

## MALAYSIA'S APPROACH TO GEOPOLITICS OF THE INDO-PACIFIC: THEMES, TRENDS AND THRUSTS

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### **Abstract**

From a geopolitical perspective, the Indo-Pacific construct presents important and novel challenges for Malaysia's engagement in regional geopolitics. This article analyses enduring themes and emerging trends in the new geopolitics of the Indo-Pacific region into the third decade of the 2000s. It analyses the efficacy of Malaysia's previous and current foreign policy thrusts and strategies in navigating the new geopolitical developments, particularly in the context of US-China geopolitical rivalry and contestation. The shift from an Asia-Pacific to an Indo-Pacific narrative has witnessed the emergence of new and evolving relationships for Malaysia particularly vis-à-vis the United States and its allies, and China. For Malaysia, an observable hedging strategy towards China is evident particularly with respect to the Belt and Road Initiative (BRI) and policies and actions in the South China Sea. An overall foreign approach of middlepowerism and placing the accent on the political economy can be seen with respect to major power relationships. On security issues, a firm foreign policy stance maintains nonalignment vis-à-vis major powers. A strategy of middlepowerism attempts to hybridise (or disrupt) regional power dynamics to Malaysia's advantage. The Association of Southeast Asian Nations (ASEAN) remains pivotal to Malaysian foreign in its 'centrality' or in terms of agency in dealing with major powers. A potential dimension of foreign policy that has emerged is Malaysia's role as a norm entrepreneur particularly in its persona as a moderate Muslim-majority activist state in the emerging regional order. Such a thrust had been implicit and evident in previous foreign policy.

*Keywords:* Indo-Pacific, ASEAN centrality, Malaysia, middlepowerism, norm entrepreneurship

### **Introduction**

When Mahathir Mohamed took the helm as Malaysia's Prime Minister for the second time in 2018, he put his stamp of authority on Malaysia's foreign relations in his usual inimitable fashion. Turbulent domestic politics saw the collapse of the Mahathir-led Pakatan Harapan (PH) government in March 2020 but new ruling coalitions that year and the next. Two new premiers after Mahathir have not altered significantly Malaysia's foreign policy. At the time of writing, the new Foreign Minister Saifuddin Abdullah also held that same portfolio under the PH government.

On taking office on May 11, Mahathir announced that Malaysia would show no favour to any major power and be “neutral and friendly” to all countries, noting that: “Malaysia wants to have access to all the markets of the world, whether East or West. Whether they are communist or non-communist, it is of no concern to us. Our business is to establish (good) relations.”<sup>38</sup> He subsequently added that Malaysia would implement a “no warships” policy or a warships-free zone in Malaysia’s adjoining seas of the Straits of Malacca and the South China Sea. This seems to be an oblique reference to China, and also the US, whose military vessels have plied these waters. However, Malaysia in the past regularly hosted US warships on friendly visits to its West Coast ports such as Penang and Malacca and it participates in the biennial US RIMPAC (Rim of Pacific) military exercises.

This essay posits that Malaysia’s foreign policy approach is predicated on middle power statecraft, which is a strategy by smaller states to maximize their agency (or effectiveness) in dealings, especially with major powers (Nossal & Stubbs, 1997). According to Ping (2005), such a strategy disrupts or hybridizes a political system premised on the hegemony of major powers. I have previously advanced reasons for why Malaysia deployed an activist foreign policy of ‘middlepowership’, which includes the following elements:

1. The aspirations of a state to increase its own influence in the regional and global environment in the pursuance of interests beyond narrowly defined goals.
2. Attempts to change the regional and global environment in accordance to certain self-consciously enunciated goals beyond those of mere state survival, i.e. beyond the short-range core values of state survival.
3. Carrying out the above in the face of competition, countervailing pressures or even conflict with other states, lesser powers and major powers.
4. Carrying out any of the above by providing leadership to other states in the pursuance of their own foreign policy objectives.
5. A propensity to use international organization and institutions to pursue the above goals (Saravanamuttu, 2010: 330).

From a constructivist perspective, the notion of Malaysia’s middle power statecraft incorporates the idea of norm setting through regional bodies such as the Association of Southeast Asian States (ASEAN). ASEAN ‘centrality’ applies to Malaysia as much as it pertains to external powers linked and associated with ASEAN. Over five decades ASEAN socialization and norm setting for states and powers engaged in the Southeast Asian context and beyond dovetailed well with Malaysian foreign policy and helped Malaysia to effectively engage in the geopolitics of Asia. It also concomitantly involved Malaysia in its role as ‘norm entrepreneur’ wherein new collaborative modalities of niche diplomacy were expedited. Such norm setting is often deployed by smaller states or middle powers to navigate the excesses of major power rivalry.<sup>39</sup>

The next section will touch on how Malaysia’s foreign policy addressed the new emerging trends in Asian geopolitics with respect to the emergence of the Indo-Pacific construct as the Free and Open Indo-Pacific (FOIP) adopted by the US in 2019. It examines this development with respect to President Trump’s US posture of ‘America First’ with its attendant foreign policy thrusts, China’s inexorable rise in the backdrop of an apparent declining status of the

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<sup>38</sup> See “Dr M: Malaysia will be neutral, not favour any country” accessed at: <http://www.freemalaysiatoday.com/category/nation/2018/05/11/dr-m-malaysia-will-be-neutral-not-favour-any-country/>.

