

## CHAPTER 2

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### **Malaysia's Strategic Outlook and Developments in its Defence Policy**

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*Malaysia is fortunate to find itself in a relatively benign strategic environment. There is no discernible existential or credible threat that would draw the nation into a large-scale armed conflict. While the "defence" aspect of security is rendered peaceful in the absence of imminent threats, the same cannot be said of "internal security." There is a noticeable trend in the last five years where allocation for internal security is on the rise, reflecting the increasing demands for resources and uptrend of domestic threats to law and order. The proposed purchase of Multi-Role Support Ships may signal the formal inclusion of HADR as a formal mission of the Malaysian Armed Forces.*

#### **Malaysia's Strategic Outlook**

Malaysia's regional strategic outlook is one of cautious optimism. The on-going community-building project among ASEAN states helps to minimise and dampen conflicts. To be sure, Malaysia has extant disputes with its neighbours over ill-defined borders and maritime areas. Political will and statesmanship proved decisive in moderating nationalistic tendencies, forestalling the use of force. Malaysia is confident that disputes involving member states will not erupt into an outbreak of large-scale conflicts. The Treaty of Amity and Cooperation (TAC) embodies ASEAN's commitment to resolving conflicts without the use of force. The likelihood of engagement in an armed conflict in the near future is slim.

The tense rivalry of the Cold War era had given way to a period of engagement and reconciliation between the erstwhile former antagonists. It is also notable that all the major powers – China, India, Japan and the US – are party to the TAC. Even North Korea has acceded to the Treaty. To be sure, regional stability and security cannot rest squarely on a political commitment. National resilience, and by extension, regional resilience had served as a foundation for peace and stability throughout the region. It must also be recognised that the myriad security arrangements the US have with regional partners is also seen as a stabilising factor. US security commitment

and strategic engagement in the region is the lynchpin of regional security, and in many ways help to dampen the security dilemmas between Malaysia and its neighbours. More importantly, the US security engagement is a hedge against possible aggrandisement designs of the region's other major powers.

The US's newly-found affinity with Southeast Asia in the last two years, while welcomed by some quarters, is seen cautiously by others. China, in particular, is sceptical of US intentions and considers US enhanced engagement with Asia as a challenge to its own regional standing. Malaysia is particularly attuned to Chinese sensitivities in the light of Kuala Lumpur's improved relations with Washington. In this context, the management of major power relations is one of the major strategic challenges faced by Malaysia and ASEAN states. We have to tread carefully in order to prevent Southeast Asia from turning into a chessboard for major power jostling for power and influence.

## **The Region's "Hot Spots"**

### ***South China Sea***

Three "hot spots" dominate the East Asian security landscape, namely the Taiwan Straits, the Korean peninsula and the South China Sea. In the past year, two of these three "hot spots" provided moments of anxiety throughout the region. Secretary Hillary Clinton's speech at the ASEAN Regional Forum meeting in Hanoi asserting that the US had legitimate interests in safe and unimpeded passage in the South China Sea stirred the Chinese hornet's nest. Some quarters, notably Vietnam may quietly welcome the US Secretary of State's remarks. Nevertheless, those words resonated strongly in Beijing and the Chinese government's reaction was predictably swift and uncompromising. The diplomatic spat between the US and China over the South China Sea dispute raised the political temperature, and caused some degree of consternation around Southeast Asian capitals. From Beijing's vantage point, the US was seen as encroaching into its backyard. It did not help matters that following the Clinton speech, US and Vietnamese navies conducted joint military exercises. Fortunately, cooler heads prevailed and the looming political showdown between the two major powers subsided. China's stern reaction was closely watched by Southeast Asia, and *The Economist* posed the question that is no doubt on a great many minds, namely whether this marks the end of China's "charm offensive." Quips about

Chinese diplomacy turning more offensive and less “charming” are gaining traction in the region. Probably sensing the need to effect some damage control, China announced that it was amenable to exploring the inking of a Code of Conduct with ASEAN.

