

CHAPTER 2

Malaysia's Perspectives and Responses to Strategic Challenges

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Malaysia's Strategic Outlook

Southeast Asia has had an eventful year in 2011. For starters, the Cambodian-Thai border issue flared into an open conflict. ASEAN had to deal with the embarrassing task of dealing with an armed conflict between two of its members. Many question the efficacy of ASEAN and the Treaty of Amity and Cooperation when two of its members ignored one of the fundamental tenets of ASEAN—non-use of force in the settlement of disputes. Fortunately cooler heads prevailed in Bangkok and Phnom Penh. Having a strong and proactive ASEAN Chair in the form of the Indonesian foreign minister nudged ASEAN into uncharted waters and provides a playbook for succeeding Chairs to manage future intra-mural conflicts.

The most anticipated event was the Sixth East Asia Summit (EAS) where Russia and the US formally acceded to the region's summit meeting. While the US president, Barack Obama reaffirmed his nation's commitment to Asia, Russia was a disappointment and the Russian President was noticeably absent. It was also in the Bali summit where we saw the first glimpse of major power rivalry when the US pushed forward the inclusion of the South China Sea into the agenda against the objections of the Chinese.

In spite of challenging times, the strategic outlook for Malaysia remains unchanged. "Cautious optimism" is still the operative word. There is an absence of an imminent threat across the horizon. The likelihood of Malaysia being involved in a war is remote. However, this does not mean that Malaysia is free from other forms of threats. The most problematic strategic conundrum facing Malaysia is the South China Sea and managing its relations with the US and China.

South China Sea: Dangerous Undercurrents

War may be remote but the region is far from peaceful. The region might be at the precipice of a major power rivalry. This phenomenon has been brewing for the past few years and is now coming to a head. Unfortunately, the “battlefield” for this conflict is in Southeast Asia. More specifically, the South China Sea is where the battle line is drawn. To be sure, “battlefield” is a metaphor for the political standoff between the US and China. This confrontation is unique considering that the US is not a party to the overlapping territorial claims in the South China Sea. Washington has planted a flag to stake the South China Sea as a priority. The US had presented their interests in the context of free and safe navigation. Beijing, on the other hands, sees Washington’s interest in the South China Sea as interference.

From Malaysia’s vantage point, the US’s interest in the South China Sea is disconcerting because it changes the dynamics of the dispute. While the US is not a claimant, it has been active in influencing the management of the dispute. Its backing for Vietnam and the Philippines—including offering to supply the latter with military equipment—served to increase the stakes of the conflict. Additionally, it may increase the likelihood of militarising the conflict. To be sure, China had showed little hesitation at flexing its military muscles as evident in its dealings with Vietnam and the Philippines. As unsatisfactory as it may appear, Malaysia’s preferred mode of management is for all claimants to utilize all peaceful means of resolution. There is a danger that the South China Sea may embroil the region in a spiral and raise the temperature in those confined waters. The spotlight on the South China Sea is also putting Malaysia in bind in appearing not to close ranks with its ASEAN claimants in criticizing China for its bullying tactics. Therefore, the conflagration in the South China Sea presents three challenges to Malaysia. First, it faces a tough challenge to protect its claims in the South China Sea. Second, there is a genuine concern that the verbal sparring between Beijing and Washington may turn into something more confrontational. Lastly, the rising tension in the South China Sea is also pushing Malaysia to clarify its stance and support the other ASEAN claimants to stand up against China.

The current momentum toward the conclusion of a Code of Conduct (CoC) is to be welcomed. However, the claimants must not lose sight of the end game which is the

resolution of the dispute. The CoC buys time and does not resolve the underlying factors to the dispute. Resolution may be a lengthy process and perhaps it is wise to focus on the CoC. It would also be helpful and strategically expedient to address the concerns raised by the US and some ASEAN states on the free and safe navigation in the South China Sea. A protocol on this matter should not be confined to China and the ASEAN states but must include all major stakeholders—the US, Japan, South Korea, India, Australia and New Zealand. The responsibility for upholding the integrity of the open seas—and possible transgression—does not fall on the Chinese and ASEAN states shoulders alone. Additionally, an “incident at sea” protocol will also be helpful in stabilising the stormy waters in the South China Sea.

