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Malaysia's Relations with the Major Powers: China and the United States

By

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Over the past year, Malaysia's relations with the major powers, particularly China and the United States, remain close and cordial. As China and the United States are vying for influence in the Asia Pacific and Southeast Asia, Malaysia has sought to build strong but equidistant relations with both powers. Although Malaysia's ties with both powers are warm, tensions arose on several occasions but these challenges have been mitigated through redirected focus on shared national interests for cooperation.

Malaysia-China Relations

Brief Overview

Throughout China's long history, cultural and commercial interactions with many parts of what constitute today's Malaysia have become commonplace. As far back as during the Tang and Sung dynasties, there were already mentions of "Boni" (nowadays the island of Borneo, which comprises East Malaysia, Brunei and Indonesia's Kalimantan).¹

In the context of the Cold War, the Malayan communist insurgency was at least somewhat "inspired" by communist China. But in 1974, the then Malaysian Prime Minister Abdul Razak made a historic visit to Beijing, and Malaysia became the first Southeast Asian country to establish diplomatic relations with communist China.

Malaysia has also not lost sight of China's marvelous achievements since its reform and opening-up process started. Indeed, China is Malaysia's largest trading partner and Malaysia is China's largest trading partner in Southeast Asia, with their bilateral annual trading volume surpassing US\$100 billion,²

¹ Wan Kong Ann, "Examining the Connection Between Ancient China and Borneo Through Santubong Archaeological Sites," *Sino-Platonic Papers*, 236 (April 2013), p. 2. http://www.sino-platonic.org/complete/spp236_china_borneo_santubong.pdf

² Gao Jie, "China, Malaysia vow to boost trade, investment," *Xinhua*, 24 November 2015. Accessed November 24, 2015, http://news.xinhuanet.com/english/2015-11/24/c_134846839.htm.

and is projected to reach US\$160 billion by 2017.³ It then came as no surprise that in 2013 the two countries upgraded their relationship to that of “Comprehensive Strategic Partnership.”⁴

Malaysia assumed the annual rotating chairmanship of the Association of South East Asian Nations (ASEAN) last year. Amidst the continued global economic malaise, the priority for ASEAN’s agenda in 2015 falls not unexpectedly on regional economic development. Specifically, the ASEAN Economic Community (AEC), a free-trade pact reducing and removing most tariffs and non-tariff barriers among ASEAN members, was scheduled to come into force by the end of 2015. AEC will also become the basis for negotiations leading toward the even larger Regional Comprehensive Economic Partnership (RCEP) involving not only ASEAN but other regional neighbours including, most prominently, China.

And Malaysia is also home to many millions of overseas Chinese, who though were not born or raised in China, they still retain a deep level of affection for their country of ancestry. As such, without much prompting from others, they usually almost automatically become the invisible but ubiquitous bridges for cultural and commercial exchanges between China and Malaysia.

In recent years, although overall Malaysian-China relation remain intimate, several somewhat unexpected challenges have emerged which both countries must work together even closer to overcome.

Kidnappings

As China’s economy takes off, many of its wealthier citizens venture overseas for their vacations. From a positive point of view, this helps in bridging China with the rest of the world. The number of Chinese tourists to Sabah, for example, grew by 87 per cent in 2013,⁵ and was on par with those visiting the famous Indonesian island of Bali. Sabah’s tourism industry blossomed as a result, and the traditional friendships between the Chinese and Malaysian people also deepened.

Nevertheless, the safety and security of Chinese tourists overseas also became an exigent issue. In the past, tourists from richer nations such as the United States and Japan were often prominent targets for petty and sometimes even violent crimes. Now Chinese tourists too are becoming victims.

In 2014, a female Mainland Chinese tourist and a Filipina were abducted by gunmen allegedly from the Philippines from an island resort off the coast of Semporna, a town in the east coast of Sabah. The Chinese lady was released a few months later. Then a Mainland Chinese manager of a “fish cage” operation off Lahad Dato, another coastal town in Sabah, was taken away, also by armed men allegedly from the Philippines. He was similarly released a few months later after prolonged negotiations. And in the middle of last year, a restaurant owner was snatched away from her seaside restaurant in Sandakan, Sabah. She was released later in November 2015 after ransom was paid to Abu Sayyaf.⁶

³ Niam Seet Wei, “Malaysia Remains China’s Top Trading Partner in ASEAN,” *Bernama*, 13 January 2015. Accessed 13 January 2015, <http://web10.bernama.com/asean2015/newsdetail.php?id=1100373>.

⁴ Yantoultra Ngui, “China Elevates Malaysia Ties, aims to triple trade by 2017,” *Reuters*, 4 October 2013. Accessed 4 October 2013, <http://www.reuters.com/article/us-malaysia-china-idUSBRE99304020131004>.

⁵ “Malaysia’s Kota Kinabalu Airport poised for renewed growth as Sabah-China market booms,” *CAPA: Centre for Aviation*, 23 December 2015. Accessed 23 December 2015, <http://centreforaviation.com/analysis/kota-kinabalu-airport-poised-in-east-malaysia-for-renewed-growth-as-sabah-china-market-booms-258898>.

