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Advancing U.S.-Malaysia Security Cooperation in a Changing Environment

By Alexander Sullivan

Center for a New American Security

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About the Author

Alexander Sullivan is a research associate at the Center for a New American Security.

I. INTRODUCTION

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In April 2014, President Barack Obama visited Malaysia, the first sitting U.S. president to do so since Lyndon Johnson in 1966. The purpose of the visit – the construction of a "comprehensive partnership" – heralded Malaysia's prominent place in an Asia-Pacific region that is growing ever more consequential in global politics. It was the only country on Obama's itinerary that was not a treaty ally of the United States: a signal that Malaysia is expected to be a focus of the comprehensive U.S. rebalancing policy during the final two years of the Obama administration. Completion of the Trans-Pacific Partnership (TPP) agreement, and other trade and economic issues, will be high priorities for both Kuala Lumpur and for Washington, and consistent with Malaysia's emphasis on economic development.[1]

Nonetheless, the convergence of a number of security concerns, such as contentious maritime disputes, terrorism and threats to human security, could stimulate Malaysia to invest more in outward-looking defense capabilities and take a more proactive approach to dealing with regional security issues. Particularly as Malaysia prepares to assume the chair of the Association of Southeast Asian Nations (ASEAN) in 2015, Washington and Kuala Lumpur should build on their successful summit not just pursue economic goals, but also to cement a strong security partnership that can advance both countries' interests in the region. Specific goals should include stepped-up political and diplomatic coordination, including public support for ASEAN's central role in the region, and building on a longstanding security relationship by increasing information-sharing, joint training and interoperability to address security issues of mutual concern.

Because a successful U.S.-Malaysia partnership will fundamentally account for Malaysian interests, this paper first considers Malaysia's strategic priorities and how they have informed Kuala Lumpur's security and defense policies to date. It then outlines security trends that could alter Malaysian priorities, and concludes by suggesting areas where U.S.-Malaysia security cooperation can advance at this critical juncture in the relationship.

II. MALAYSIA'S STRATEGIC PRIORITIES

Malaysia generally prioritizes economic interests over security issues. Its overriding concerns for the past several decades have been economic development, trade and the maintenance of social harmony.

Following the introduction of the New Economic Policy (NEP) in 1970, Malaysia has experienced high economic growth, outpacing other developing countries, including its Southeast Asian neighbors, in per-capita gross domestic product (GDP).[2] It has done so through gradual liberalization of its economy, especially openness to foreign direct investment, and a slow but deliberate move up the value chain from extractive industries to cheap-labor–based manufacturing to integration into the Asian value-added supply chain. The result is that "Malaysia since 1970 is a major development success story."[3]

However, Malaysia has always had to balance growth with maintaining social harmony and political stability in an ethnically heterogenous society composed of a historically poorer Malay (Bumiputra) majority and sizable Chinese and Indian minorities. The NEP – which was introduced following a series of riots in 1969 stemming from the perceived economic and political exclusion of Malays – contained robust ethnic affirmative action provisions and poverty alleviation plans to advantage the Bumiputra. While such explicit programs have been moderated, Malaysian leaders still recognize that the search for growth must be tempered by the management of complex ethnic constituencies. Balancing these two goals by and large remains Malaysian leaders' top concern.[4]

A concise summation of Malaysia's highest priorities can be found in the Vision 2020 plan, first articulated by Prime Minister Mahathir Mohamad in 1991 and adopted by successive governments, including the current administration of Najib Razak that has ruled since 2009. The plan aims to make Malaysia a "fully developed country" by 2020, a goal that some doubt is achievable.[5] Success, again, is understood primarily in economic and social terms, with almost no reference to defense or security issues.[6] The "nine central strategic challenges" that are seen as obstacles to successful implementation of the Vision 2020 concept make no reference to security issues; other high-level policy documents such as the Tenth Malaysia Plan are similarly mum on the subject.

The fact that Malaysia's discourse generally prioritizes economic concerns does not, however, imply that the country feels completely secure. Seeing itself as a small, developing country, Malaysia is extremely sensitive about infringement of its territorial integrity and sovereignty, ideas that are "fundamental principles" of its foreign policy.