<sup>39</sup> For a theoretical exposition of the concept of norm entrepreneurs, see Finnemore and Sikkink (1998).

US in the region and the repositioning of major powers and ASEAN states vis-à-vis the new geopolitics.

Since 2019 the Indo-Pacific construct has been reaffirmed as foreign policy posture and strategy buttressed by its attendant policy of the Quadrilateral Security Dialogue (Quad), initiated in 2007 by Japan to involve the US, India and Australia in a diplomatic and military arrangement but not tantamount to a formal alliance. Quad has been critiqued as lacking “centrality” as a feature for a regional security complex (Krishnan, 2020). Most recently, in September 2021, the Biden Administration initiated AUKUS, yet another strategic alignment of Australia, the UK, and the US likely targeted at China’s military activities in the South China Sea. The added dimension of Australia acquiring nuclear-powered submarines under this pact has stirred ASEAN’s concern.<sup>40</sup>

For Malaysia, ASEAN centrality has been axiomatic to address most of the new developments on the Western Bloc side. Under Mahathir’s second tenure, a pro-Japan economic orientation was evident as a counterpoint to China’s strong economic presence in Malaysia. Malaysia had leaned palpably toward China and the Belt and Road Initiative (BRI) under premier Najib Razak since the second decade of the 2000s. In the post-Mahathir period after 2020, China continues to loom large in issues pertaining to BRI and the South China Sea. Broadly speaking, it appears that Malaysia is evincing a classic strategy of nuanced hedging, which factors in the emergence of new arrangements of Western political alliances in the current fluid phase of Indo-Pacific geopolitics, which could be perceived as a function of waning US influence. There is little doubt that overall Malaysian foreign policy pertaining to security matters will remain firmly nonaligned with respect to major-power relationships.<sup>41</sup>

### **America First and the Indo-Pacific Strategy**

During the tenure of President Obama, the policy of making the US the “pivot to Asia” in the rebalancing of power dynamics was a central theme of geopolitics in the Asia Pacific region and in Southeast Asia. But even then it was already suggested that such an American pivot to Asia was bound to encounter the ambitions of a rising China. The pivot was taking place in the context of a deepening of China’s regional relationships and its ascendancy as the second largest economy in the world with the prospect that the Chinese economy would soon surpass that of the US (Majid, 2012: 22).

Asian geopolitics then took a radical turn in recent years with the abandonment of Obama’s Asian pivot and the adoption of the comprehensive ‘America First’ posture. A new theme of US foreign policy seemed to be tailored to check and contain China’s economic ascendancy, one way or another. For Southeast Asian states this change of strategy seemingly undervalued their role or importance in American foreign policy or, alternatively, would recast Southeast Asia in a different role with respect to US foreign policy. A major signal of such a recasting came with Trump’s withdrawal from the Trans-Pacific Partnership (TPP), which had excluded China but included all of Southeast Asia. The TPP had too much of an Obama imprint for Trump even though it was to engage Asia Pacific states to balance a rising China.

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<sup>40</sup> For an analysis of reactions to AUKUS, see “There’s more to Australian security in Asia than AUKUS,” (<https://www.eastasiaforum.org/2021/11/29/theres-more-to-australian-security-in-asia-than-aucus/#more-467650>).

<sup>41</sup> Krishnan (2020:189) takes a similar view but uses the term “neutrality”. For me, nonalignment as a foreign policy posture covers a broader range of perspectives.

In sharp contrast, the Trump Administration took the high road of abandoning such a strategy altogether in preference for an all-out trade war with China.

For the purposes of this essay, it would germane to focus on what has emerged in the Trump Administration as the “Indo-Pacific Strategy”, which was fashioned along with the new National Security and National Defence strategies. The Indo-Pacific, presumably subsuming the Asia-Pacific, is a huge swathe of intercontinental territories that stretches from the West Coast shores of the US to the western shores of India and is said to contribute two-thirds of the global GDP (Indo-Pacific Strategy Report, 2019).

The idea of a Free and Open Indo-Pacific (FOIP), announced at the Asia-Pacific Economic Conference (APEC) Summit of 2017, has been attributed to former Japanese premier Shinzo Abe of Japan who spoke of the “confluence of the two seas” in 2007 (Paskal, 2021:6). The American construct of FOIP is of a recent genealogy and took definitive shape in tandem with its Indo-Pacific Strategy, which was enunciated under the Trump Administration in 2019. China was depicted as a “revisionist power” said to not conform fully to international norms and rules and is considered both to be coercive and expansionist. Russia was dubbed a “revitalized malign actor” based on its military, economic and other activities, while North Korea has simply been called a “rogue state”. The Indo-Pacific strategy was to be pursued through US military *preparedness*, its *partnerships* in a *networked region* through alliances and ongoing engagements with Japan, South Korea, Australia and the Southeast Asian states.<sup>42</sup>