The Strategic Implications of US's “Pivot” Strategy

The idea of the “pivot” was announced by Secretary of State, Hillary Clinton, in an article published in *Foreign Policy* where she declared that “the future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of the action.” “Pivoting to Asia” is fast becoming the centrepiece of US strategic and diplomatic objectives.

Before “pivoting” became de *rigueur* as the cornerstone of the US's Asia policy, the region was abuzz with the US “return” to Asia. China, understandably, was especially agitated at the region's resident alien efforts at reinforcing its residency status in a more visible and substantive way. Indeed, there are segments in China who view the US “return” to Asia with a sense of foreboding. US initiatives were seen as stratagems to contain China's growing influence and power in the region. Indeed, the question of “why is the US back in Asia” constitutes a common point of discussion and debate within policy and academic circles. If hitherto there were concerns about the US's return to Asia, then Washington's “pivot movement” to Asia will certainly generate more discussion and potentially countervailing measures.

To be sure, “pivoting” is different from “returning.” In general, a US return would be marked by its heightened diplomatic engagement, especially with its new-found interest and support for multilateral initiatives such as the East Asia Summit. A US “return” to Asia would be largely viewed by Southeast Asia as a positive development, especially in an uncertain strategic environment punctuated by

China's expanding economic and military power. In this regard, the US is seen as a reliable and indispensable power to balance and, if necessary, to check Chinese aggressive designs. However, pivoting in the context of the Pentagon report may see an increased US *military* presence in the region.

Southeast Asia is, of course, no stranger to the US military. Up until November 1991 when the Clark Air Base was returned to the Philippines, the US maintained a large military footprint in the region. The US has close relations with its treaty partners—Thailand and the Philippines—and in November 1990 negotiated an arrangement with Singapore that gave the US access to and use of facilities in the Lion City. Singapore is also home to the US Navy's Logistics Group Western Pacific that provides logistics support for the US Seventh Fleet. For many decades, the US had consistently maintained a high strategic profile through bilateral and multilateral military exercises and other military-to-military cooperation. The hubs-and-spokes system of bilateral security treaties—which includes South Korea, Japan and Australia—has long been regarded as the backbone of the region's security.

The US strategic presence and engagement with the region is often quoted as one of the primary reasons for Southeast Asia's stability and growth. The argument goes that the US provided the security umbrella which allowed Southeast Asian states to limit their defence outlays. This argument was certainly valid during the Cold War era when the ASEAN-states were undoubtedly pro-American and cooperated to varying degrees with the US. In fact, when the US Air Force pulled out of the Clark Air Base, there was a sense of trepidation and the perception that US was withdrawing from the region. There was a genuine fear about a power vacuum which will "invite" other major powers to supplant the US's dominant role in regional security. Fortunately, these fears were unfounded as the expected jostling for primacy in Asia and the feared US retreat did not materialise.

While the US's diplomatic and political "return" to the region is applauded and welcomed, the reception for its "pivot to Asia" may be less enthusiastic. There are several reasons for such pessimism. Granted that the pivot strategy will be multifaceted and not uni-dimensionally focusing on military power. However, it is the latter component of the pivot strategy that may prove to be most controversial. To the extent that pivoting entails an enlarged and more visible military footprint it will

be destabilising and anathema to regional security. An increased US military profile will generate what academics understand as a “security dilemma” and make China feel uncomfortable, to put it mildly. A case in point is the recent announcement of the deployment up to 2,500 US Marines on a “rotational” basis in Darwin, Australia. Washington and Canberra were quick to emphasise the transient nature of the deployment, but whichever way one attempts to slice and dice “Darwin,” in the eyes of the Chinese and the rest of Southeast Asia, this move puts hundreds of well-trained and highly mobile US military personnel at the edge of the region. It is a potential “beach head” for the US to organise and launch military expeditions into Southeast Asia and the Indian Ocean.

In light of the “pivot” strategy, we can expect to see more of the Stars and Stripes in the region. Admiral Jonathan Greenert, the Chief of Naval Operations wrote in the December 2011 US Naval Institute’s *Proceedings* that the US is contemplating deploying littoral combat ships in Singapore and “other places” in Southeast Asia. We must ask ourselves whether there is an imminent threat in the region that necessitates increased firepower from the US. There is a point beyond which an increased military presence provides a *negative* marginal return. More is not always necessarily better.

