39</sup> Sheldon W Simon, "Safety and Security in the Malacca Straits: The Limits of Collaboration", *Asian Security*, Vol 7, No 1, 2011

<sup>40</sup> Ministry of Defence, Lao PDR, "Terms of Reference: ASEAN Militaries Ready Group on Humanitarian Assistance and Disaster Relief", 22 April 2016

<sup>41</sup> ASEAN Defence Ministers' Meeting, "About Us", 2018, Available at: <https://admm.asean.org/index.php/about-admm/about-admm.html#>

<sup>42</sup> Prashanth Parameswaran, "What Did the ASEAN Defense Meetings in the Philippines Achieve?", *The Diplomat*, 2 November 2017, Available at: <https://thediplomat.com/2017/11/what-did-the-asean-defense-meetings-in-the-philippines-achieve/>

ADMM-Plus on an annual basis, instead of biennially is a major plus. The more frequent meetings could provide the stimulus needed for enhanced cooperation at a faster pace.

With this development, ASEAN's Dialogue Partners have an opportunity to play a constructive role in promoting and advancing the scale and depth of security/defence cooperation in the region. The Dialogue Partners, especially the major powers, should keep in mind that the goal is the improvement of ASEAN cooperation for the benefit of regional security. A secure and cooperative ASEAN is important for a wider Asia Pacific. Turning the ADMM-Plus into an avenue for strategic competition to advance national interests will ultimately be to everyone's loss. ASEAN's Dialogue Partners must balance between efforts to further increase the nature of cooperation with both ASEAN and individual member states where the opportunity presents itself, understand the restraints that some in ASEAN may have about progressing too fast, and most importantly, to know how to delicately nudge ASEAN forward when needed.