The Indo-Pacific Strategy was thus a comprehensive plan alluding to multiple sets of economic and military collaborations with the regional states through such specific goals as improving the interoperability of military hardware and software with allies and securing them as partners for peace operations and anti-terrorism. Malaysia, along with some others were given specific mention with the document stating that the US had been working with the then Pakatan Harapan government to strengthen an important relationship, which included military exercises, interoperability, a total of 100 defence engagements annually, including collaboration to defeat ISIS in the region.<sup>43</sup>

The Trump Administration put a neo-conservative spin to US foreign policy although the Biden Administration continues to call upon allies and partners to do much the same not even concealing its main concern is of an ascendant China which seriously challenges the hegemony of the US. The emergence of the 2019 document suggests a devaluing of the notion of the “Asia-Pacific” that was inclusive of China. The Indo-Pacific construct, contrariwise implies that US hegemony would be better served by stronger strategic relationships with India and traditional allies like Japan and Australia with the added dimension of a possibly refurbished Quad, which however is constrained by ambiguity and

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<sup>42</sup> With respect to Southeast Asia, the 2017 National Security Strategy states that: “...the Philippines and Thailand remain important allies and markets for Americans. Vietnam, Indonesia, Malaysia, and Singapore are growing security and economic partners of the United States. The Association of Southeast Asian Nations (ASEAN) and Asia-Pacific Economic Cooperation (APEC) remain centerpieces of the Indo-Pacific’s regional architecture and platforms for promoting an order based on freedom.” (The National Security Strategy, 2017: 46).

<sup>43</sup> The document also notes the following: “Malaysia also participates in similar patrols in the Sulu and Celebes Seas with Indonesia and the Philippines aimed at countering violent extremists. The Malaysia Maritime Enforcement Agency formally committed to host the Southeast Asia Maritime Law Enforcement Initiative (SEAMLEI) Commanders’ Forum in December 2019.” (Indo-Pacific Strategy Report, 2019: 39).

the non-participation of Indonesia (Envall, 2019). A new significant Biden Administration dimension was the activation of AUKUS, mentioned above.

Even before President Trump had enunciated his America First foreign policy, China had pivoted to the greater Eurasia region with a new policy orientation. In 2013, President Xi Jinping had launched China's One Belt One Road (OBOR) initiative, later to be called the Belt and Road Initiative. The Indo-Pacific Strategy was thus the Trump Administration's response to BRI.

While Malaysia did not immediately react to the Indo-Pacific construct, ASEAN did so promptly through the ASEAN Outlook on the Indo-Pacific (AOIP) announced on 23 June 2019 (Mishra & Wang, 2021). Through an Indonesian-led initiative, ASEAN welcomed the idea but stated that the Asia-Pacific and the Indian Ocean were closely integrated, emphasizing the importance of the evolving norms, principles and rules-based security and economic architectural structures that have been already put in place by ASEAN, viz.:

Consistent with decades of ASEAN's role in developing and shaping regional architectures in Southeast Asia and beyond, and with ASEAN's norms and principles as contained in the ASEAN Charter and other relevant ASEAN documents, ASEAN Outlook on the Indo-Pacific envisioned by ASEAN consists of the following key elements: A perspective of viewing the Asia-Pacific and Indian Ocean regions, not as contiguous territorial spaces but as a closely integrated and interconnected region, with ASEAN playing a central and strategic role; an Indo-Pacific region of dialogue and cooperation instead of rivalry; an Indo-Pacific region of development and prosperity for all; the importance of the maritime domain and perspective in the evolving regional architecture (ASEAN Outlook on the Indo-Pacific, 2019).

The statement was a polite but firm statement that ASEAN centrality still played a crucial role in maintaining regional order and stability and that ASEAN possessed the necessary security architecture and economic structures to maintain geopolitical peace (Saha, 2019; Parameswaran, 2019).

Beyond the broad strategic posture of ASEAN centrality in foreign policy, it should be stated that at the pragmatic level, Malaysia has maintained a strong relationship with the United States and its allies especially with respect to defence policies. Since 1971, Malaysia has been a party of the Five-Power Defence Arrangements (FPDA) involving Britain, Australia, New Zealand and Singapore.<sup>44</sup> As stated in its first Defence White Paper of 2020, Malaysia's defence partnership with the US has been long-standing and comprehensive. Bilateral defence ties were institutionalised since 1984 through the establishment of the Bilateral Training and Consultative Group (BITACG) to coordinate military activities and military exercises. In addition, a strategic consultation forum, the Malaysia-US Strategic Talks (MUSST) has been established to address, counter-terrorism, maritime security, HADR, cyber security, sharing and exchanges of information, defence capability building and defence industry.<sup>45</sup>

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<sup>44</sup> See Saravanamuttu (2015) for an analysis of Malaysia's participation in the FPDA.

<sup>45</sup> See Defence White Paper, Mindef, 2020, p.70.

## Malaysia's BRI Embrace<sup>46</sup>

For most Southeast Asian states, the Indo-Pacific construct has to be cast in political economy terms of China's rise and its launch of the BRI in 2013. Malaysia's embrace of the BRI came in tandem with China's economic preeminence in Southeast Asia and the fact that for practically every Southeast Asian state today China is its major trading partner. Moreover, ASEAN as a whole overtook the US as China's second-largest trading partner in 2019 behind the EU.<sup>47</sup> China has been Malaysia's largest trading partner for 12 consecutive years accounting for more than 18% of its total trade. China also recently become the largest direct foreign investor in Malaysia, overtaking Singapore, Japan, the Netherlands and the US, through buying assets in Malaysia's troubled 1MDB under the Najib government.