The fact that Malaysia's discourse generally prioritizes economic concerns does not, however, imply that the country feels completely secure. Seeing itself as a small, developing country, Malaysia is extremely sensitive about infringement of its territorial integrity and sovereignty, ideas that are "fundamental principles" of its foreign policy.[7] It sees itself as a champion among developing

countries and the Non-Aligned Movement (the summit of which it chaired in 2003) in promoting and defending a strict understanding of sovereignty.[8]

In protecting and advancing its autonomy and strategic interests, Malaysia places a high priority on bilateral and multilateral diplomacy. Through such diplomacy it seeks to shape the intentions of other states, build cooperation, gain access to resources such as technology and capital, and help shape norms that can constrain potentially threatening actors.[9] For Malaysia, multilateral efforts primarily mean working through ASEAN, but it also values its place in the United Nations, broad South-South ties and the Organization of Islamic Cooperation.[10] On the security front, Kuala Lumpur emphasizes the Five Power Defense Arrangements with Australia, New Zealand, Singapore and the United Kingdom.

Because of its geographic position astride some of the world's busiest international sea lines, which it shares with other littoral states, and because of its large Muslim population, which could act as a lightning rod for extremism, Malaysia views transnational issues such as terrorism, piracy and organized crime as highly salient threats to its interests.[11] Although it faces disputes with China and others over sovereignty and maritime entitlements in the Spratly Islands, nontraditional security issues are seen as nearly as important as traditional power politics or interstate conflict.

In sum, Malaysia's foreign policy is heavily weighted toward socioeconomic concerns, fears about infringements of sovereignty that could imperil development, and transnational threats. As an extension of its foreign policy, Malaysia's defense policy seeks to field a minimum external credible defense relying to the greatest extent possible on its domestic defense industry, while investing heavily in defense diplomacy and institution-building to mitigate the risk of transnational security threats and geopolitical turbulence.

III. MALAYSIA'S DEFENSE PLANNING AND POLICY

Malaysia's defense policy supports the strategic priorities outlined above: its goal is "to protect and defend national interests which form the basis of Malaysia's sovereignty, territorial integrity and economic prosperity."[12] This broad objective is to be accomplished through deterrence and diplomacy. As mentioned above, economic concerns dominate government priorities. In addition, Malaysian strategists have in recent years held a sanguine view of the country's overall security environment: the director of Malaysia's most prominent think tank, the Institute for Strategic International Studies (ISIS-My), wrote in 2011: "Malaysia has the 'luxury' of not having to face military threats that would jeopardise its core national interests. It operates in a relatively benign environment with few, if any, threats."[13] At the same time, in the view of the Malaysian government, traditional threats are in some cases "being overshadowed by non-conventional threats, particularly those which are transboundary in nature," such as piracy and terrorism.[14] Malaysia's strategic preoccupations affect both how the country develops the Malaysian Armed Forces (MAF) and how it structures its security partnerships, including that with the United States.

MAF Force Structure and Development

The combination of a continued need to focus on economic priorities with a low threat perception has led Kuala Lumpur to spend only a modest amount overall on defense and to resist outlays on big-ticket programs. Its estimated $4.8 billion defense budget in 2013 placed it in the middle of the pack in maritime Southeast Asia – more than that of Brunei, the Philippines or Vietnam but less than Thailand, Singapore or Indonesia, and equivalent to just 2.5 percent of China's outlay in the same year. In addition, the defense budget as a share of both GDP and government spending has been falling since 2003, with the exception of one year, 2008–2009.[15] Whether due to a perceived lack of threats or a genuine lack of financial wherewithal, Malaysia has been unable or unwilling to invest in a robust defense beyond inventory replacement. This underinvestment persists in tension with desired alterations to the MAF's overall force structure to bolster conventional deterrence.

Malaysia's geography has necessitated a gradual reprioritization over the past 30 years, from an army-centric approach geared to internal security and land borders, to naval and air capabilities that can span Malaysia's divided landmass, provide situational awareness and defend the country's critical seaways and long coastlines so as to discourage potential aggressors from threatening Malaysia's interests.[16]

The MAF has achieved moderate success in this regard, especially with respect to the Royal Malaysian Air Force (RMAF), which counts among its inventory fourth-generation aircraft such as MiG-29s, Su-30 *Flankers* and F/A-18D *Hornets*. As of 2009, the Royal Malaysian Navy (RMN) operates two *Scorpene*-class diesel-electric attack submarines.[17] In 2013, the Malaysian Ministry of Defence contracted with ThalesRaytheonSystems for a new suite of air and missile defense systems comprising a command and control (C2) system and Ground Master 400 radars.[18] Current plans prioritize six "second-generation patrol vessels," *Gowind*-class frigates of size similar to U.S. littoral combat ships, to be produced in Malaysia in partnership with French firm DCNS.[19] Malaysia's government also plans to purchase new cargo aircraft and armored vehicles. The total modernization budget requested in 2014 was roughly $760 million.[20]

