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Malaysia-China Defence Ties: Managing Feud in the South China Sea

By Ngeow Chow Bing

SYNOPSIS

Notwithstanding the South China Sea dispute, there is support within the political and military leadership in Malaysia to develop and maintain defence cooperation with China. An unwritten mutual understanding seems to help both sides to contain their respective actions in the South China Sea within certain limits.



China's Coast Guard patrols Luconia Shoals claimed by Malaysia which lie 84 nautical miles from Sarawak and more than 864 nautical miles from mainland China. - Image from Free Malaysia Today.

COMMENTARY

MALAYSIA'S LONGSTANDING defence tradition and outlook have been firmly "western-oriented". Its main defence partners are all Western countries, such as the United States of America (US) and Australia. Despite Malaysia's vocal [concern](#) regarding the Australia-United Kingdom-US (AUKUS) trilateral security partnership when it was announced in September 2021, Malaysia has extensive defence collaboration with all members of AUKUS, and this is unlikely to change.

On the other hand, Malaysia also has a cooperative [defence relationship with China](#). While not as deep and comprehensive as Malaysia's defence relations with Western countries, Malaysia's defence ties with China were progressing well up until 2018. There had been high-level mutual visits, bilateral exercises, defence procurement, naval exchanges, and military education cooperation. General Xu Qiliang, the vice chairman of the Central Military Commission, for example, visited Malaysia in 2017. The Armed Forces of Malaysia has held four bilateral exercises with the People's Liberation Army since 2014, with the last exercise held in 2018. In 2017, Malaysia contracted a Chinese state-owned shipbuilder to construct four Littoral Mission Ships for its navy – all four vessels have since entered service.

Cooling Off?

The political changes in Malaysia since 2018 and the effects of the COVID-19 pandemic, however, have disrupted and slowed down the momentum. Both Malaysia and China are parties to the South China Sea territorial and maritime disputes.

As China continued its assertive posture in the South China Sea – even against a Malaysia that has always maintained a friendly posture towards China – it is natural to assume that the South China Sea dispute could also be a main cause for the cooling of defence ties between Malaysia and China.

Since at least 2014, China has maintained an almost constant presence around the Luconia Shoals by deploying its coast guard vessels. These shoals lie around 84 nautical miles off the coast of the Malaysian state of Sarawak in the South China Sea. China claims sovereignty over them by virtue of their location within China's "nine-dash" line.

A Malaysian government report released in 2020 showed that China's coast guard vessels intruded into Malaysia's Exclusive Economic Zone (EEZ) [89 times](#) from 2016 to 2019. China has aimed to deter Malaysia from undertaking actions on and around these shoals but Malaysia, which also claims the shoals, is unfazed.

China's Growing Assertiveness Over Luconia Shoals

Against China's warning, Malaysia has stepped up its active oil and gas activities in waters within the "nine-dash" line but right within Malaysia's own EEZ; China has reacted by further dispatching its own survey ships and coast guard vessels to shadow Malaysia's oil and gas operations, resulting in several episodes of "stand-off" and risking accidental collisions.

In late May 2021, China [dispatched](#) a large squadron of military transport planes to the airspace above Malaysia's EEZ, claiming to be conducting regular exercises. Most concerned Malaysians, however, see this action by China as a further show of force to assert its "nine-dash" line claim, and an unfriendly action undermining Malaysia's security.

These China's brazen actions in the South China Sea have unnerved Malaysia and generated strategic anxiety among Malaysian military and security establishment. However, precisely because of, or despite a potential conflict in the South China Sea, there remains substantial support within the political and military leadership in Malaysia to maintain and preserve defence engagement with China.

In Malaysia's judgement, having a good defence relationship with China serves several objectives. It is an important pillar for maintaining a stable bilateral relationship with China. It allows Malaysia to have direct access to the Chinese defence establishment, including its top commanders and officials. Such access forms an important part of confidence-building and mutual understanding.

It also reinforces Malaysia's non-aligned position. It signals to China that, notwithstanding the South China Sea dispute, Malaysia does not see China as an adversary. Finally, China as a source of alternative supply of military hardware and equipment has also occasionally come under the consideration of Malaysia's political and military leaders, although this is not a primary objective.

Unwritten Mutual Understanding for Restraint

On the South China Sea, both sides are also very cautious and are determined not to escalate, over-react, or provoke the other side to the point of losing control of the situation. While China is not happy with Malaysia's expanding oil and gas activities and will take forceful actions to show its unhappiness, Malaysia will also react firmly to China's actions.

Over the years, both sides seem to have developed an unwritten mutual understanding, a "modus operandi" of sorts, in which the mutual actions and reactions will essentially be contained within certain limits and expectations, and will not give space to the other side to over-react.

This mutual understanding, developed out of actual interaction on the ground rather than any direct negotiation, helps to stabilise and regulate the Malaysia-China dispute in the South China Sea. This is a key reason why Malaysia often reacts to China in a low-profile manner, with only occasional "dialling-up" of its concern when necessary.

This also explains why Malaysia is generally wary about the direct involvement of other countries, especially the US, as such involvement will upset this unwritten mutual understanding.

Will China's Assertiveness Drive KL Closer to the US?

The unwritten mutual understanding, however, is a fragile one; any accident or miscalculation will seriously undermine it. Precisely because of its fragility, Malaysia's

defence engagement with China is needed to ensure a sufficient level of confidence for longer term sustainability.

For Malaysia's military establishment, this mutual understanding makes it permissible and indeed desirable to continue to have a positive defence relationship with China, even if China is still seen as potentially the most challenging security threat to Malaysia.

Defence engagement with China, in turn, supports the generally cordial relationship between Malaysia and China, the absence of which will make the unwritten mutual understanding also difficult to sustain.

Yet, it should not be assumed that there is a uniform view on this matter within the professional military and security establishment. Some believe that precisely because of Malaysia's commitment to sustain the friendly ties with China, China is gradually taking advantage of Malaysia and squeezing Malaysia's room to respond effectively in the South China Sea.

They also believe that, to deter China's aggression, Malaysia should favour an even closer and enhanced security partnership with the US and welcome its initiatives such as AUKUS, while defence engagement with China should be substantially reduced.

To date, the Malaysian government views the current situation as manageable though not desirable. It prefers to handle the South China Sea situation at its own pace, without having its action or non-action being constantly scrutinised by the public, media, or think tanks.

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