During the 2018 election campaign period, Mahathir had taken aim at former premier Najib Razak's cozy relations with China and the plethora of China-funded projects under its BRI. The East Coast Rail Link (ECRL) project bankrolled with its ballooning costs came under severe criticism from the incoming premier in the run-up to the 9 May 2018 General Election. China's Exim Bank was to finance the major expenditure with a RM38.5 (US\$8.7) billion while the remaining RM16.5 (US\$3.7) billion was to be financed from a *sukuk* issue. Mahathir had indicated that the costs were unacceptable and that the project would be scuttled should the coalition parties that he led come to power. However, it was later decided that the project could still proceed at a later date given that RM20 (US\$3.5) billion had already been expended on it, with the new government renegotiating new terms.

Prior to Mahathir's assuming control of the Malaysia, the Najib government fully embraced the BRI along with a clutch of developmental projects for Malaysia. On 3 September 2016, Minister of Transport, Liow Tiong Lai, then concurrently president of the Malaysian Chinese Association, MCA), in a Malaysia-China Business Dialogue event in Kuala Lumpur, suggested that Malaysia could be "China's gateway to ASEAN" and a crucial link to the 65 BRI countries on the continents of Asia, Europe and Africa.

On 20 October 2016 the Malaysian parliament approved participation in the Asian Infrastructure Investment Bank (AIIB) – China's brainchild – just prior to the Malaysian premier's major state visit to China.<sup>48</sup> According to Liow, Malaysia also signed a "port alliance" with China linking six of Malaysia's ports to 11 of China's. China was to help Malaysia to rebuild and expand port services at Klang, Malacca and Carey Island in the Straits of Malacca and Kuantan in the South China Sea. Some 70 to 80 percent of the ships passing through the Straits of Malacca are said to originate from China. Kuantan on the other side of the Malay Peninsula would be of great importance to Chinese maritime trade as well. China has already started building an Industrial Park in Kuantan linked directly to the ECRL. The port constructions on the West Coast were supposed to have stretched across 120 kilometers of the Malacca Straits, while the port alliance with China purportedly would help develop shipping, logistics and other related industries to augment the US\$1 trillion worth of OBOR trade (Saravanamuttu 2018).

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<sup>46</sup> This section draws from Saravanamuttu (2021a).

<sup>47</sup> See "US overtaken by Southeast Asia as China's No. 2 trade partner" (<https://asia.nikkei.com/Economy/Trade-war/US-overtaken-by-Southeast-Asia-as-China-s-No.-2-trade-partner>).

<sup>48</sup> The bank commenced operations in January 2016 with 84 members globally and has funded US\$4.23bil (RM16.55bil) worth of projects by early 2018. (<https://www.thestar.com.my/business/business-news/2018/02/07/aiib-sets-sights-on-malaysia/#T4qTPauEKBfQ7hSf.99>).

Within less than a year of assuming power, Mahathir, after an initial rebuke of Najib's embrace of BRI, began to show a willingness to re-embrace BRI and its related projects. Mahathir's about-turn also more or less coincided with what has been considered by observers to be Phase 2 of the BRI. At the second BRI Forum held at the end of April 2019, attended by over 5,000 participants from 150 countries including leaders such as Russian President Vladimir Putin and President Abdel-Fattah al-Sisi (Egypt), Mahathir in his speech was all praise for the BRI.<sup>49</sup>

Mega BRI projects, previously suspended or terminated, were revived one by one. The first project that came under review was the ECRL. By early April 2019, Council of Eminent Persons chairman Daim Zainuddin had announced that the ECRL project would be resumed, with the cost reduced by RM21.5 (US\$4.9) billion from the original projection of RM66.7 (US\$15) billion. By November 2021, a quarter of the ECRL had been completed and the impasse over realignment in the state of Selangor having been resolved.<sup>50</sup>

Another mega scheme involving China, the much-troubled Bandar Malaysia project, was resurrected by the Mahathir government in April 2019 after being terminated in May 2017. The original master developer of the project was a consortium consisting of Iskandar Waterfront Holdings Bhd and China Railway Engineering Corp Sdn Bhd (IWH-CREC), with an expected gross development value (GDV) of RM140 (US\$31.6) billion. However, this mammoth on-and-off project seemed to be in limbo by mid-2021.<sup>51</sup>

### **Malaysia and the South China Sea<sup>52</sup>**

China's policies and actions in the South China Sea relate more directly to the Pacific side of its geopolitics of the Indo-Pacific. Malaysia on its part has directly engaged China with its own policies and actions by positioning itself in the South China Sea through a policy of "selective alignment and strategic ambiguity" to achieve limited goals. While there have been some unresolved issues, problems, and possible mishandling of the South China Sea dispute, Malaysia's approach to South China Sea dispute could be considered well managed. Malaysia's geopolitical positioning as a "maritime nation" was the basis for its control of most of its occupied and claimed features in the South China Sea based on its adherence to UNCLOS principles. It has also succeeded in maintaining a joint approach to South China Sea issues via ASEAN diplomacy, particularly in addressing China's ambitions and actions, while pursuing its own specific unilateral objectives.