However, simply replacing or extending the life of aging inventory is proving difficult, to say nothing of serious modernization. For example, the RMAF's MiG-29s will reach the end of their service lives in 2015, and so Malaysia sought to purchase a

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new multi-role combat aircraft, but as of early 2014, financial difficulties had turned the planned purchase into a search for an affordable lease, a rarity in the world of military aviation.[21] Big-ticket acquisitions are complicated by Malaysia's deep inclination to have "self-reliance" in defense production and industry. Procurements of high-technology systems from abroad require substantial offset agreements that redirect a portion of the value of the contract back into local industries including the defense sector, in such forms as local assembly or maintenance, repair and overhaul, technology transfer and training, etc.[22] In view of all these trends, the director of ISIS-My has opined that the acquisition of a serious deterrent force "would be financially prohibitive."[23] The best Malaysia can hope, he writes, for is a strategy of sea and air denial; attempting to achieve superiority would overstretch its limited offensive capabilities.[24]

Malaysian Defense Diplomacy

In addition to seeking unilateral capabilities that can provide deterrence – and perhaps due to continuing struggles in that search – Kuala Lumpur places high strategic value on bilateral and multilateral defense diplomacy, which it calls "an important effort towards conflict prevention and escalation which could undermine peace and stability."[25] In addition to raising Malaysia's profile on the international stage, defense diplomacy generates a number of specific strategic benefits. Given the country's limited military capabilities, vigorous pursuit of friendly relations on security issues can help Malaysia bolster its overall security. With bilateral diplomacy, it can shape the intentions of neighboring countries, while multilateral diplomacy can build broad confidence and normative checks on aggression. Defense diplomacy can also lead to opportunities for weapons acquisition or joint development, which can lead to injections of new technology into Malaysia's defense sector and, in the case of dual-use technologies, its commercial sector.[26] Joint training, where possible, can build the professionalism and capacity of MAF personnel, a particular point of emphasis in the most recent National Defence Policy document.[27] Finally, international cooperation may be the only way to address some of the nontraditional transboundary security issues, such as terrorism and piracy, that have exercised Malaysia in recent years.

At the bilateral level, Malaysia maintains defense relationships with each of the ASEAN states and with most regional powers, including the United States, China, Japan, Australia and India. These defense engagements may, according to Malaysia's National Defence Policy, comprise "joint exercises, information sharing, senior officers' visits, exchange of officers and the provision of military education and training facilities."[28] In practice, the depth of cooperation with other countries is constrained both by Kuala Lumpur's sensitivity about maintaining a non-aligned posture and by

the MAF's limited capacity. As a result, Malaysia's defense cooperation is most often carried out *ad hoc* rather than within a regular schedule or framework.[29] A special exception, due to the importance of Malacca Strait security to Malaysia, is the regular and coordinated maritime and air patrols it has undertaken with Singapore and Indonesia in order to combat piracy in that critical sea line.[30]

Malaysia's multilateral security cooperation activities are mostly concentrated on ASEAN-centered processes such as the ASEAN Regional Forum (ARF) and the ASEAN Defense Ministers' Meeting-Plus. These processes mostly comprise high-level dialogues that seek cooperative approaches to regional security issues such as South China Sea sovereignty disputes, including the halting consultations on a binding Code of Conduct (CoC) with China. Increasingly, however, ASEAN platforms include training and exercises to address nontraditional security issues of shared concern, such as military medicine or information-sharing and operations for humanitarian assistance and disaster relief (HA/DR).[31] Like many ASEAN countries, Malaysia is wary of multilateral commitments that require it to relinquish or attenuate any of its sovereign authority; this has limited ASEAN's success in addressing hard security issues.

Malaysia asserts that its most important security partnership is the Five Power Defense Arrangements, a 1971 agreement among the UK and commonwealth countries Australia, New Zealand, Singapore and Malaysia designed to ensure the security of the latter two nations following Great Britain's 1967 withdrawal from east of Suez. Despite the fact that this multilateral framework has never mobilized in response to a crisis, Malaysia still views it as a "safety net," and recognizes that the exercises conducted under its aegis help build the MAF's capabilities.

IV. MALAYSIA'S PRIORITIES IN A CHANGING SECURITY ENVIRONMENT

Malaysia's security concerns are likely to continue occupying a much lower place in government priorities than the economy and trade. In addition, political sensitivities over sovereignty and other hard issues as well as resource constraints will continue to limit international cooperation. Nevertheless, several trends in recent years could portend greater attention to security, and demand new types of investment and new ways of cooperating. These include tensions in the South China Sea, the need for greater intelligence and reconnaissance capabilities, and terrorism.

