

## CHAPTER 3

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# Malaysia's Internal and External Security Dynamics

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### Introduction

2012 was an eventful year for regional affairs, and 2013 may turn out to be “more of the same,” with the South China Sea (SCS) disputes again occupying center stage. ASEAN and China agree that the SCS disputes should not define their bilateral relations, but reality would dictate that this issue will remain high on the diplomatic agenda. ASEAN, and in particular Cambodia when it chaired the regional organization in 2012, was taken to task for failing to close ranks in the face of what was perceived as Chinese pressure. To be fair, responsibility also lay in the hands of the ASEAN states. Regional perception and trust of the major powers is varied, and this complicates the emergence of a regional consensus in its management of ASEAN's relations with the major powers. The challenge for Malaysia is to identify a modality to protect its interest in the SCS, and work in concert with its ASEAN neighbors. This paper has three parts. The first part briefly discusses the internal security imperative that centers on Malaysia's political future, along with the imminent general elections by the first quarter of 2013. The second part of the paper reinforces Malaysia's foreign policy imperative of non-alignment in the context of increasing major power competition. The last part of the paper discusses Malaysia's responses to developments in the South China Sea. Specifically, it analyzes Malaysia's strategic options vis-à-vis the SCS disputes.

### Domestic Security Imperative

Throughout the year of 2012, Malaysia was fixated by the much anticipated announcement of the 13th general elections that never came. Following the 2008 “political tsunami” which saw the opposition coalition, *Pakatan Rakyat* (People's Coalition), make unprecedented gains at the expense of the coalition government, the ruling coalition, *Barisan Nasional* (National Coalition) lost its two-thirds majority in Parliament. *Barisan Nasional* also saw its legislators banished to the opposition bench in the states of Kedah, Kelantan, Penang, Perak, and Selangor. While *Barisan*

Nasional managed to reduce its political misfortunes when it regained control of the Perak legislature, the prevailing mood suggests that the ultimate political prize of Putrajaya is finally in the sights of Pakatan Rakyat. Prime Minister Mohd. Najib Tun Razak holds the key to unlocking the biggest political puzzle in contemporary Malaysian politics. Political pundits suggest that the prime minister may go the full term before he is legally obliged to dissolve Parliament, and set in motion the wheels of the 13th general elections. With conventional wisdom informing us that there will be a first quarter 2013 election, national politics will be the main focus.

The 13th general elections will present a real test for Barisan Nasional and Pakatan Rakyat, with the former looking to redeem its battered image and support, and the latter working earnestly toward strategizing how the ultimate prize of Putrajaya can be captured. The election will be a competitive one, with both coalitions seeking to deliver a knock-out punch to the other.

From a security perspective, political contestation is unlikely to degrade into a threat. The image of May 13, 1969 when discontent over electoral results led to some of the most violent and destructive ethnic clashes will not be replayed in 2013, regardless of the results of the election. Ethnicity is central to Malaysian politics, and it would be erroneous to suggest that it would not be a factor. It is important to understand that in contrast to 1969, the 2013 general elections will not be seen as one that draws the line between one ethnic group and the other. The fact that Barisan Nasional and Pakatan Rakyat are multi-ethnic coalitions neutralizes the virulent effects of parochial ethnic politics and violence. Once the votes of the election which will be called in the coming months are tallied, we will know which coalition was triumphant. However, Barisan Nasional has three advantages in its favor: (a.) incumbency, (b.) implementation of political reforms by the government, (c.) the growing discord among the Pakatan Rakyat coalition partners. In all likelihood, Barisan Nasional will grind out a victory, and what remains is the question of the margin of victory.

## **External Dimension**

The opening of political space will be remembered as part of Prime Minister Najib's legacy. He presided and oversaw a dramatic overhaul of the Malaysian political scene. Among some of the hallmarks of these reforms are the repelling of the Internal Security Act, the passage of the Peace Assembly Act, and the revamping of the Printing Press and Publications Act. In external relations, Najib also brought ties with the US to levels unseen in decades. He has made a sustained effort to engage major and rising powers, but none of more significance than the vastly improved bilateral ties with the US. To be sure, Malaysia has always maintained good relations with the US, however the relationship was mired in a state of stasis since the Clinton administration. The joint ISIS Malaysia-CSIS Study on Malaysia-US relations is a manifestation of the strong political will on both sides to improve bilateral ties. The high profile efforts in taking ties to the next level have led to some parties questioning if Malaysia is leaning toward a more pro-US stance.

It would be a gross over-generalization to characterize Malaysian foreign policy as partisan. Rather than seeing itself as "pro-X" or "pro-Y," Malaysia had always prided itself in maintaining an equidistant engagement. The "pro-US" labeling is inaccurate, as Malaysia's strategic posture remains "equidistance" or "non-aligned." While warming up to and actively engaging Washington, Kuala Lumpur continues to have deep and comprehensive relations with other major powers such as China and Japan. In welcoming major powers' engagement and presence in the region, Malaysia is also conscious not to be drawn into power politics and major power rivalry. This imperative plays an important role in influencing Malaysia's strategic outlook and behavior in the SCS disputes.