Tensions between major players and stakeholders in the South China Sea have flared up over the past few years (Thayer, 2021). Most dramatically, in 2020, China fired two ballistic missiles from separate locations on its mainland into waters between Hainan Island and the Paracels. The United States, on its part continued the RIMPAC exercise from 17-31 August 2020. Earlier in July 2020, China flew four fighter jets to Woody Island in the Paracels in response to the presence of US aircraft carriers there (Thayer, 2021). China established two new administrative districts for the Paracel Islands and Macclesfield Bank, the other for the

<sup>49</sup> See "Dr M endorses the BRI" (<https://www.thestar.com.my/news/nation/2019/04/27/dr-m-endorses-the-bri>).

<sup>50</sup> See "All clear for Malaysia's coast-to-coast rail link after impasse resolved" (<https://www.straitstimes.com/asia/se-asia/all-clear-for-malysias-coast-to-coast-rail-link-after-impasse-resolved>).

<sup>51</sup> See "Hiatus for Bandar Malaysia project" (<https://www.thestar.com.my/business/business-news/2021/07/16/hiatus-for-bandar-malaysia-project>).

<sup>52</sup> I draw here on my working paper, Saravanamuttu (2021b).

Spratly Islands under the jurisdiction of Sansha City on Woody Island amidst protests from Vietnam (Panda, 2020). Most recently, an intrusion by 16 Chinese aircrafts in the Luconia Shoals vicinity on 31 May 2021 triggered the scrambling of RMAF BAE Hawk 208 light combat jets from Labuan to investigate the incident.<sup>53</sup> In his press statement, then Malaysian Foreign Minister Hishammuddin Hussein said he had summoned the Chinese Ambassador to “provide explanation regarding the breach of Malaysian airspace and sovereignty.”<sup>54</sup> In response, the embassy dubbed the event as a “routine flight training.”<sup>55</sup>

China has increased its surveillance of activities in the Spratly group known as GSP (*Gugusan Semarang Peninjau*) that Malaysia claims, including harassment of its oil drilling activities in the vicinity. The spike in surveillance is possibly a reaction to the continuing operations of Petronas since August 2020 in gas-rich Block SK 316 off the Sarawak coast within Malaysia’s EEZ but within China’s nine-dash line. In 2015, the then Minister in the Prime Minister’s Department Shahidah Kassim complained of increased intrusions by China Coast Guard vessels especially since 2013. Malaysia on its part had begun oil drilling and, most significantly, built up the low elevation (or submerged) feature known as “Luconia Breakers” in the South Luconia Shoals (*Beting Patinggi Ali*), known for its rich oil and gas deposits. A commentator has gone as far as to say the new developments have put paid to the China-Malaysia “special relationship” (Scott, 2015).

Malaysia demurred Western intervention in the West Cappella incident in the month of April 2020. There appeared to be a “stand-off” between the West Capella, an exploration ship hired by Malaysian national oil firm Petronas, and the Haiyang Dizhi 8, a Chinese government survey vessel at the outer edge of Malaysia’s EEZ in the South China Sea. In late April, the US Navy dispatched two warships to the area, joined by an Australian Navy vessel, in an apparent move to bolster Malaysia. The US maintained a presence in the area for weeks, with the deployment seen by analysts as showing US commitment to international law and to its “allies and partners” in Southeast Asia. The episode ended when the West Capella left after completing its work on May 12. The Haiyang Dizhi 8 left three days later.<sup>56</sup>

Malaysia’s stance shows that it clearly does not want to be drawn into the strategic rivalry between China and the US. Soon after the incident, Malaysia’s then Foreign Minister Hishammuddin Hussein stated that the South China Sea dispute should not disrupt ASEAN unity, noting that: “If we follow the narrative and succumb to the pressure of superpowers, the potential for ASEAN countries to bend and take sides with certain countries will be high. When facing big superpowers, we must be united, as one bloc, so that our strength will be synergised effectively” (Evans, 2020b).

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<sup>53</sup> The RMAF in a news release said that 16 Xian Y-20 and Ilyushin Il-76 transport aircraft of the People’s Liberation Army Air Force (PLAAF) approached to within 112 km of Malaysia’s coast, flying at speeds of 537 km/h at between 23,000 and 27,000 ft in a tactical line astern formation. See Yeo (2021).

<sup>54</sup> The statement was issued on 1 June and produced in his twitter account by the Malaysian foreign minister.

<sup>55</sup> “China says military flight off Malaysia is ‘routine training.’” *The Straits Times*, June 2, 2021. (<https://www.straitstimes.com/asia/se-asia/china-says-military-flight-off-malaysia-was-routine-training>).