⁶ Raul Dancel, “Abu Sayyaf releases Thien Nyuk Fun, one of two Malaysians taken from Sabah restaurant,” *The Straits Times*, 9 November 2015. Accessed 9 November 2015, <http://www.straitstimes.com/asia/se-asia/abu->

It is therefore urgently important that Malaysia is able to reassure tourists from around the world and in particular tourists from China that all sectors in Malaysia and Sabah, both government and the private sector, take a serious and uncompromising view of these negative happenings, and are devising strong and effective measures to counter them.

It should also be noted that the latest kidnapping incident concerned not only in China and Malaysia, but also the Philippines. On the heels of ensuring the personal safety of the poor hostage, the three nations, together with any other interested Southeast Asian nation, should seriously consider devising a more powerful mechanism for counter-terrorism cooperation. Such a mechanism could be modeled after the Shanghai Cooperation Organization, which sees China, Russia and Central Asian nations engage in information exchange and joint exercise in combating terrorism.

There is no standard answer for protecting the well-being of tourists overseas, albeit those from China. A combination of increased personal alertness, proactive national readiness and sincere international cooperation can be a good starting point.

South China Sea Disputes

Nevertheless, the disputes over the territorial and maritime sovereignty of a large part of South China Sea (SCS), although apparently quieted down in the second part of 2014, continue to be a latent challenging issue for all concerned regional parties. How Malaysia, in its capacities both as a claimant to parts of SCS as well as ASEAN chairman for 2015, handled the SCS disputes skilfully both among ASEAN claimants and in relation to China was thus crucial to regional peace and security.

Some researchers characterised Malaysia's management of its SCS dispute with China as a "hedging" one, balancing its national interest of maintaining close economic relations with China with the alleged "regional" interest of ASEAN solidarity vis-a-vis China.⁷

But even if the term "hedging" were to describe Malaysia's handling of the SCS disputes, it should at least be construed in a wider context. It is widely known that in addition to maintaining fertile trading relations with China, Malaysia, not unlike its many Southeast Asian neighbours, also welcomes the United States to continue to play a constructive role in regional security matters. It is perhaps also interesting to note that Malaysia and China held their first ever joint military field exercise in September 2015.⁸

Malaysia remains committed and is proactively pushing for eventual region-wide solutions to the SCS disputes. Malaysia is also equally comfortable with China's preference for bilateral dealings in SCS

[sayyaf-releases-thien-nyuk-fun-one-of-two-malaysians-taken-from-sabah-restaurant](#) ; "Yet another kidnap in Sabah waters," *The Borneo Post*, 7 May 2014. Accessed 9 November 2015, <http://www.theborneopost.com/2014/05/07/yet-another-kidnap-in-sabah-waters/> .

⁷ Kuik Cheng Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* Volume 30, Number 2, August 2008, pp. 159 – 185; Kuik Cheng Chwee, "Malaysia Between the United States and China: What do Weaker States Hedge Against?" *Asian Politics & Policy* — Volume 8, Number 1, 2016, pp. 155–177; Chien-Peng Chung, "Southeast Asia-China Relations: Dialectics of 'Hedging' and 'Counter-Hedging'", *Southeast Asian Affairs* 2004, edited by Daljit Singh and Chin Kin Wah, (Singapore: ISEAS, 2004), pp. 35-53.

⁸ Sumathy Permal, "China and Malaysia's first-ever joint military exercise is an important strategic move," *The Star*, 28 September 2015. Accessed 28 September 2015, <http://www.thestar.com.my/news/nation/2015/09/28/friendship-and-peace-on-the-waterway/> .

sovereignty matters. But whether bilaterally or multilaterally, Malaysia is flexible in terms of the ways and means – direct negotiation, mediation, joint development, arbitration, adjudication or otherwise – for resolving the SCS dispute, most of which have been successfully employed in conclusively settling its previous territorial disputes with neighbours such as Thailand, Indonesia and Singapore.

Malaysia, in this respect, looks favourably toward the region-wide (including both China and Southeast Asian claimant states) adoption of the Code of Conduct (COC) on SCS which, while supposedly does not touch on sovereignty issues, should provide a pragmatic framework for potentially eventful encounters on SCS. And as ASEAN chairman Malaysia accorded high priority to COC promotion.

In the mid-2015 saga involving the presence of a Chinese Coast Guard vessel near Luconia Shoals, a series of islets and reefs well within Malaysia's claimed 200-nm exclusive economic zone. A Malaysian minister alleged that Malaysian PM Najib, will supposedly "raise the issue directly with Chinese President Xi Jinping."⁹

This round of somewhat vocal reaction from Malaysia with regard to perceived Chinese assertiveness in SCS represents, at least superficially, a departure from previous relatively low-key responses in similar instances. In addition to China's large-scale land reclamations in SCS as well as China's more frequent patrol presence in SCS, this apparent shift in Malaysian attitude toward alleged Chinese "incursion" into claimed Malaysian waters may be attributed to at least two other factors.