## **Strategic Options for the South China Sea Disputes**

Malaysia's strategic outlook remains benign without any imminent external threat. But this is not to say that there is an absence of challenges. In the past year, the South China Sea (SCS) disputes cast a big shadow over regional affairs. To begin with, the Phnom Penh ASEAN Ministerial Meeting in July 2012 set a negative tone in regional affairs. For the first time in 45 years, ASEAN failed to issue a joint communiqué, an outcome that caused the regional organization a fair degree of embarrassment. The Indonesian initiative (the "Six Point" post-AMM statement)

for damage control was an attempt to “save face,” but ultimately failed to paper over ASEAN’s divide concerning management of the SCS. Criticisms were levied on Cambodia’s management of the meeting, and failure of the deliberations was attributed to China’s alleged control over Cambodia. More than anything, the Phnom Penh fiasco highlights ASEAN’s differing views on SCS, and its approach towards China on this issue.

The question that befalls Malaysia as a claimant state, is how it should articulate its response to the SCS disputes. Malaysia is in a privileged position of having had minimal clashes with China, compared to the Philippines and Vietnam. Geography and politics play a role in this fortunate state of affairs. Malaysia’s overlapping claims with China are located farthest from China, and this distance affords Malaysia a buffer against Chinese fishing and maritime activities. Both countries are also very careful in not allowing their dispute over SCS to define their relationship. China is Malaysia’s largest trade partner, and it is a relationship that Kuala Lumpur is eager to nurture and expand. But this does not mean that Malaysia will sacrifice its position in the SCS to continue enjoying the benefits of increased trade with China. How can Malaysia affirm its claims in the SCS without incurring trade backlash from China?

Theoretically, Malaysia has four strategic options. The first option is to ally itself with stronger states to buttress its military position. This option will remain “theoretical,” but will not have any practical implications. Historically, Malaysia has not been a party to any military alliances, and this is unlikely to change in the near future. Notwithstanding the improved political ties with the US, Kuala Lumpur is unlikely to turn to Washington to improve its defense position. A military alliance with the US—or any other major powers—will be politically untenable and is a proposition that will not have much support in Malaysia. Thus, this option is not realistic or practical.

The second option is “self-help.” Malaysia could strengthen its military power to meet any contingencies in the SCS. This option will involve a substantial buildup of Malaysia’s naval and air power. However, this option is difficult to implement as Malaysia does not have sufficient financial resources to acquire such a force. An arms buildup will have to fulfill two missions—defense and deterrent. A strengthened armed forces should have the ability to defend and enforce Malaysia’s claims in

the first instance, and then to deter other claimants from threatening Malaysia's sovereignty. The acquisition of such capabilities would be financially prohibitive. Malaysia cannot afford to engage in an arms race with China. The current military balance favors China and this gap will widen considerably in the near future, as China's military modernization programs come online. The function of military force for Malaysia is to serve as a "trip wire" and to raise the political cost of any transgressions.

The third option is multilateral engagement. This is Malaysia's preferred *modus operandi* with regard to the discussion of the code of conduct (COC). As a staunch supporter of ASEAN, Kuala Lumpur firmly believes in ASEAN continuing to play a prominent role in the SCS disputes. This position is understandable, as none of the claimant states would prefer to deal bilaterally with China given the wide power asymmetry in favor of the latter. Support for ASEAN is premised on the expectation that Malaysia will have more leverage to engage China as a group. This approach has its limits and may have not be suitable beyond the COC. A binding COC is an important extension of the Declaration of Conduct of the Parties (DOC) that aims to set out ground rules for behavior and manage relations in the SCS. It does not touch on issues relating to the resolution of the disputes. The multilateral approach is also susceptible to either political indifference or roadblocks by some quarters within ASEAN. Although the SCS is an important part of the global sea lines of communication, not every ASEAN member state may see the SCS disputes as a vital regional concern. This perspective is more pronounced in states that either do not derive direct benefits—economic or political—from designating the SCS as a national interest, or states who are more integrated in the Chinese economic orbit. Concerns of economic backlash may compel states to place the SCS disputes lower on their diplomatic radar.

The effect of these differing objectives would be to dilute the effectiveness of ASEAN as the primary and singular modality to manage the SCS disputes. To be sure, ASEAN's role in seeing through the COC process is critical. The COC—as a regional framework—will be important in dampening the rising temperatures in the SCS. The COC—when it is in place—will establish a strong foundation for subsequent measures to secure peace in the SCS. It is thus important to view the COC not as an end itself, but more importantly as a means toward the final resolution of the disputes.

The fourth option is “active and proactive” engagement. At face value, Malaysia’s profile in the SCS disputes has been low, especially compared to the Philippines and Vietnam. It would be inaccurate to characterize Malaysian diplomacy as “inactive” or “invisible.” Kuala Lumpur’s low profile has to be understood within the context of its preferred option of pursuing its SCS interests within the ASEAN framework. It is also a firm supporter of “quiet diplomacy” in engaging China. Additionally, Malaysia has not seen the necessity of elevating its public diplomacy on the SCS disputes. China has fortunately not given much ground for Malaysia to play out the SCS in public. However, this begs the question, could Malaysia do more in contributing to the establishing of the COC?