Rising Temperature of South China Sea Disputes

Despite the fact that Malaysia's claims in the Spratly Islands overlap with those encompassed by China's expansive "nine-dashed line," Malaysia has historically been relatively quiet on disputed claims in the South China Sea. That James Shoal, Malaysia's primary claim, is at the furthest point of the nine-dashed line from China's shores, and, more importantly, that China is Malaysia's largest trading partner, have given Kuala Lumpur reasons to play down the issue. Even amid a rising pattern of coercive Chinese behavior since 2009,[32] Malaysia has continued to seek better relations with Beijing, signing large trade deals[33] and even agreeing to conduct naval exercises.[34] Furthermore, Beijing and Kuala Lumpur have historically had similar views on the importance of sovereignty in international affairs, including with respect to military activities in coastal states' Exclusive Economic Zones.[35] Thus Malaysia's quest for a positive relationship with China is likely to continue.

However, repeated shows of force by the Chinese navy around James Shoal have led to a hardening of Malaysia's stance in the past year. This is manifested in a renewed behind-the-scenes push for ASEAN to close ranks against Chinese coercion, especially through closer coordination with fellow claimants the Philippines and Vietnam.[36] Moreover, Malaysia has begun developing an amphibious force based near James Shoal and has partnered with the U.S. Marine Corps to build that capability.[37] In September 2014, U.S. Chief of Naval Operations Admiral Jonathan Greenert stated that Malaysia had extended an invitation for U.S. Navy P-8 Poseidon maritime surveillance aircraft to fly out of Malaysian bases, although questions persist as to whether such a regular arrangement is possible due to Malaysian political sensitivity vis-à-vis its own sovereignty and China.[38]

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Need for Greater Awareness in Malaysia's Environs

The complex saga of Malaysian Airlines flight MH370, which went missing on March 8, 2014, was not only a tragedy, but also an embarrassing failure for the Najib government. The inability of the Malaysian national security enterprise to determine the plane's whereabouts – although that task ultimately challenged even the international response coalition – demonstrated Malaysia's need for greater intelligence, surveillance and reconnaissance (ISR) to enhance and extend its awareness of

its territory and environs, as well as better capabilities for sharing such information with other governments. These capabilities are also important for the types of natural disasters such as floods and typhoons to which Southeast Asia is prone. The episode also spurred calls within Malaysia for greater professionalism among the MAF.[39]

Resurgence of Terrorism in the Asia-Pacific

Islamic militancy has spread into Southeast Asian countries with large Muslim populations, especially in the years leading up to and since the 9/11 attacks.[40] Malaysia signed a counterterrorism partnership agreement with the United States in 2002.[41] Malaysia's Defence Policy acknowledges that "terrorism has emerged as a long term threat to regional and international security."[42] The recent rise of the Islamic State in Iraq and the Levant (ISIL) and the spread of its ideology into Malaysia and Indonesia have brought renewed focus to this issue.[43] New militant groups are popping up in both countries, and there are reportedly Malaysian citizens fighting in Iraq. This presents Kuala Lumpur with the problem of tracking returning foreign fighters.[44]

V. ADVANCING U.S.-MALAYSIA SECURITY COOPERATION

The joint statement by President Obama and Prime Minister Najib announcing the new U.S.-Malaysia "comprehensive partnership" foregrounded cooperation on trade and economic issues. The successful conclusion of the Trans-Pacific Partnership framework agreement is the single best way of bolstering U.S. standing in Malaysia and the region as a whole. But because the United States is the primary regional security guarantor, it is critical that the U.S. and Malaysian governments give due attention to security cooperation and shape it to address current and future sources of instability. In order to elevate the bilateral security partnership and to boost Malaysia's capacity to uphold its own security, both countries should pursue the following vectors of effort through the end of the Obama administration and beyond