First, as in many other international tussles, the various SCS claimants, in advancing their respective claims, would have to employ many shades of tactics, ranging from informal cautions and diplomatic notices, to armed confrontations and forceful occupation. As China argued that its SCS land reclamation was following precedents by other SCS claimants, the Philippines and Vietnam also recently announced in quick succession that they were either organizing tourist groups to their disputed SCS maritime features or constructing touristic infrastructure on them. Seen in this tactically versatile light, it can also be expected that Malaysia would similarly add yet another method, albeit a mild one of airing displeasure at the level of top leaders, to its list of tools for defending its SCS claims.

Second, the United States' renewed strategic commitments to the region perhaps also emboldened some SCS claimants into more conspicuous course of actions versus China. Addressing the influential security-matter Shangri-La Dialogue held in Singapore in May 2015, the new American Secretary of Defense Ashton Carter reiterated the United States' resolve in preserving freedom of passage in SCS, besides censuring China for the latter's large-scale SCS land reclamation.¹⁰ In fact, Carter explicitly said that China's course of actions is pushing more and more regional neighbours towards requesting security guarantees by the United States, and that he also pledged more U.S. security resources under the new Southeast Asian Maritime Security Initiatives.¹¹ Carter also inked various defense cooperation

⁹ Jason Ng and Trefor Moss, "Malaysia Toughens Stance with Beijing Over South China Sea," *The Wall Street Journal*, 8 June 2015. Accessed 8 June 2015, <http://www.wsj.com/articles/malaysia-toughens-stance-with-beijing-over-south-china-sea-1433764608?tesla=y>.

¹⁰ Ashton Carter, "The United States and Challenges of Asia-Pacific Security: Ashton Carter." Speech delivered at the IISS Shangri-La Dialogue, 14th Asia Security Summit, Singapore, 30 May 2015. Accessed 3 November 2015, <https://www.iiss.org/en/events/shangri-la-dialogue/archive/shangri-la-dialogue-2015-862b/plenary1-976e/carter-7fa0>.

¹¹ Ibid.

agreements with Vietnam a few days later.¹² This series of not-so-subtle security-enhancement rhetoric and actions of the United States are, of course, noticed by Southeast Asian SCS claimants. As such, Malaysia upping the ante slightly in pressing its SCS claims should not come as a surprise.

Viewed from the aforementioned more varied angles, and with the benefit of a more comprehensive grasp on regional and international power-play realities, Malaysia may be said to more than just “hedge” its way out of the SCS disputes. It hones a more comprehensive outlook toward eventual peaceful resolution of these disputes.

MH370 Incident

In March 2014, Malaysia Airlines flight MH370 lost contact with air traffic controllers, tracking radars and communications satellites alike. Some of the family members of the passengers, who consisted mainly of Chinese nationals, clung to the rapidly diminishing hope that their loved ones might yet still return safe and sound.

For about a week as the “disappearance” of MH370 sank in everybody's mind, all these neighborly disputes over SCS appeared to have miraculously “vanished” overnight – at least temporarily – as well. Gone for the moment were the unyielding fights among the various sides concerned over each and every inch of seabound “territory” on SCS. Instead, vessels and aircrafts which were otherwise designed for military purposes converged unhindered at the supposed approximate sites and promptly commenced their respective search operations.¹³ During that period, there was hardly any neighbourly country which uttered a single voice of protest over alleged “intrusions.”

These were positive developments in terms of the otherwise less than cordial situations on SCS. Granted, there was a lack of seamless coordination among the various national search convoys, but that is only to be expected in the aftermath of such a sudden incident. The important thing is there was no enmity among them.

These search operations on the SCS thus practically, albeit sadly, became a prescient “practice exercise” in joint humanitarian search and rescue cooperation, which would presumably be enshrined in the much expected COC. But still, such ad hoc joint searches can at best delay the SCS disputes, and could hardly resolve them comprehensively. A more fundamental shift in attitude among all claimants is still needed.

Part of the answer can perhaps be found in the sixty-year old “Five Principles for Peaceful Coexistence” which were part of the 1955 Bandung Declaration. The “Five Principles” include mutual respect for sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in internal affairs, as well as equality and mutual benefits.¹⁴

¹² Cheryl Pellerin, “Carter: U.S., Vietnam Committed to defence Relationship,” *U.S. Department of Defence News*, 2 June 2015. Accessed 3 November 2015, <http://www.defense.gov/News-Article-View/Article/604763> .

¹³ Ankit Panda, “Malaysia Airlines Flight 370 Search and Rescue: Cooperation in the South China Sea,” *The Diplomat*, 11 March 2014. Accessed 11 March 2014, <http://thediplomat.com/2014/03/malaysia-airlines-flight-370-search-and-rescue-cooperation-in-the-south-china-sea/> .