The “active and proactive” engagement is leveraged on Malaysia’s good relations with China. Amongst the ASEAN states, Malaysia occupies a unique position in China’s Asian diplomacy. It is the first ASEAN state to establish formal relations with China, and it was Kuala Lumpur that brought China into the fold of ASEAN as a “guest of the Chair.” This paved the way for China’s subsequent participation as a dialogue partner. These historical precedents have been expanded in the last few decades, and could be put to use by Kuala Lumpur in utilizing its goodwill to drive ASEAN’s engagement with China on the SCS disputes.

For starters, Malaysia should take on the role of ASEAN’s informal point of contact. Its position as a trusted partner by China and ASEAN may make Kuala Lumpur a more effective “interested interlocutor” with ASEAN. While China and ASEAN reaffirm their commitment to peace and security, and toward a non-violent management of the SCS, the challenge remains in how to translate this goodwill into an actionable strategy. Rather than working through ASEAN, Malaysia is in a unique position to provide leadership, either singularly or in concert, with other ASEAN states.

It would be a mistake to put the onus on the impasse of the COC negotiations on China, as the ASEAN claimants have an obligation to provide a conducive environment for Beijing to come to the negotiating table. Progress is only possible if all parties exercise political restraint in further aggravating an increasingly tense situation.

## **Beyond the COC**

It may be premature to be thinking of the next steps after the conclusion of the COC when little progress has been made in persuading ASEAN and China to commence discussions on the framework. Indeed, China prefers to delay discussion on the issue of sovereignty. However, it is important to have a conception of the end game, and a blueprint on how to get to that point. As the COC is sometimes confused as a mechanism to resolve the SCS impasse, it is important to distinguish the two related but separate processes. However, there are several important differences between the two processes. Firstly, the COC is a framework to manage the SCS disputes, while post-COC initiatives should be geared toward a resolution of the conflicts. Secondly, the COC is an ASEAN process, but post-COC discussion may not necessarily involve all ASEAN states.

China has long contended that the SCS disputes are not between China and ASEAN, and it prefers bilateral mechanisms. This contention has merits, but only up to a point. To be sure, the SCS disputes do not involve all ASEAN states and involves only five parties: Brunei, China, Malaysia, the Philippines, and Vietnam. Thus Beijing's assertion that the SCS disputes are not an ASEAN-China conflict is valid. However, politics has its own momentum, and it would be difficult to separate the DOC from the COC. If the COC is an extension of the DOC, then it makes sense for ASEAN to remain involved. However, it is a different argument when it comes to the matter of conflict resolution. As a resolution would involve discussions on sovereignty and territorial rights, it would be a discussion that is confined to the claimants. Thus, ASEAN's role will be minimal. The second post-COC phase of the SCS disputes will be a "five party affair" involving only China, Brunei, Malaysia, the Philippines, and Vietnam. The participation and involvement of non-claimants would only serve to add a different layer of political dynamics, and possibly additional veto players into the process. Such an articulation of these nuances is only possible by having a blueprint that goes beyond the COC. This also serves as a compromise between the Chinese and ASEAN positions.

## Conclusion

By the first quarter of 2013, the picture of Malaysia's political direction will be clearer. With the question of the 13th general elections out of the way, the government will have to take a hard look in addressing its external security concerns. While granted that the SCS disputes have not dramatically impinged on the nation's security, Kuala Lumpur can ill-afford to take a back seat and let others in the region take the lead. Support and maintenance of the status quo is a safe and easy option, but it is also an option that will push Malaysia to cede ground in influencing the course of events related to the SCS disputes. Thus, there is a strong case for Malaysia to come out of its comfort zone and work towards the constructive management and ultimate resolution of the SCS disputes. In less than two years' time when Malaysia is poised to take over the chairmanship of ASEAN, it will find itself at the center of attention in dealing with the SCS disputes. Thus, the question of moving from the status quo of a low profile and minimizing risks is not a deliberation over policy, but is one of timing.

An important point to note is to keep in mind the imperative of avoiding major power entanglements. A rational approach in the management of the SCS disputes must begin with the conscientious effort to keep the major powers at bay. The involvement of the major powers will only serve to: a. exacerbate existing fault lines among the major powers, b. transpose the major powers' jostling for influence to Southeast Asia. Therefore, while the region generally welcomes the US rebalancing, it must take heed to ensure that the enhanced US military presence will not cause a security dilemma in the region. Likewise, ASEAN must resist any temptations to link the SCS disputes with the East China Sea standoffs. Notwithstanding the good ties between ASEAN and Japan, there must be a realization and acceptance that the security complexes and dynamics between Southeast and Northeast Asia are different, and are best kept apart. It would be all too easy for Malaysia—as done by at least one other claimant country—to turn to external parties for political and strategic support. Such an option will be counterproductive in the long run, and will certainly draw Malaysia into the web of distrust and growing competition between China on the one hand, and the US and Japan on the other. At the end of the day, there must be a realization that the SCS disputes is a political problem that does not lend itself to a military solution.