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EAST OR WEST: HOW ANWAR IBRAHIM DECIDES?

By Nawaljeet Singh Rayar

SYNOPSIS

Practical experiences and personal ties suggest a favourable predisposition towards the US in Prime Minister Anwar Ibrahim's approach on Malaysia's foreign policy. Yet, domestic politics and pragmatism dictates a more nuanced approach, and another trajectory may be warranted.

COMMENTARY

Anwar Ibrahim's three-day official visit to China on 30 March to attend the Boao Forum might have been confusing to political observers who envisaged an overtly "pro-West" and US-aligned Malaysia foreign policy under his government.

Anwar's political past has seen numerous friendships forged with US political and policy elites. Notably, then vice-president of the US, Al Gore expressed support for Anwar's "Reformasi" movement and called for his release when Anwar was imprisoned in 1998. The White House had strongly criticised his conviction in 2015. There were also allegations in 2010 of funding from the US Department of State for a foundation he once headed. While there are grounds to suggest his positive leanings towards the United States, time has eroded the utility of most of his personal relationships in the US.

Anwar had also taken critical positions against certain US policies; these positions are popular with the Malaysian mainstream – and therefore not entirely surprising to the US government. He had been critical of its interventionist foreign policies in the Middle East, and of Israel's policies towards the Palestinians. Anwar had also been critical of US free trade economic policies, particularly the Trans-Pacific Partnership which he argued in 2016 would have a negative impact on Malaysia's economy and would

benefit large multi-national corporations at the expense of Malaysian workers and businesses.

Overall, his administration's policy towards the US would be better understood beyond labels of being "pro-West", and instead, through Malaysia's longstanding relations with the US, the domestic context of Malaysian politics, and the current state of geopolitical tensions among major powers.

Malaysia-US Relations

Malaysia and the US commemorated 65 years of diplomatic relations in 2022. Both countries share a long-standing relationship grounded in strategic and economic cooperation.

In recent years, the defence relationship between Malaysia and the US has continued to grow, with a focus on regional security issues such as counterterrorism, maritime security, and cybersecurity. The two countries have also worked together on regional security issues through multilateral organizations such as the Association of Southeast Asian Nations (ASEAN) and the East Asia Summit.

The US has provided military training and assistance to Malaysia, and the two countries have conducted joint military exercises such as Exercise Keris Strike and Exercise Bersama Warrior.

In November 2022, US and Malaysian Armed Forces (MAF) strengthened their maritime security cooperation by participating in Cooperation Afloat Readiness and Training (CARAT) Malaysia 2022 in Kuantan, Pahang.

In 2022, the total trade between Malaysia and the US grew by 23.3 per cent to RM267.58 billion compared to the previous year. The US is Malaysia's third largest trading partner after China and Singapore.

After a meeting between Anwar and US Trade Representative Katherine Tai in February 2023, the Ministry of Investment, Trade and Industry (MITI) released a statement commending the role of the US in pioneering the Indo-Pacific Economic Framework for Prosperity (IPEF) while also calling for it to outline tangible outcomes towards achieving common trade and investment objectives.

Anwar's government is certainly seeking investments from the US and opportunities to facilitate US businesses to expand their operations in Malaysia.

Amazon Web Services (AWS) announced in March 2023, that they would be launching a new infrastructure region in Malaysia as part of a public-private sector partnership with the Malaysian government. While the AWS deal was inked in May 2022 under the Muhyiddin Yassin administration, the US\$6 billion investment was cast by Anwar to have materialised because of the political stability and clear policy direction provided by his government. In the same month, the Malaysian government announced that under a MITI initiative, electric vehicle maker Tesla will open an office in the country, establish a network of charging stations for its cars and, open showrooms and services centres.

Anwar said that these investments would create several thousand jobs, including positive spill over effects for the surrounding Small and Medium Enterprises (SMEs) that constitute 97 per cent of businesses in Malaysia and employ almost 70 per cent of the workforce in the country.

American businesses in Malaysia looking for clarity in policies have been concerned about the political upheavals in the past few years; Malaysia has seen four different administrations in as many years. In November 2022, the American Malaysian Chamber of Commerce (AMCHAM) called on the Anwar government to “maintain past policies that helped make the country a foreign investment destination”. AMCHAM chief executive Siobhan Das, cautioned against largescale changes to existing policies. She stressed the need for consultations between the private and public sectors as well as feedback channels.

As the Anwar administration seeks to at least maintain Malaysia’s diplomatic ties with the US by sustaining the pace of defence and economic relations, it must give sufficient weight to the experiences of existing American businesses to promote Malaysia’s investment potential.

China

Anwar’s premiership comes at a time when geopolitical tensions between the US and China exist concurrently with a global economic system that relies on interconnected supply chains that hinge on both major powers.

Anwar’s recent visit to China saw him signing 19 MOUs (Memorandums of Understanding) on investments worth about RM170 billion. That Anwar’s administration continues to attract investments from both major powers is as much a reflection of Malaysia’s investment potential as it is of the mutual familiarity and intertwined nature of their economies.

Anwar has also been a vocal advocate for greater regional cooperation and integration in Southeast Asia. This could enhance the region’s overall position as a destination of investments from major partners. It may also at times be seen as a counterbalance to US (or China’s) influence in the region. At the same time, this could put him at odds with either major power looking to counter its adversary’s influence in the region.

During his visit, Anwar said that China is open to talks with Malaysia on forming an Asian Monetary Fund (AMF). In the late 1990s, the AMF was a proposed regional financial institution that would have provided emergency lending to countries in Asia during times of financial crisis. However, the proposal for the AMF faced significant opposition from some countries, particularly the US, which was concerned that it would create a rival to the IMF and undermine the existing global financial architecture. Responding to a question in parliament after his China visit, Anwar said that the creation of the AMF would reduce reliance “on the US dollar and the International Monetary Fund”.

In cultivating each major power, Prime Minister Anwar would have to take into account the sensitivities of the other. His administration and those of the past have assiduously defended Malaysia’s sovereignty by claiming to be non-aligned. Still, in the face of

heightened tensions, Anwar and his colleagues will have to craft a narrative that explains their actions to be foremostly in the interest of Malaysia.

Conclusion

All of Anwar's foreign visits thus far have resulted in MOUs that promise investments to benefit Malaysia. A bilateral visit to the US might be on the cards, in conjunction with Anwar's expected attendance at the United Nations General Assembly in September 2023, or with the Asia-Pacific Economic Cooperation Economic Leaders' week in November. In any case, while neither will be held in Washington DC, President Joe Biden's attendance will provide Anwar and his delegation an opportunity to establish a rapport with the US leader.

Even if Anwar's administration is inclined towards promoting closer diplomatic ties with Washington, Anwar will have to be attentive to the prevailing sentiments amongst Malay Muslims who identify emotionally with the Palestinian cause and who rebuke US support of Israel. With already critically low support from Malays in the November 2022 General Election and the looming state elections in Malaysia, Anwar will seek to avoid being painted as "pro-West".

Until Anwar is sufficiently reassured of his coalition's electoral standing domestically, he is unlikely to seek any substantive changes to the status quo in Malaysia-US relations.

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