¹⁴ Chen Jian, “China and the Bandung Conference: Changing Perceptions and Representations,” *Bandung Revisited: The Legacy of the 1955 Asian-African Conference for International Order*, edited by See Seng Tan and Amitav Acharya (Singapore: NUS Press, 2008), p. 143.

The countries surrounding SCS should keep these principles firmly in mind when dealing with each other. A prominent positive example in this respect is of course the very tight knit relationship between China and Malaysia, which is sure to weather through this crisis involving a Malaysian jet and mostly Chinese passengers onboard. With such de facto trust building mechanisms in place, the time for ultimate peaceful and prosperous settlements of these neighbourly disputes loom ever larger in the horizon.

Maritime Silk Road Initiatives

When President Xi Jinping of China visited Southeast Asia in the second half of 2013, he proposed that China and countries which are situated along the ancient Maritime Silk Road such as Southeast Asian nations should work toward constructing a new “21st Century Maritime Silk Road,” which immediately received worldwide heightened attention. This proposal from China came on top of a similar earlier proposal to revive the ancient continental Silk Road into a “Silk Road Economic Belt” stretching from China through Central Asia all the way to Europe.¹⁵

At the same time, the ten member states of ASEAN are commencing their most ambitious common project thus far – the ASEAN Economic Community (AEC), under which ASEAN member states seek to eliminate the tariffs among themselves, and look forward to further develop the region. Indeed, integration between “One Road One Belt” and AEC could start with four main themes: upgrading of commercial links, promotion of multiculturalism, as well as cooperation in education and science.

First of all, the vigorous developments of a functioning modern MSR must be accompanied by a well-working transportation and communication system. China’s recently announced free trade zones, for example, have the enviable potentials of importing large quantity of energy and commodity items into China for processing, and exporting the huge amount of manufactured items to Europe, Africa and the rest of Asia, without undue barriers in either direction. Therefore, China and Malaysia must redouble their efforts to improve their logistics, infrastructure, shipbuilding, finance and other related industries and services, so as to more readily grasp the new opportunities presented by the two modern Silk Roads.

In fact, in terms of commercial links, one of the major trading items between China and Malaysia is that of the export of crude palm oil to China, which after refining becomes an important ingredient in China’s supply of edible oils.¹⁶ But frankly speaking, the local economic benefits of such simple exports of raw materials can be much further improved.

China’s food processing industry is quite well developed. Therefore, so long as it makes economic sense, the China side could consider transferring parts of the processing stages and techniques to places of origin in Malaysia. This could not only create local jobs, but also raise both the quantity and quality of the products. Some Chinese agricultural conglomerates could similarly consider setting up a plant-harvest-process production line in those parts of Malaysia which are fertile and full of sunshine. Such setups will not only ensure steady supply of foods for China, but also help stimulate local economy.

¹⁵ “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.” Issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People’s Republic of China, with State Council authorization, 28 March 2015. Accessed 28 March 2015, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

¹⁶ Tho Xin Yi, “M’sia eyes capturing 70% of China’s palm oil imports,” *The Star*, 29 September 2014. Accessed 29 September 2014, <http://www.thestar.com.my/business/business-news/2014/09/29/msia-eyes-bigger-share-in-china-it-aims-to-capture-70-of-the-republics-palm-oil-imports/>.

Second, both China and Malaysia are endowed with deep cultural roots where Chinese and foreign cultures interacted. As the modern versions of Silk Road gradually take shape, these glorious and colorful history and cultures of China and Malaysia could be systematically combed through to be presented in more readily “digestible” manners. The various Silk Road heritage points throughout China and Malaysia, not to mention their delicious cuisines, could be harnessed into sustainable touristic ventures, enabling tourists, especially foreign ones, to personally experience the vibrancy of Malaysia as well as the profundity of Chinese culture.

Much has also been done in terms of preserving and exchanging the respective traditional cultures of China and Malaysia. Nevertheless, in both China and Malaysia, concerns have been raised as to how to modernize and popularize the essence of traditional cultures, yet not vulgarise or superficialise them. In other words, plans should be devised to make young people interested in these cultural treasures, or even falling in love with them.

Moreover, China has seen relatively outstanding rise in its entertainments industry. It could share some of its experience with its Malaysian counterparts. After some proper inspections, the Chinese entertainment industry could consider setting up some production houses, thus helping to upgrade the local cultural creative production. Story lines could also be culled from the hundreds of years of interaction between China and Malaysia.

Third, China and Malaysia could open up more channels for their young people to study and work in each other's schools and enterprises, which could not only train more human resources, but also enhance the friendships between the peoples of both sides. Besides, individual Chinese universities could also set up branch campuses in Malaysia, similar to what Xiamen University is presently undertaking.

Moreover, some of the world's oldest tropical rainforests are found in Malaysia, with their abundance of fauna and flora. Despite advances in science, many of those species have yet to be named, not to mention examined in terms of their medicinal and other practical values. Thus, the more advanced research institutions in China could consider setting up their research stations in Malaysia, so as to take advantage of the ready supply of research subjects and benefit mankind.