There may be quarters in Southeast Asia that embrace a larger US military role and profile. Notable among these are the “hedgers” who no doubt see the US as the ultimate “insurance policy” to guard against strategic uncertainty. When it is diplomatically untenable and militarily impractical to balance against China’s expanding military might, then the growing presence of the US is reassuring to say the least. Hedging is not without its risks and drawbacks. It takes strategic finesse to execute and maintain a hedging strategy. Increased US military presence in the region may imperil this delicate hedging strategy and even entrench hedgers into the orbit of the US. More importantly, the military component of “pivoting” may serve to amplify the strategic divide and suspicions between China and Southeast Asia.

The implications of “pivoting” are multiple. For a start, the US will seek a larger voice and role in the region. Whenever possible, the US will prefer to sustain and assert its leadership. Secretary Clinton spoke for many Americans when she asserted that Asia is the future and correspondingly the US must be in Asia. What does

‘pivot’ mean to Southeast Asia? The substantive question that needs to be asked is, “when the US leads, should Asia fall in line and accept US leadership?” It would be unrealistic for Washington to assume that Asia will dutifully fall in line and support the US. Acceptance of US leadership is not universal, nor is it automatic. Support for the US in Southeast Asia’s largest country, for example, is slipping. The Pew Global Attitudes Survey showed Indonesians’ support for the US declining from 56% in 2009 to 49% in 2010. In Malaysia, opinion of the US has always been mixed. There are quarters, especially Muslims, who deride the US for its neglect of Palestine, while others have a more favourable outlook.

Asia does not dance to the tune of Washington, nor does it march to the beat of the Chinese. While Washington sees its future in Asia, it needs to be mindful that the success of its “pivot” strategy is contingent on the concurrence and support of Asia. The operative words are cooperation and collaboration. The region’s strategic uncertainty—read as fear of China—cannot be resolved by the placement of more US troops in the region or through military grandstanding. It is not about pro-US or anti-China but how to build a stable, secure and prosperous future. The US pivot to Asia should be welcomed to the extent that it contributes constructively to the building of a better and brighter future for Asia.

Contending with China’s Increasing Military Power

The fact that the People’s Liberation Army (PLA) is getting stronger with each passing year is an understatement. It has certainly come a long way since the Cultural Revolution when its doctrine was simple—to overwhelm the enemy with waves of loyal and patriotic men under arms who were willing to pay the ultimate sacrifice to defend the communist state. The PLA of today is smaller—at 2.2 million yet it ranks among the largest standing army in the world—but it packs a much bigger and lethal punch.

With the strengthening of the PLA, the world is witnessing and experiencing the application of China’s national power. Notwithstanding the arguments advanced by policy hawks, this development is a normal occurrence. As countries develop and become wealthy, so does their innate craving for greater security. Military power provides this element of security, as well as increasing the nation’s prestige. This is

a storyline that is familiar to China watchers as Beijing takes great pains to convince and remind the world of its peaceful and anti-hegemonic stance. To Beijing's dismay, this explanation is wearing thin, especially when juxtaposed against the constant stream of news of the PLA's growing strength.

China is ASEAN's largest trade partner and accounts for 11.6% of ASEAN's total trade (2009). It is the only one of the three major powers to conclude a free trade agreement with ASEAN. In a marked sign of goodwill and diplomatic astuteness, it opened its doors to ASEAN ahead of the ratification of the agreement through the Early Harvest programme. Beyond the framework of the ASEAN-China Free Trade agreement, Chinese investments in Cambodia, Laos and Myanmar are critical engines of growth and development for these budding ASEAN economies. China is also an integral strategic partner, whose participation and membership in the region's multilateral institutions such as the ASEAN Regional Forum (ARF) and East Asia Summit (EAS) lends it an important voice in regional security affairs. Thus, it is puzzling and confounding that China is perceived with caution and a degree of suspicion.

What drives this sense of unease of China? China's ballooning defence budget is one of the identifiable sources of concern. The Chinese defence budget is the second largest in the world, but sceptics are quick to point out that the expenditure is in fact higher than published. A large quantum—estimates put this to be in the region of 10-50% of the official figures—of these are “hidden” under “non-military” line items. Then there is the matter of China's growing power projection capabilities. Sustained efforts to build and develop a blue water navy will allow China to operate and expand its military footprint in areas far from China's traditional area of operations. Its growing ability to project force into what Chinese planners call the Second Outer Island Chain allows the PLA to exert influence from the Western Pacific to the Indian Ocean. The sea trials of the PLA Navy's first aircraft carrier (the *Shilang*)—albeit designated as a training and research vessel—in September 2011 was an affirmation of China's rising naval power.