<sup>56</sup> See “South China Sea: Chinese ship Haiyang Dizhi 8 seen near Malaysian waters, security sources say.” *South China Morning Post*, April 18, 2020 (<https://www.scmp.com/news/asia/southeast-asia/article/3080510/south-china-sea-chinese-ship-haiyang-dizhi-8-seen-near>). A full account of the incident is provided by Centre for Strategic and International Studies (CSIS, Washington, DC). “Malaysia picks a three-way fight in the South China Sea.” *Asia Maritime Transparency Initiative*, February 21, 2020. (<https://amti.csis.org/malaysia-picks-a-three-way-fight-in-the-south-china-sea/>).

For dealing with the South China Sea dispute, Malaysia has leaned on the common ASEAN strategy of the Declaration of Conduct (DOC) initiated in 2002, the Code of Conduct (COC) for which a framework was adopted in 2017, and a Single Draft Negotiation Text (SDNT), agreed upon in 2018. While there were no negotiations in 2020 due to the pandemic, the text had undergone three readings and the time frame for negotiations remained as 2018–2021 (Evans, 2020b). The progress from DOC to COC was important for the parties as a conflict management process rather than a genuine conflict resolution mechanism given that individual ASEAN members themselves still have their own positions on the COC, as reflected in the SDNT of June 2018. Many questions can be raised regarding COC's potential benefits and ultimate status and whether it would remain dead in the water as a genuine mechanism for conflict resolution. For now, it seems a necessary but imperfect instrument for the Southeast Asian States to manage relations with China in the South China Sea. Carlyle Thayer, a specialist on South China Seas issues, takes the view that finding a successful pathway to the COC is a litmus test for ASEAN community building (Thayer, 2012).

Malaysia's policy stances, strategies, and actions have remained fairly consistent in the South China Sea. Positioning itself as a maritime nation, Malaysia has maintained control of most of its occupied and claimed features in the South China Sea carefully premised on adherence to UNCLOS principles. It has also succeeded in pursuing its own specific unilateral objectives while depending on ASEAN diplomacy in addressing China's ambitions and actions in the South China Sea by deploying a hedging strategy with China while adopting quiet diplomacy vis-à-vis the United States and its allies. Although there are limits to diplomacy, a multilateral approach via ASEAN's COC has been a useful stalling tactic, perhaps allowing disputes to be settled either bilaterally or over the long run.

### **Hedging Superpower Rivalry**

When he assumed power after the May 2018 general election, Mahathir laid down a foreign policy approach anchored largely on nonalignment and one that is "neutral and friendly" to all countries as noted earlier. However, with respect to the United States, Mahathir has appeared cautious and ambivalent about the US posture of 'America First' under the Trump Administration. Mahathir remarked that he thought that the American president was "inconsistent" and may not know sufficiently about Asia and alluded to his "no warships" statement as one directed at the US.<sup>57</sup> Overall foreign policy vis-à-vis the US has basically taken the cue from ASEAN, for example, on the question of the new US Indo-Pacific strategy, on which nothing too specific has been articulated. However, the current premier Ismail Sabri has expressed concern about the emergence of AUKUS.<sup>58</sup>

While not apparently taking sides in the US-China trade war, former premier Mahathir suggested that Trump's banning of Huawei was hypocritical. Speaking in Tokyo while attending the Future of Asia Conference in May 2019, he said Malaysia will refrain from joining the United States and its allies (including Japan) in banning government purchases of

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<sup>57</sup> See "Mahathir tells Trump to be consistent" (<https://www.theedgemarkets.com/article/mahathir-tells-trump-be-consistent>).

<sup>58</sup> See "Malaysia warns AUKUS pact will spark nuclear arms race in Indo-Pacific" (<https://www.smh.com.au/world/asia/malaysia-warns-aukus-pact-will-spark-nuclear-arms-race-in-indo-pacific-20210918-p58stm.html>).

the Shenzhen-based company's telecommunications products.<sup>59</sup> As noted by Nambiar (2019), Mahathir had also positioned himself as a strident critic of the Najib government's turn to China. Mahathir accused Najib of selling out Malaysia's sovereignty to China and suspended several China-backed mega projects on the claim that they would leave future generations of Malaysians in debt. He went so far as to cast aspersions on China as a new colonial power and warned of China's "debt-trap" diplomacy. Yet the same Mahathir by April 2019, in Beijing as a guest of China's Xi Jinping at the second BRI Summit, sang praises of China's vision as noted above.

One could well argue that if Malaysia's embrace of BRI is finely calibrated it would have made for good foreign policy from an economic and geopolitical standpoint. Embracing China's BRI can bestow a measure of political leverage. However, if there is overdependence, that leverage may swing in favour of the major power. Policies of nonalignment and hedging by small powers vis-à-vis big powers involve the delicate balancing of relationships of interdependence. China's rise as a superpower in the Asia Pacific is undeniable and it would be logical for a small country or aspirant "middle power" such as Malaysia to optimise its economic engagement with China to take advantage of what China has to offer. The question that arises is whether Malaysia in so doing becomes too dependent on China and thus may lose political leverage in fashioning an independent foreign policy vis-à-vis the superpower.

In contrast to the more problematic positioning on the BRI, Malaysia's postures and actions in the South China Sea dispute has remained firmly nonaligned and anchored on the agency of ASEAN as I have shown above. The next section analyses how Malaysia's role as a norm entrepreneur in the Southeast Asian context could have salutary implications for regional peace in the Indo-Pacific.