Assessment

In view of the above, the interactions and subsequent regional integration between China and Malaysia, particularly through the MSR and AEC, could indeed be much improved. In addition to official interactions, there is earnest hope at least from the Malaysian side that the young entrepreneurs and intellectuals of China could engage and share with their Malaysian counterparts their experience of success. In this manner, both sides may join hands in bringing about harmony and prosperity not only for China and Malaysia but the region and the world.

Malaysia-U.S. Relations

Brief Overview

On Malaysia-U.S. relations, PM Najib has continued his predecessor Abdullah Badawi's friendly and moderate foreign policy towards the United States. Consistently, PM Najib, in his approach to foreign relations, has projected Malaysia as a moderate Islamic nation to the United States while concentrating primarily on pragmatic and strategic areas of cooperation between both countries.

Therefore, since the end of 2014 and throughout 2015, Malaysia-U.S. relations have improved due to shared national interests. Warmer ties between Malaysia and the United States have resulted in tighter security and economic cooperation. Overriding strategic imperatives have taken centre stage over against contentious issues such as human rights which occasionally strain bilateral relations.

Comprehensive Partnership

As part of the U.S. rebalancing effort in Asia, U.S. President Barack Obama visited Malaysia on 26 April 2014. During this occasion, Malaysia and the United States elevated their relations to a "Comprehensive Partnership."¹⁷ This Comprehensive Partnership sets the stage for closer cooperation between both countries. PM Najib had also expressed support for U.S. rebalancing in Asia which will strengthen regional security and economic development.¹⁸ Several outcomes of this bilateral summit include Malaysia's endorsement of the Proliferation Security Initiative (PSI) as part of the international effort to stop proliferation of weapons of mass destruction, bilateral commitments to enhance global trade, and strengthening peace and prosperity of the Asia Pacific.¹⁹

More significantly, President Obama is the first U.S. President to visit Malaysia since Lyndon Johnson did so in 1966. As such, the visit could be seen as a symbolic gesture to signal the elevated importance of Malaysia in U.S. foreign policy in Southeast Asia. The friendship between PM Najib and President Obama has facilitated the warming of ties.

PM Najib's ability to improve Malaysia's relations with the U.S. can be attributed significantly to his former aide, the late Tan Sri Dr Jamaluddin Jarjis who died in a helicopter crash in April 2015. Jamaluddin was Malaysia's former special envoy to the United States from 2009 till 2012. As Ambassador, he was instrumental in helping Malaysia to improve its diplomatic and economic ties with the United States.²⁰ For example, the contribution of Jamaluddin enabled Malaysia to participate in the Trans-Pacific Partnership (TPP) in 2010.²¹ Jamaluddin's passing is unlikely to affect Malaysian-U.S. ties negatively, given that relations between both countries are built upon firm and shared regional interests.

The improvement of ties between both countries to a Comprehensive Partnership is also a strategic move, given that Malaysia was the Chair of ASEAN in 2015. By fostering closer ties with Malaysia, the United States has sought to shape the regional security architecture and economic cooperation through the leadership of Malaysia as ASEAN Chair. Malaysia has also leveraged on its role as Chair of ASEAN in 2015 to engage the United States to further embed American presence in Southeast Asia. Securing a stable and peaceful Southeast Asia through the continued presence of the United States as security guarantor and economic partner would be in the interests of both Malaysia and other neighbouring ASEAN countries. Malaysia's proactive diplomacy to engage the United States through multilateralism

¹⁷ Jason Ng, "U.S., Malaysia Pledge Cooperation on Security, Trade," *Wall Street Journal*, 27 April 2014. Accessed 19 February 2015, <http://www.wsj.com/articles/SB10001424052702304163604579527460951813266> .

¹⁸ Ibid.

¹⁹ The White House, "Joint Statement By President Obama And Prime Minister Najib Of Malaysia," 27 April 2014. Accessed 3 November 2015, <https://www.whitehouse.gov/the-press-office/2014/04/27/joint-statement-president-obama-and-prime-minister-najib-malaysia-0> .

²⁰ John Kerry, "Death of Jamaluddin Jarjis." Press Statement issued by U.S. Department of State, 5 April 2015. Accessed 5 April 2015, <http://www.state.gov/secretary/remarks/2015/04/240328.htm> .

²¹ Murray Hiebert, "Death of Amb. Jamaluddin Critical Loss to U.S.-Malaysia Relations," *Centre for Strategic International Studies*, 4 April 2015. Accessed 4 April 2015, <http://cogitasia.com/death-of-amb-jamaluddin-critical-loss-to-u-s-malaysia-relations/> .

was recognized during the recent U.S.-ASEAN summit in California in February 2016, when President Barack Obama thanked Malaysia as “the country coordinator for U.S.-ASEAN relations.”²²

Malaysia and the Asia Pivot

A major factor in the improvement of Malaysia-U.S. ties is the dynamics of the wider regional context. The U.S. rebalancing in the Asia-Pacific, known as the “Asia Pivot,” is an attempt to strengthen economic and security relations with allies and friends, including Malaysia, in the Asia Pacific. The underlying rationale of this rebalancing is to promote regional security and economic prosperity.²³ Though the rebalancing, the United States is seeking to shore up its diminishing preponderance in the region vis-à-vis a rising China and in turn assure its allies and friends that it will continue to be the security guarantor in the Asia Pacific.