Optimism is, however, running low in the light of the rising tensions in the South China Sea. In March, Philippine resolve was tested when two Chinese gunboats attempted to drive a Filipino-commissioned survey boat from the Reed Bank. Senior officials from both countries subsequently tried to down play the incident and emphasised peaceful relations between Manila and Beijing. The issue remains a thorn in their bilateral relations. Temperatures rose further in June when Vietnam alleged a Chinese ship had cut the exploration cables towed by a Vietnamese seismic survey vessel. This act came off the heels of a Chinese unilateral ban on fishing in the Parcel waters, which Vietnam claims exclusive rights to. Things may be coming to a head, and this presents one of the most pressing security challenges to regional stability. The power keg in the South China Sea remains dry at the moment, but the fuse is getting shorter with each transgression.

### ***The Korean Peninsula***

The Korean peninsula took a decidedly negative turn. The sinking of the *Cheonan* on 26 March 2010 was a major setback for inter-Korean relations. Evidence seems to point to DPRK's complicity in the attack, although Pyongyang doggedly maintained its innocence. Partly to deter future aggression and to underline the close US-South Korean security camaraderie, the US and South Korean militaries conducted naval exercises in the Yellow Sea, much to the consternation of Beijing. That the *USS George Washington* would be operating in international waters but uncomfortably close to the Chinese mainland would surely invite stern reactions from Beijing. Eventually, the US moved the carrier further away to placate Chinese unease but went ahead with the scheduled exercises. Hardly had the dust settled, when the Korean peninsula was brought to the highest state of military alert unseen in many decades. On the fateful 23 November 2010, North Korean artillery shelled the South Korean island of Yeonpyeong killing 4 Koreans and injuring 19. The South Korean military was put on full alert. Seoul's show of force for large-scale military exercises only served to shorten the fuse. South Korea suspended all aid to the North.

It will take some time before the South Korean wound heals. Overtures by the DPRK to resume the Six Party Talks, while welcomed, will surely be seen with scepticism by the South. Ostensibly, tensions in the Korean peninsula may not directly impact Malaysia given the geographical distance and relative impotence of Kuala Lumpur to influence the outcome of events. Nevertheless, Malaysia, like all other regional states, would be affected if war were to break out in the peninsula. Trade and the sea lanes of communication are highly susceptible. The possibility of Pyongyang's proliferation actions moving beyond the peninsula is worrisome. Reports of Pyongyang assisting Myanmar with a clandestine nuclear programme is a game-changing event that would dramatically alter Southeast Asia's strategic landscape. A nuclear armed Myanmar would make its neighbours very nervous. It would also call into question Myanmar's commitment to the Southeast Asia Nuclear Weapons Free Zone (SEANFWZ). If the reports were proven true, it would turn out to be the biggest challenge for the regional organisation since the Cambodian crisis, and may well lead to Myanmar's expulsion from the regional organisation.

### ***Cross-Straits Relations***

Relations between China and Taiwan have been the best in decades. The passage of the Economic Cooperation Framework Agreement (ECFA) between Beijing and Taipei is a momentous landmark in cross-Straits relations. It marks the maturation of bilateral ties, and demonstrates the political will of both parties to endeavour forging a constructive engagement. The fact that China continued negotiating on ECFA in spite of its strong protests to the US for going ahead with its arms sales to Taiwan is telling. To mark its displeasure, Beijing suspended all high-level military engagement with its US counterparts. In contrast, Taiwan "escaped" serious punishment in the face of Chinese ire. Taiwan had reciprocated Beijing's goodwill by allowing Chinese tourists to travel individually to the island. Heretofore, Chinese tourists were only allowed to visit Taiwan under controlled and supervised conditions. Beijing has taken a different tack to engage Taipei, a development that if sustained and consolidated would further reduce the likelihood of instability. Of the three "hot spots," the Taiwan Straits is the most stable, which in itself is a remarkable turn of events considering that as early as 2005 the possibility of war was real.

## Putting A Number On Defence

The government expenditure for security increased 9 per cent from RM18,102 million in 2011 to RM19,731 million (See Table 1). In fact, the allocation for 2011 is the highest in the last five years and represents 12.12% of total government expenditure. The proportion is in line with previous years' trend. The average percentage for the security sector is 12.34% from 2007-2011. At face value, the budget shows an increase, but much of it is taken up by emoluments and maintenance.