Granted that these are important strategic developments, the question is do they give cause for the rallying calls against the “coming of the Chinese?” If ASEAN states are concerned about a strong military presence in the region, should they not be

concomitantly concerned with the US? The US military is, after all, the world's pre-eminent power and outspends every other state. Its military budget is larger than the top ten countries combined (see Table 1). Going by this logic, it is the US that should pose a strategic concern to ASEAN states. On the contrary, the emergence of the Chinese military power—as informed by the balance of power theory—is a positive development for regional peace as it neutralises the US dominance and provides a strategic balancer to check against potential US aggrandisement tendencies.

Table 1: Global Top Ten Defence Budgets (2010)

Country	Budget (US\$ billion)	% of GDP
United States	692.8	4.7
China	76.4	1.3
United Kingdom	56.5	2.5
Japan	52.8	1.0
Saudi Arabia	45.2	10.4
France	42.6	1.6
Russia	41.4	2.8
Germany	41.2	1.2
India	38.4	2.5
Brazil	34.7	1.7

Source: Institute of International Studies and Security

Unfortunately, the world does not flow according to academic logic. The US has been the accepted military *numero uno* in the region since the end of the Cold War. US military presence in the region is not, however, without its detractors and when compared to the Chinese, the dictum of “better the devil that you know than the devil you do not” holds sway. Decades of military-to-military cooperation between the US and regional militaries had laid the groundwork for institutional cooperation and understanding. In contrast, China has a mountain to climb.

China has grown too powerful, too fast. Its public diplomacy has not caught up with its sprint up the ranks of global power. Even in trade and investment where China has had the most success, it is not immune to suspicion, where Chinese dominance and possible supplanting of local businesses are matters of grave concern. To a large extent, fear and suspicion of China is animated by our lack of understanding and familiarity of China. Beyond the official pronouncement of “peaceful development,”

China has not done enough to communicate its strategic interests and offer a vision of how the region will unfold with an emergent China. More importantly, China has not been successful to enmesh its military power within regional arrangements that will mitigate the growing sense of security dilemma. Beijing needs to step up its defence diplomacy and forge closer relationships with regional militaries. A good starting point will be to collaborate with ASEAN in anti-piracy activities, preparedness for humanitarian assistance and disaster relief (HA/DR) operations and joint military exercises. The sharp edge of the Chinese sword could be blunted through increased confidence building measures and productive engagement with ASEAN states.

While ASEAN states have come to accept the reality of China's emergence as a leading economic power, they have been slow to come to terms with China as a strategic pivot. China will continue to modernise and develop its military capabilities, regardless of actions by external parties. The development of a blue water navy is an emotive matter in some circles within China as it is seen as a mark of a major power. The point that all major powers in the past century possessed strong navies is not lost on Chinese strategists and leaders. The PLA Navy is also a vital component in China's strategic outlook where the protection of sea lines of communication is critical to Chinese national well-being, not to mention the imperative of securing China's increasingly wide ranging interests beyond Asia. Understanding these positions will assist to temper the paranoia associated with China's rising military power. ASEAN states needs to come to terms with the strategic adjustment necessary to accommodate the increasing visibility and role played by the PLA. It would be foolhardy and unproductive for ASEAN states to undertake countervailing measures against China. Not only is this not a viable option given the power disparity between ASEAN states and China, it is also the wrong choice. A more productive approach would be to collaborate with China and come to an agreement on China's role in regional security that is amenable to Beijing and the ASEAN states. Working with China is not appeasement and working against China is not a pleasing prospect.

Conclusion

The strategic rivalry between the US and China is unlikely to abate in the immediate future. In fact, in all likelihood tensions will rise given the US declared "pivot" strategy. China will be uncomfortable with the US's interest to take up a more active

and visible role in regional affairs. It must be said that Beijing's sentiments have some currency in parts of Southeast Asia. Malaysia is in a delicate position in having to juggle and balance between its bilateral relations with the US and its regional interest. Kuala Lumpur has always taken great pride in having the best relations with Beijing. It remains to be seen if the positive nature of this relationship will endure in the coming decade with the rising stakes in the South China Sea. What is certain is that there is a strong sense of uncertainty of how to manage its relations with the major powers. It is time for Malaysia to rethink and recalibrate its national interests and foreign policy doctrine.