The prominent rise of China as a great power is watched closely by its neighbours. China’s growing pre-eminence is manifested in security and economic arenas. As mentioned earlier, in the security realm, China is expanding its maritime ventures in the region, such as the SCS. Due to geographical proximity, China’s neighbours in both Southeast Asia have raised concerns over China’s ambitions in the region.

China has gradually side-lined the United States as the leading state in shaping the economical architecture of the Asia Pacific. The establishment of the Asian Infrastructure Investment Bank (AIIB) and the 21st Century Maritime Silk Route Economic Belt will enable closer economic collaboration between China and its neighbours in the Asia-Pacific and central Asia. Economically, China’s neighbours want to have substantial economic cooperation with China.

So far, Malaysia has been receptive to the U.S. rebalancing. As it will be discussed later, American rebalancing has strengthened Malaysia’s own economic and security interests. As Malaysia is a small country like many of its neighbours in Southeast Asia, Malaysia is constrained in its capacity to dramatically shape an external strategic and structural environment dominated by major powers. This geopolitical reality compels Malaysia’s leaders to formulate a calculated and somewhat reactive foreign policy to the actions of major powers in the region.²⁴ Consequently, Malaysia’s foreign policy is relatively sensitive to major changes on the international scene which may disrupt the status quo of Malaysia’s external environment.

Malaysia would not want to be embroiled in any conflict or escalation in tensions between the United States and China, as Malaysia could be compelled to side with either one of these two powers and jeopardise its relations with the other. Instead, Malaysia aims to improve its ties with China and the United States in a fair manner based on pragmatic interests, and to convey the message that Malaysia’s relations with both powers are equally important.

Cooperation between Malaysia and the United States

The Trans-Pacific Partnership (TPP), which features prominently in the Asia-Pivot, is a mega free trade pact comprising twelve countries namely the United States, Japan, Australia, Peru, Malaysia, Vietnam, New Zealand, Chile, Singapore, Canada, Mexico, and Brunei Darussalam. The TPP trade agreement was signed by all twelve countries on 4 February 2016 in New Zealand.

²² “Successful, Productive US-ASEAN Summit, Says PM Najib,” *Bernama*, 17 February 2016. Accessed 18 February 2016, <http://www.bernama.com/bernama/v8/ge/newsgeneral.php?id=1216398> .

²³ Wei Ling, “Rebalancing or De-Balancing: U.S. Pivot and East Asian Order,” *American Foreign Policy Interests*, 35, 2013, pp. 148–154.

²⁴ Interview with a Malaysian foreign policy analyst, 29 January 2016, Kuala Lumpur.

The TPP will be the world's largest Free Trade Agreement (FTA). It is expected to deliver US\$295 billion in annual global economic gains and will account for 40 per cent of the global economy output.²⁵ While an ostensible benefit for this trade pact is the economic prosperity of the countries involved in the TPP, it acts as a political counter-weight to China's growing economic clout in the region. It is envisioned that the TPP will help to restore American centrality in orchestrating economic development in the Asia Pacific.

The United States is Malaysia's fourth largest trading partner and the largest foreign direct investor in Malaysia. By joining the TPP, it will enable Malaysia to secure more U.S. foreign direct investments (FDI). PM Najib has been an ardent advocate of this trade pact with the U.S., as the economic benefits of this trade pact would be significant for Malaysia's own economy. The TPP will open up greater access for Malaysia to more market opportunities and enhance the country's exports of oil palm, rubber and electronic products, among other benefits.²⁶

It is not only in the economic sphere in which Malaysia is drawing closer to the United States. As noted earlier, Malaysia has upped the ante slightly in staking its claim in the SCS disputes versus China, given that U.S. rhetoric and actions against China's actions in the SCS have emboldened other claimants to lean closer to the United States for security guarantees in the disputes.

During his speech at the annual Shangri-La dialogue held in Singapore last year, U.S. Secretary of Defence Ashton Carter highlighted the importance of enhancing not only U.S. relationship with countries in the region, but also build up the regional security architecture, especially dealing with maritime issues in Southeast Asia.²⁷ Such rhetoric was backed up by action. For instance, the United States and Malaysia held a military exercise comprising the USS *Carl Vinson* carrier strike group in a joint training exercise with the Malaysian Air Force and Navy in May 2015. On 17 August 2015, Malaysia and the United States held the 21st annual Cooperation Afloat Readiness and Training (CARAT) naval exercise in East Malaysia. These exercises helped to build interoperability and enhance relations between the armed forces of Malaysia and the United States.

