

The Challenges of Non-Alignment: Managing Risks in Malaysia's Policy towards China and the United States



DAVID HAN
Research Fellow of
Malaysia Programme, IDSS

SYNOPSIS

Malaysia's management of key challenges in its relations with China and the United States may be understood through the lens of its non-aligned policy. To prevent emerging risks from materialising into actual threats that could undermine the country's non-aligned policy, Malaysia has had to exercise caution through restraint in cooperating with both powers.

COMMENTARY

Malaysia's approach to relations with China and the United States has been characterised as non-alignment, emphasising positive and equal relations with all powers. A factor that has allowed Malaysia to pursue non-alignment towards China and the United States consistently is the exercise of caution through restraint to counteract risks in relations with both powers.

Risk, which is the likelihood of a negative outcome that might occur in the future, is pervasive in international relations. To prevent risks from turning into actual threats states would require caution that is marked by restraint in foreign policy conduct so as to avoid missteps that could have serious repercussions.

Malaysia is no exception. Malaysia has had to be guarded against the risks of over-dependence on China economically. Likewise, it has had to ensure that its strong security relationship with the United States is not perceived as reflective of a pro-US stance, not least due to the risks of a negative backlash from China and erosion of its political legitimacy domestically.

GUARDING AGAINST RISKS OF OVER-DEPENDENCE ON CHINA

Malaysia's close economic relations with China, which began in the late 1980s under the first Mahathir Mohamad premiership and continued during the Abdullah Badawi administration, had

led to a significant increase in business, trade and investments between the two countries in the decades following the end of the Cold War. This has played a substantial role in driving Malaysia's economic growth.

However, Malaysia has been largely cautious about potential over-dependence on China, as this would be incongruent with Malaysia's non-aligned policy. Consequently, Malaysia has also been cultivating diverse economic partnerships, notably with powers such as the United States and Japan.

This sense of caution appeared to have diminished in the Najib Razak administration's ardent and unrestrained embrace of China's Belt and Road Initiative (BRI). Najib's embrace of the BRI courted controversy in the form of incurring excessive Chinese loans for BRI mega projects and corruption scandals, for instance. Critics raised concerns about the risk of over-dependence on China that could allow the latter to exert undue influence over Malaysia economically and politically.

In response to this risk, the Pakatan Harapan (PH) government that took power subsequently temporarily suspended the BRI mega projects as it renegotiated with China to address the financial problems that the projects were mired in during the Najib premiership.

Yet, the PH government showed restraint by not withdrawing Malaysia from the BRI completely so as to mitigate the risk of a backlash from China, such as hefty financial penalties and damage to Malaysia's close economic ties with the country. Not surprisingly, the PH government remained supportive of the BRI.

This risk-averse posture of continuing close economic relations with China has been upheld by the governments that took power after the fall of the PH in 2020. Even as the Muhyiddin Yassin and Ismail Yaakob administrations affirmed Malaysia's close economic ties with China, including

participation in the BRI, these governments sought to diversify the scope of economic cooperation with China beyond an excessive focus on infrastructural developments. The current Anwar administration has done likewise.

WARINESS AGAINST A PRO-US STANCE

Malaysia's caution against risks in its economic relations with China has been mirrored in security ties with the United States. Malaysia's long-standing security relationship with the United States, which began in the 1980s, has played a significant role in the development of the Malaysian Armed Forces, such as in the procurement of weapon systems, training and exercises.

Both countries have substantial cooperation in dealing with security challenges such as terrorism and maritime threats. Moreover, Malaysia values the importance of continued US military presence in Southeast Asia in maintaining regional security.

However, owing to its non-aligned policy, Malaysia has avoided strong security alignment with the United States as it runs the risk of a negative backlash from China, including a conflict that could damage bilateral relations.

Thus, while the United States, beginning with the Obama administration, has been heightening its naval presence in the Asia-Pacific region to counteract China's maritime assertiveness, Malaysia has avoided overt reliance on this heightened US military activity to openly confront China in the South China Sea disputes. Instead, Malaysia has preferred firm yet non-confrontational diplomacy, both bilaterally and multilaterally through ASEAN platforms, to manage maritime disputes with China.

Furthermore, the Malaysian government has had to avoid being perceived as pro-US domestically to guard against the risk of erosion in regime legitimacy among its Malay-Muslim constituents.

Thus, although the first Mahathir administration and the Abdullah administration sought to strengthen cooperation with the United States to combat terrorism and extremism in the wake of 9/11, both administrations remained critical of the US attacks on Afghanistan and Iraq and other indiscriminate aspects of the US-led global war on terror.

Even as bilateral relations witnessed a significant upswing during Najib's tenure, Najib had to distance himself from and criticise Trump's Middle East policies, such as the relocation of the US embassy from Tel Aviv to Jerusalem. At the same time, Najib felt compelled to resort to religious rhetoric to stem further erosion of his already seriously weakened political legitimacy.

As political legitimacy is necessary for regime survival, and among the majority Malays in particular, the risk of diminished regime legitimacy will remain a factor that undergirds Malaysia's wariness of being perceived as pro-US in the context of the Palestinian issue and Muslim affairs.

CONCLUSION

Malaysia's efforts to continue building cooperative relations with China and the United States through the posture of non-alignment will require not only consistency but also caution through restraint to mitigate risks in its policy towards both powers. As such, while Malaysia still considers maintaining strong economic ties with China a key priority, the potential dangers of economic over-dependence cannot be underestimated. Malaysia will also continue to uphold security relations with the United States, given Malaysia's defence needs, but not at the expense of risking relations with China and regime legitimacy.

As risks may evolve alongside unexpected challenges in the future, Malaysia would have to adapt its non-aligned policy while effectively preventing risks from becoming real threats that undermine positive relations with China and the United States.

The authors' views are their own and do not represent the official position of the S. Rajaratnam School of International Studies (RSIS), NTU. These essays may be reproduced with prior permission from RSIS and due credit to the author(s) and RSIS. Please email to contact_rsis@ntu.edu.sg for permission request and other editorial queries.