### **Norm Entrepreneurship**

Malaysia was the first among Southeast Asian states to promote the denuclearization in Southeast Asia which was later fully backed by ASEAN's Nuclear Weapon-Free Zone (SEANWFZ) implemented in 1995. In 2011 Indonesia in its role as ASEAN chair indicated that it made a technical breakthrough in negotiations. All the major powers are now signatories to the less exacting protocols of the Treaty of Amity and Cooperation (TAC), which incorporates Malaysia's earlier notion of a Zone of Peace and Neutrality.

As a moderate Muslim-majority state, Malaysia has previously placed some importance on the Organisation of the Islamic Conference (OIC). In the post-9/11 political climate, Malaysia advanced the moderate face of Islam during the short-lived tenure of Ahmad Abdullah Badawi, Malaysia's fifth Prime Minister and, with the encouragement of the US and ASEAN, Malaysia established the Southeast Asian Regional Centre for Counter-Terrorism (SEARCCT) in July 2003. Under Prime Minister Najib Razak, Malaysia initiated the Global

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<sup>59</sup> See "Malaysia's Mahathir backs Huawei, snubbing US blacklist of Chinese telecoms giant" (<https://www.scmp.com/week-asia/geopolitics/article/3012469/malaysias-mahathir-backs-huawei-snubbing-us-blacklist-chinese>).

Movement of Moderates (GMM), with explicit US support, but also the blessings of the United Nations.<sup>60</sup>

A direct example of Malaysia's norm entrepreneurship in regional conflict management was its role in initiating peace talks in the Bangsamoro conflict in the Southern Philippines. By 1997 these talks were initiated by Kuala Lumpur soon after the Philippine government's implementation of the Autonomous Region of Muslim Mindanao (ARMM) collapsed under the leadership and governorship of Nur Musuari of the Moro National Liberation Front (MNLF). In 2001, Malaysia and Libya played major roles in negotiations that resulted in a unity agreement between the MNLF and the MILF but later, in 2003, Malaysia also worked with the United States Institute of Peace (USIP).<sup>61</sup> The protracted negotiations and conflict prevention more or less concluded with the 20th Round of talks in Kuala Lumpur and the Framework Agreement on Bangsamoro signed on 15 October 2012.

Throughout most of the early 2000s, the talks were stalled at the stage of determining the ancestral domains of the Bangsamoro people. The IMT, with OCI oversight, was launched in October 2004 by Malaysia together with Brunei and Libya to monitor the situation after the Philippine government and the MILF signed their ceasefire agreement in 2003. Malaysia had maintained a monitoring team of 41 officers from the Malaysian Defence Forces, the Royal Malaysian Police and from the Prime Minister's Department. There were also 10 military officers from Brunei Darussalam and five from Libya Saravanamuttu (2010: 243). The Comprehensive Agreement on the Bangsamoro was then signed in Manila and witnessed by then Philippine President Benigno Aquino III, MILF Chairman Al Haj Murad Ibrahim, and Malaysian Prime Minister Najib Abdul Razak. Under Najib's watch Malaysia's major initiative in brokering the Bangsamoro peace talks saw a penultimate end after 17 years of negotiations held in Kuala Lumpur. This was the inking of Comprehensive Agreement on the Bangsamoro entity on 27 March 2014 in Manila by the Government of the Philippines and the Moro Islamic Liberation Front (MILF), witnessed by the Malaysian Premier, Philippine President Benigno Aquino III, and MILF Chairman Al Haj Murad Ibrahim.

Malaysia's dispute management policies in the South China Dispute offer another example of its norm entrepreneurship. The prime example here is Malaysia's initiatives and implementation of Joint Development Agreements (JDAs). The government-to-government Malaysia-Thailand Joint Authority (MTJA) which manages the JDA of 1979 appeared to have encountered no significant problems since its inception some 42 years ago. It received the Royal Assent and was gazetted into Malaysian law in August 1990.<sup>62</sup> Exploration and hydrocarbon extraction has been progressing steadily according to its official website. At the end of December 2018, a total of 80 exploration and appraisal wells had been drilled, along with 290 development wells and some 27 gas fields were also found.<sup>63</sup> Another agreement

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<sup>60</sup> See Malaysia at the UNSC (<http://malaysiaunsc.kln.gov.my/index.php/malaysia-at-the-unsc/malaysia-s-commitment/global-movement-of-moderates-gmm>).

<sup>61</sup> The major milestones of the talks were: Agreement for General Cessation of Hostilities, July 18, 1997; Tripoli Peace Agreement, July 2001; Implementation Guidelines of the Security Aspect of the Tripoli Peace Agreement, August 7, 2001; Implementation Guidelines of the Humanitarian, Rehabilitation and Development Aspects of the Tripoli Peace Agreement, May 7, 2002; Operational Guidelines of the Ad Hoc Joint Action, December 2004. See Saravanamuttu (2010: 276-277).

<sup>62</sup> Royal Assent was given on 22 August 1990 and the law was gazetted on 30 August 1990. See Laws of Malaysia (Online Version of Updated Text of Reprint) Act 440, Malaysia-Thailand Joint Authority Act 1990.