These examples of security and military cooperation underscore the long-standing strategic relationship that exists between both countries. These avenues of joint security cooperation could serve as platforms to boost Malaysia-U.S. partnership on maritime and other security issues. By building closer security ties with the United States, Malaysia could expand its foreign policy options on dealing with issues such as the SCS disputes.

Other than economic and security cooperation, Malaysia and the United States have engaged in educational ventures such as the Fulbright English Teaching Assistants (ETA) Programme which was started in 2012 under the joint management of Malaysia's Ministry of Education and the Malaysian-American Commission on Educational Exchange (MACEE). Through the U.S. Fulbright English Teaching Assistant Program, the United States has supported the improvement of English language skills for secondary school students in Malaysia. In early 2016, one hundred Americans have arrived in Malaysia

²⁵ Joshua P. Meltzer, "From the Trans-Pacific Partnership to a free trade agreement of the Asia-Pacific?" *Brookings*, 5 May 2015. Accessed 3 November 2015, <http://www.brookings.edu/blogs/future-development/posts/2015/05/05-tpp-trade-meltzer> .

²⁶ "Malaysia's palm oil, rubber, chip exporters to benefit from TPPA: Moody's," *The Star*, 12 October 2015. Accessed 12 October 2015, <http://www.thestar.com.my/business/business-news/2015/10/12/malaysia-to-benefit-from-tppa-says-moodys/> .

²⁷ Ashton Carter, "The United States and Challenges of Asia-Pacific Security."

to serve as Fulbright English Teaching Assistants in the secondary schools of Malaysia.²⁸ Through educational exchanges, these channels of collaboration have helped to foster social and cultural understanding between Malaysians and Americans.

Another area of cooperation between both countries is humanitarian assistance. In May 2015, thousands of Rohingya refugees fled Myanmar due to political oppression. These refugees travelled by boats and attempted to reach Southeast Asian countries such as Indonesia, Thailand and Malaysia. After initial reluctance to receive the refugees who were stranded at sea, Malaysia and Indonesia agreed to shelter the Rohingya refugees in their territories temporarily for up to a year before relocation to other settlements. Malaysia called upon the international community to assist them in resettling the Rohingyas. The United States has offered to take in the Rohingya people, and this is an opportune occasion for cooperation between Malaysia and the United States in coming up with solutions to resettle the Rohingyas and resolve the exodus of these displaced peoples.

In June 2015, U.S. Assistant Secretary of State for Population, Refugees and Migration Anne Richard visited the Belantik detention camp in Kedah, Malaysia, where the Rohingya refugees were temporarily sheltered. Richard commended Malaysia for providing decent living conditions and welfare for the Rohingyas.²⁹ As noted by Kedah Immigration Department Assistant Director Mohd Sabri Zainal, Richard's visit is a positive affirmation of Malaysia's effort to care for the Rohingya immigrants.³⁰ More importantly, such positive affirmations by the U.S. State Department would enhance Malaysia's standing before the United States and the American public, given that the United States places an emphasis on human rights conduct in its foreign policy objectives. An improved image of Malaysia would pre-empt and ease potential contentions between Malaysia and the United States on human rights issues which have been a source of irritation in the relationship of both states.

Cooperation against Terrorism and ISIS Threat

The United States considers Malaysia as a valuable partner in the fight against terror and the extremist threats of the Islamic State of Iraq and Syria (ISIS). In June 2015, in its Counter Reports on Terrorism 2014, the U.S. State Department commended Malaysia for its fight against terrorism and ISIS, such as enhancing its law enforcement capacity and border security measures to block potential fighters from travelling to ISIS conflict zones. As signs point to ISIS's increasing influence in Southeast Asia, it is expected that the United States would maintain a closer scrutiny over ISIS-related actions in the region. As the ISIS threat has affected Malaysia, it is not surprising that Malaysia and the United States are working closely to enhance joint efforts in the region to stem out the ISIS threat in Southeast Asia.

During a working trip to the United States in early October 2015, U.S. State Secretary John Kerry confirmed with Malaysian Deputy Prime Minister and Home Affairs Minister Dr Ahmad Zahid Hamidi that a Regional Digital Counter-Messaging Communications Centre will be established and in Malaysia.³¹ The United States will assist to provide help in operations, equipment and training. This centre will serve to counter the extremist propaganda of ISIS in cyberspace. Dr Ahmad Zahid also signed a Homeland

²⁸ Rozana Sani, "Fulbright ETAs: A lasting impression," *The New Straits Times*, 11 February 2016. Accessed 11 February 2016, <http://www.nst.com.my/news/2016/02/126941/fullbright-et-as-lasting-impression> .

²⁹ "US official: Rohingya migrants enjoy good conditions in Malaysia," *The Malay Mail*, 5 June 2016. Accessed 11 November 2015, <http://www.themalaymailonline.com/malaysia/article/us-official-rohingya-migrants-enjoy-good-conditions-in-malaysia> .

³⁰ Ibid.