The operational budget shows two distinct patterns. It is noteworthy that expenditure for internal security constitutes 46.63% of the security allocation. This implies that the priority on internal security is as important as external defence. Secondly, the growth rate for internal security allocation is faster compared to defence expenditure. Expenditure for internal defence increased from RM6,586 million to RM9,200 million, an increase of 40%. In comparison, the allocation for defence in 2007 was RM9,547 and rising to RM10,531 million in 2011. In the last five years, the allocation for defence went up by 22.3%. In the corresponding period, the percentage of allocation for internal security had also risen from 40.8% to 46.63%.

**Table 1: Federal Government Operating Expenditure, 2007-2011**

	2007	2008	2009	2010	2011
<i>SECURITY</i>	16,134	18,510	19,583	18,102	19,731
<i>Defence</i>	9,547	10,597	11,311	9,701	10,531
<i>Internal Security</i>	6,586	7,913	8,271	8,400	9,200

Source: Economic Planning Unit (EPU), Malaysia

The increase in allocation for internal security reflected the nation's growing concern for public safety. Public perception of the rising crime rate and threats to personal safety compelled the government to increase the number of law enforcement officials. This was also the rationale for the increase of the paramilitary force (RELA) from 24,600 persons in 2008 to 244,7000 persons in 2009. The *Ikatan Relawan Rakyat Malaysia* (RELA) consists of volunteers whose mission is to assist in public safety and order. RELA operates under the Ministry of Home Affairs.

The fact that the budget allocation for internal security had continuously been given higher priority in the last five years reflects the imperative of internal peace and stability over external defence. Public safety and order are salient issues and resonate strongly with the electorate, especially among the middle-class and urban population. High on the political consciousness, it would continue to be given the lion's share of the security expenditure allocation.

### **More Woes for the Military in the Wake of Economic Downturn**

The economic downturn had forced the military to scale back its modernisation. One of the affected programmes is the air superiority fighter replacement programme. Purchased in 1994, the 16 MiG-29 *Fulcrum* were scheduled to be decommissioned in 2009, but despite its heavy maintenance costs it was given a new lease of life. Unable to muster the funding to replace the ageing and costly squadron, the Royal Malaysian Air Force (RMAF) is expected to operate the MiGs interceptors well into the middle of the decade. However, there was much cheer as the on-and-off again replacement programme for the unreliable *Nuri* (Sikorsky) helicopter transport was finally back on track. A letter of agreement was inked during the Defence Services Asia (DSA) in 2010 to purchase 12 Eurocopter *Cougar* EC725. The Cougar would increase the military's airlift capacity and enhance its search-and-rescue capabilities. Malaysia also has four A400M military transport planes on order, and when these planes come into service in 2013 (although reports suggest that delivery might be pushed back to 2016 due to technical delays at Airbus), together with the *Cougar* helicopters, they would provide the MAF an important boost to its airlift capability.

### **A New Mission for the Malaysian Armed Forces?**

It was reported that the Malaysian Armed Forces have plans to acquire three Multi-Role Support Ships (MRSS), with the first ship to be built in Europe and the remainder in Malaysia. The MRSS would be used in support of humanitarian assistance. Although Malaysia had participated and supported various humanitarian assistance and disaster relief operations in the region, HADR was not heretofore designated as an official mission of the MAF. It is still unclear if HADR would be included in list of mission parameters. However, the planned construction of three major surface ships is a clear sign of the importance placed on HADR. Furthermore, this is

consistent with efforts to forge closer political-security links in the region. HADR is one of the few missions that garner widespread support in the region, and bolstering the capacity of the MAF in this aspect is a positive and welcomed development. It also signals a commitment toward the function and use of MAF assets in peacetime.