Political and Diplomatic Coordination on Maritime Issues

Malaysia, a claimant in the South China Sea that is feeling Chinese pressure, is preparing to assume the agenda-setting role in ASEAN during a critical time. While bringing the ASEAN Economic Community to fruition will be a key priority for Malaysia and all ASEAN states, the United States should also use bilateral consultations – including the Senior Officials' Dialogue, the Malaysia-U.S. Strategic Talks, and Bilateral Training and Consultative Group – to press for a more unified ASEAN voice against destabilizing and coercive acts, and provide robust diplomatic support for any such statements. Washington should offer expert advice to Malaysia and the Claimants' Working Group on international arbitration of maritime claims. It should advocate an "early harvest" of claimant state consensus on maritime issues: encouraging claimants to implement agreements on discrete issues as they are made, rather than waiting on all of ASEAN and a recalcitrant Bejing to agree on an omnibus binding code.[45] U.S. officials have advocated this position privately, but in future should do so on the record.[46] This can act a prod to restart the stalled Code of Conduct consultations with Beijing. Closer diplomatic relations with the United States cannot force Malaysia to choose between the United States and China, but they will support diversification, rather than monopolization by Beijing, of Kuala Lumpur's strategic relations.

Strengthen Security Relations to Address Malaysian Concerns

In seeking to strengthen their security relations, the United States and Malaysia should undertake more complex joint exercises and strengthen interoperability. Many existing channels support military-military relations, including the U.S. Navy Seventh Fleet's Cooperation Afloat Readiness and Training (CARAT) program, the Malaysia International Military Education and Training (IMET) program and multilateral exercises such as *Cobra Gold*.[47] These engagements should be further developed to build MAF capability and U.S.-Malaysian interoperability in priority areas, especially: stem-to-stern domain awareness, from ISR collection to fusion and dissemination of data; amphibious capabilities; disaster preparedness and response; and nonproliferation efforts to operationalize Malaysia's participation, announced during Obama's visit in April 2014, in the Proliferation Security Initiative. In building Malaysia' ISR capabilities, Washington's goal should be to facilitate Malaysian participation in a U.S.-led multilateral common operating picture for the South China Sea, as advocated by U.S. Defense Secretary Chuck Hagel at the Shangri-La Dialogue in May 2014, that can enable cooperative approaches to HA/DR and maritime security challenges.[48]

The MAF's capacity limitations could be addressed through expanded foreign military sales (FMS), including possibly unmanned vehicles to provide ISR, and deepened defense industry cooperation. U.S. Pacific Command's Joint Interagency Task

Force–West, historically a counternarcotics initiative, should be used to build professionalism and coordinated crisis response among Malaysian maritime law enforcement forces.[49] Because Malaysia is likely to resist formal or regular deployments of U.S. forces to Malaysia soil due both to sovereignty concerns and to pressure from Beijing, the United States must be aggressive in seeking opportunities for quiet ad-hoc cooperation.

Expand Counterterrorism Cooperation as Part of a Comprehensive Relationship

The terrorist threat emanating from the Islamic State in Iraq and the Levant (ISIL) and related groups is real in Malaysia, and U.S.-Malaysian cooperation must address it. However, the United States should not view the entire region through a counterterrorism lens, a serious weakness of previous efforts. Closer military, intelligence and law enforcement coordination to track emerging threats and advise counter-radicalization programs will benefit both countries. Proposals to help European allies confront the foreign fighter problem could provide models for Malaysia and other Southeast Asian partners.[50] European and Asian efforts could be linked through existing frameworks such as the Five Power Defense Arrangements.

VI. CONCLUSION

Malaysia-U.S. relations are maturing at a critical juncture for both U.S. strategic rebalancing toward and within Asia, and for Malaysia's quest to secure and build upon its developmental gains of recent decades. Kuala Lumpur's interests, priorities and capacity will not always coincide directly with those of Washington, and serious work is needed to deliver on the pledges of cooperation made in the April 2014 announcement of a "comprehensive partnership." To be enduring and sustainable, security cooperation must be structured to address Malaysian concerns. A successful relationship is ultimately in the best strategic interest of both countries, and indeed of the whole Indo-Pacific region, as it confronts maritime disputes and transnational issues that threaten its long-term peace and stability.

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Center for a New American Security
1152 15th Street, NW
Suite 950
Washington, DC 20005

TEL 202.457.9400
FAX 202.457.9401
EMAIL info@cnas.org
www.cnas.org

Production Notes

Paper recycling is reprocessing waste paper fibers back into a usable paper product.

Soy ink is a helpful component in paper recycling. It helps in this process because the soy ink can be removed more easily than regular ink and can be taken out of paper during the de-inking process of recycling. This allows the recycled paper to have less damage to its paper fibers and have a brighter appearance. The waste that is left from the soy ink during the de-inking process is not hazardous and it can be treated easily through the development of modern processes.

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Suite 950
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FAX 202.457.9401
EMAIL info@cnas.org

www.cnas.org