³¹ Farik Zolkepli, "Centre to counter IS spin," *The Star*, 22 October 2015. Accessed 11 November 2015, <http://www.thestar.com.my/news/nation/2015/10/22/centre-to-counter-is-spin-messaging-operations-to-put-a-stop-to-terrorism-propaganda/> .

Security Presidential No. 6 (HSPD-6) document with John Kerry. This document would pave the way for Malaysia and the United States to share information on 86,000 suspected terrorist operating in the United States and other countries.³²

By projecting itself as a credible partner in the fight against terror and ISIS, Malaysia's standing as a moderate Muslim state in the eyes of the United States would be strengthened further. Through this collaboration with the United States, Malaysia would be able to enhance its role as a global player in counterterrorist and counterinsurgency efforts.

Strategic Imperatives over Human Rights Issues

Although Malaysia has been experiencing warm relations with the United States throughout the premiership of PM Najib, contentious issues such as human rights do surface occasionally. In 2014, the United States ranked Malaysia as a Tier 3 country in the U.S. State Department's list of the illegal human trafficking centres.³³ This lowest category proved was an obstacle for Malaysia and the United States in negotiating the TPP free trade pact, given that the U.S. Congress passed a bill in May 2015 which prevented the United States from signing fast-tracked trading agreements with countries that have a Tier-3 ranking.³⁴ Eventually, in July 2015, Malaysia's ranking was improved to Tier 2, in recognition of Malaysia's improved efforts to tackle human trafficking issues.³⁵ While the United States denied that the upgrade was done to ease the process of negotiating the TPP free trade pact by late July 2015, the timing of the upgrade raises the question on whether the upgrade was based solely on Malaysia's improved efforts at tackling human trafficking issues, or ultimately aimed at enabling both countries to conclude the negotiations for the TPP free trade pact.

This is certainly not the first time human rights issues have surfaced in Malaysia-U.S. relations. In November 1998, during his speech at an Asia-Pacific Economic Cooperation (APEC) meeting held in Malaysia, then U.S. Vice-President Al-Gore hailed the *Reformasi* movement. This triggered uproars from the Mahathir administration and the Malaysian public. In February 2015, Anwar Ibrahim, the former leader of the opposition movement in Malaysia, was jailed again for five years on charges of sodomy. The U.S. government criticised the move to jail Anwar as a hindrance to political progress in Malaysia.³⁶

Nevertheless, human rights issues have not undermined fundamentally the strategic basis for cooperation between Malaysia and the United States. Although President Obama is a keen supporter of human rights issues in international politics in his foreign policy, strategic concerns and *realpolitik* have pressed President Obama to strengthen relations with allies and friends in the Asia Pacific and Southeast Asia, including Malaysia, even if outstanding human rights concerns have not been resolved fully.

³² "Malaysia will set up regional centre to counter ISIS propaganda," *The Straits Times*, 10 October 2015. Accessed 10 November 2015, <http://www.straitstimes.com/asia/se-asia/malaysia-will-set-up-regional-centre-to-counter-isis-propaganda> .

³³ U.S. Department of State, *Trafficking in Persons Report 2014*, June 2014, pp. 260 – 263. <http://www.state.gov/documents/organization/226847.pdf> .

³⁴ Matthew Rosenberg and Joe Cochrane, "Key Shift on Malaysia Before Trans-Pacific Partnership Deal," *The New York Times*, 27 July 2015. Accessed 27 July 2015, http://www.nytimes.com/2015/07/28/world/asia/thailands-low-ranking-in-human-trafficking-report-could-hamper-trade-deal.html?_r=0 .

³⁵ Ibid.

³⁶ Trinna Leong and Al-Zaquan Amer Hamzah, "Malaysia's Anwar jailed for five years in sodomy trial," *Reuters*, 10 February 2015. Accessed 10 February 2015, <http://uk.reuters.com/article/uk-malaysia-anwar-ruling-idUKKBN0LE09G20150210> .

Conclusion

Presently, Malaysia is maintaining an equidistant relationship with China and the United States. Malaysia's improvement of relations with the United States has been calibrated so that it will not come at the expense of relations with China. Malaysia has strengthened its partnership with the United States, while simultaneously developing closer relationship with China. Malaysia has to ensure that partnership with the United States is compatible to cooperation with China in order to avoid conflict of interests. As a result, Malaysia has been cooperating with the United States in areas which the United States is comparatively strong, and likewise for China. This even-handed approach to foreign policy is not only pragmatic, it would also assure the United States and China that Malaysia is not favouring one major power and ignoring the other.³⁷ It is a delicate act which requires finesse to insure prolonged U.S. presence for regional security, while seeking to build good neighbourly and lucrative economic relations with China.

Therefore, Malaysia's posture towards the U.S. rebalancing has been measured so as not to appear overtly offensive to China. In the near future, Malaysia will continue to engage China and the United States in principled and practical ways in order to promote harmonious relations with both powers which would in turn benefit the wider region.

³⁷ Interview with a Malaysian academic, 28 January 2016, Kuala Lumpur.

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