<sup>63</sup> Malaysia-Thailand Joint Authority. "Petroleum Potential & Exploration: What you need to know." (<https://www.mtja.org/potential.php>).

was signed with Vietnam in an adjoining part of the Gulf of Thailand in 1992 involving Petronas and Vietnam's PetroVietnam for the extraction of oil.

Malaysia inked its third JDA in 2009 with Brunei via a 40-year joint Commercial Arrangement Area (CAA) for oil and gas exploitation. The CAA encountered a major hurdle when in February 2020 Malaysia suspended this collaboration. This occurred even after a reportedly cordial meeting of Mahathir and Sultan Hassanal Bolkhiah in March 2019, when both leaders positively remarked about continued progress made by Petronas and PetroleumBRUNEI towards the commercialisation of hydrocarbon discoveries (Abas, 2019). The online publication *Energy Voice* cited anonymous industry sources in Malaysia that Petronas had halted discussions in early February regarding unitisation and joint collaboration on several upstream projects located in Blocks CA-1 and CA-2 in the demarcated Malaysia-Brunei CAA. In late 2017, Petronas and Brunei had agreed to preliminary unitisation deals for the Kinabalu West NAG, Maharaja Lela North, Gumusut-Kakap, and Geronggong-Jagus East fields. But with Petronas revoking the deals, Brunei would stop receiving its share of production from the Malaysian side of the border (Evans, 2020a).

In his official two-day visit to Brunei which ended on 1 March 2021, then Foreign Minister Hishammuddin Hussein evidently discussed the matter with the Brunei Sultan but with no apparent outcome. However, despite no official announcement of a renewal of the CAA, Petronas, in April 2021, formalised a utilisation agreement with Brunei for the operation of the two oil fields located within the area (Lepic, 2021). The JDA with Brunei would be an example of how Malaysia could continue to be a norm entrepreneur in extending bilateral cooperation based on international law in a dispute-prone zone like the South China Sea. According to Malaysia's Ministry of Foreign Affairs, the talks leading to the signing of the agreement with Brunei represented the culmination of 20 years of tough negotiations. Brunei's laws and regulations are observed.

## Conclusion

Recent international relations literature has been replete with the narrative of America's global decline. The global developments and shifts occurring by mid-2022 seem to symbolise a putative decline of American power. Its withdrawal from Afghanistan in August 2021 and the outbreak of the war in Ukraine in February 2022 pertain to such a narrative. It will however be beyond the scope of this article to address these developments in any sustained fashion. Suffice it to say that, paradoxically, President Trump's slogan of "making America great again" seemed to have suggested even earlier that such a decline had indeed occurred.

The changing dynamics of global politics ushered in by such a decline and the emergence of a more pluralistic and "multiplex" global structure could well augur for greater agency to non-Western parts of the world (Acharya, 2018). One of the doyens of American academe, Joseph Nye suggests that Wilsonian thought leadership and American "exceptionalism" was an early underpinning that eventually led to the liberal world order. He suggests that "we are at the end of an economic period – that Western-led led globalization – and a geopolitical one, the post-Cold War 'unipolar moment' of US-led global order" and it could well be that non-Western powers such as China and India could play a much larger role in sustaining a new global order (Nye, 2019: 73). The power shift from the West to the East, Yuen (2019)

argues, is also predicated on the decline of American soft power or “prestige” and the closing of such a gap by its putative rival China and this is especially evident in Asia.

A more recent debate has ensued between the realist foreign policy critic John Mearsheimer and liberal proponents of foreign policy such as John Ikenberry.<sup>64</sup> Mearsheimer’s well-known view is that the US containment of China is failing and that America’s engagement so far has had the opposite effect in allowing for China’s ascendancy if not its real military threat. However, liberals continue to harbour the notion that American “conengagement” (a mix of containment and engagement) with China makes the world “safe for democracy”. This works in tandem with the forging of new alliances with Indo-Pacific states opposed to China’s ascendancy.

This said, were we to accept the broad premise of declining American power (though not necessarily a decline of overall global influence) in a more a hybridised global environment, agency and activism in foreign policy could become prevalent among non-Western powers and in non-Western regions. Such a hybridised situation allows for middlepowership to yield beneficial outcomes for states like Malaysia. Malaysia’s approach to US initiatives such as the Indo-Pacific strategy has rightfully been anchored on ASEAN so far, so too in its dealing with China vis-à-vis issues such as the South China Sea.

In a new hybridised global environment, ASEAN multilateralism, its security architecture, track two diplomacy and its “dense eco-system of peace” (Mahbubani & Sng, 2017) could become particularly significant. However, ASEAN agency will cohere for its constituent states only if a) ASEAN solidarity is not severely strained or compromised among its own members and b) superpowers and regional powers do not through their policies and actions cause divisions in the regional body. Most importantly, ASEAN’s agency must be mustered more effectively to establish and reinforce regional norms for geopolitical stability and economic progress. Malaysia could advance such activism by further valorizing its role as a norm entrepreneur for progressive regional geopolitics.

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<sup>64</sup> “A Rival of America’s Making? The Debate over Washington’s China Strategy”, *Foreign Affairs*, March/April 2022.

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