## **Defence Diplomacy**

The National Defence Policy (NDP) identified defence diplomacy as one of the priority areas. As a member of ASEAN, Malaysia had been actively engaged in multilateral defence institutions such as the ASEAN Regional Forum (ARF), the ASEAN Defence Ministerial Meeting (ADMM) and most recently, the ADMM Plus. The importance of defence diplomacy is even more pronounced considering Malaysia is not party to any military alliance. Participation in a multilateral setting is an important avenue for Malaysia to engage in regional discussion and management of security issues. The expansion of ADMM to ADMM Plus is a positive development in that it brings together the major powers and ASEAN, and it is hoped that it would be more functional compared to the ARF as the former has fewer members and the implied cohesiveness. At this point, the ADMM Plus appears to be following in the tracks of the ARF in avoiding the hard questions on substantive security issues. Issues and threats such as non-proliferation and territorial disputes are not yet on “the table”. The inaugural ADMM Plus had identified five focus areas: disaster relief, counter-terrorism, maritime security, peacekeeping and military science. These “safe” security issues are non-controversial and restate what regional member states have been doing in the last decade. It is also a modality that had served ASEAN and its partners well when it comes to security cooperation, with the strategy of downplaying controversial issues and using the incentive of “low hanging fruits” to instil confidence and nurture future cooperation. This is an approach that is amenable to Malaysia. In the absence of an imminent threat, the urgency to push for cooperation in “hard security” issues is lacking.

## **Disconnect Between Policy and Practice: Deterrence and Forward Defence**

Deterrence and forward defence had been identified in the NDP as the thrust of the

nation's strategic defence. This perspective is, however, problematic. In its present form and in the near term, it is doubtful if the Malaysian Armed Forces could credibly be regarded as a deterrent force. For this objective to be realised, the MAF has to possess the capability to inflict unacceptable damage to the enemy in order to persuade the enemy to change its course of action. In other words the payoff between potential gains and cost would have to be negative or too high to be sufficiently profitable for the aggressor. To inflict this degree of damage, the MAF requires substantive offensive capability, which at this point it does not have.

A deterrent-based strategy is also problematic in that the NDP had not identified any threats or the referent object to direct the strategy toward. Deterrence works when the "enemy" is identified, and the cost of challenging the status quo for the enemy is clear. In other words, the defender needs to establish its credibility to be able to "bring the battle" to the enemy, and this message is clearly communicated and received by the other party. There are two facets to a deterrent-based strategy, *viz.*, military and political. The former refers to the relative balance of power and capabilities of the dyad. On the other hand, the latter refers a cognitive recognition of the state of affairs. For deterrent to be successful, the referent object needs to recognise and be made aware that the cost of aggression would be unbearably high for it to even contemplate. In reality, the enemy needs to be clearly identified. This is not just a theoretical debate but has practical implications. Malaysia's unease to identify an "enemy" and ability complicates its deterrent strategy. It is difficult to deter a party when that party has not been identified or that party is not aware that it is being deterred.

Forward defence is more practical. The idea is to bring the fight to the enemy and to prevent the enemy from gaining a foothold on Malaysian soil. In other words, the frontline of the battle would be away from Malaysia. This is consistent with the NDP's emphasis on achieving command of the air and sea. Superiority in these two domains effectively insulates Malaysia from external threats. While the objective is sensible, putting this doctrine into practice and making it operational would not be easy. To begin with, Malaysia has one of the smallest air forces in the region. Singapore and Thailand maintain a larger and more potent force. It would be hard-pressed for the MAF to hold its own, much less achieving command of the air in the event of a conflict. Achieving command of the sea is equally problematic. The Royal

Malaysian Navy does not have adequate resources and firepower to achieve this goal. Considering Malaysia's geographical spread and its vast maritime area, the best it could achieve is to concentrate its resources to achieve the goal of sea denial. Malaysia's battle of order does not reflect the goals of achieving superiority at sea and in the air. Given the increasingly tight defence allocation, it would be difficult to envision a substantial build-up to a level where these tenets could be operationalised.

### **Looking Ahead for Malaysia's Defence Policy**

Malaysia has the "luxury" of not having to face military threats that would jeopardise its core national interests. It operates in a relatively benign environment with few, if any, threats. This sense of comfort is integral to economic growth and political stability. It had enabled the Malaysian government to focus and place more resources on non-defence sectors. Therein lies the dilemma: if indeed Malaysia's sense of external security is high, why then do we need to build up the military to be ready to fight and address conventional threats? At the other extreme, if Malaysia is unable to match the military buildup of potential threats such as China, should we explore other means to achieve security? Is collective security at the regional level an option? One possibility is to maintain a lightly-armed force that is adequate to maintain the nation's political, geographical and economic integrity. The possibility of formally introducing HADR as a mission for the MAF is interesting and worthy of more thought.

