

MALAYSIA'S RELATIONS WITH THE UNITED STATES AND CHINA: EXAMINING CONVERGENCE AND DIVERGENCE OF INTERESTS IN A TRILATERAL FRAMEWORK

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Introduction

Malaysia's relations with the United States began in 1957 when the then Malaya (later Malaysia from 16 September 1963) achieved independence from Britain on 31st August 1957. With China, however, diplomatic relations were established only since 1974 when Malaysia's second Prime Minister, Tun Abdul Razak visited Beijing in May of that year. With the United States, in terms of political ideology, both countries subscribe to the notion of democracy as the best possible ideology that can ensure freedom, equality, equity and justice for all its citizenry. These democratic values include freedom of expression with certain constitutional restraints to prevent system breakdown, commitment to peaceful change, and support for international law and organisation. In the economic dimension, both countries are committed to practice free enterprise although circumstances based on need for economic stability have necessitated different types of State intervention in the economy. Ideologically and politically, as members of the United Nations, both Malaysia and the United States acknowledge the role of the Nation-State as the organizing basis of political legitimacy and international participation.

With respect to China, ideological differences had first to be overcome, hence the late start. As an anti-communist nation, Malaysia adopted a more pro-western orientation during the peak of Cold War, and switched to a more neutral and non-aligned posture when it became clear that both Britain and the United States were preparing to fully withdraw militarily from Southeast Asia by the late 1960s and early 1970s. Malaysia premier Tun Abdul Razak (1970-1976) 'was also equally aware that the U.S. was shifting gears vis-à-vis China and was making preparations to jettison its hardline Containment policy against the Communist nation' (Nathan 2016, 64). The establishment of the Association of Southeast Asian Nations (ASEAN) in 1967 followed by the ZOPFAN (Zone of Peace, Freedom and Neutrality) in Kuala Lumpur on 1971 necessitated a re-orientation of Malaysian foreign policy towards external powers guided by the principle of equidistance.

Malaysia-U.S. Relations: Areas of Bilateral Cooperation

U.S.-Malaysia cooperation covers a wide spectrum ranging from (a) security, (b) health, (c) democracy & human rights, (d) governance, (e) education, (f) capacity building, (g) development assistance, and (h) environmental programs.

Malaysia-U.S. Relations: The Development Dimension

The bilateral relationship has a very firm foundation in the educational and cultural dimension. Indeed, Educational Exchange has been a key feature of U.S. development cooperation with Malaya/Malaysia over the past 70 years. Since 2014, the Young Southeast Asian Leaders Initiative (YSEALI) program, established by President Barack Obama, aims to train young Malaysians in leadership and governance. To date, there are 9 Malaysian universities with American degree transfer programs. There is also the Fulbright Program managed by the Malaysia-American Commission on Educational Exchange (MACEE) that links American and Malaysian scholars through academic and scholarly exchange, besides also offering valuable information and opportunities to pursue Masters and Ph.D programs in the United States. Also noteworthy is the fact that over the past 60 years, MACEE Fulbright Malaysia has sent over 1,000 grantees to the U.S. to undergo nine (9) Fulbright Malaysia Programs.

MACEE has also thus far received more than 2,000 Americans hosted by various Malaysian institutions to undergo four (4) Fulbright Programs. In terms of Malaysian students (graduate and undergraduate) studying in the U.S., there currently over 5,000.¹ There used to be even a bigger number in the past, but over time, with Malaysia developing its own educational capacities, the number of Malaysian students in the U.S. has evidently decreased, also for economic reasons. MACEE also administers the English Teaching Assistant (ETA) Program in which American ETAs come to Malaysia to train Malaysian students in the teaching of English.

U.S. Support to Malaysia for Covid-19 Pandemic Control

In 2020, the US AID (Agency for International Development) provided USD 884 million in development assistance, and Malaysia has been a major recipient. In 2021, the U.S. delivered 1 million doses of the Pfizer-BioNTech vaccine to Malaysia to help Malaysia fight the

¹ Overview - Malaysian-American Commission on Educational Exchange (MACEE). Retrieved 18 May 2023 from <https://www.macee.org.my/overview/>.

pandemic marking a positive step in cooperation in Health Security.² Also through the AMCHAM Cares Program, the U.S. delivered RM7 million worth of Covid-19 relief.³ In a broader context, the U.S. is committed to strengthening the ASEAN Community in all 3 pillars: Security, Economic and Socio-Cultural.

Malaysia-U.S. Relations: Convergence in the Strategic Dimension

Firstly, let us consider the areas of convergence in national interests. From a strategic perspective, the Malaysian/ASEAN approach favours the presence of a dynamic balance of power in Southeast Asia in which the U.S. role is critical. Since 2009, the U.S. has also endorsed ASEAN's Treaty of Amity and Cooperation (TAC) which aims to strengthen regional identity, neutrality and independence but with space for external powers to contribute positively to the region's stability, security and development.

The U.S. is also viewed as important in strengthening national/regional capacity in counter-terrorism. Following the 9/11 terrorist attacks in the U.S., Malaysia provided key intelligence about Al-Qaeda activities throughout Southeast Asia to the U.S. and was quick to round-up suspected Islamic militants (CNN.com/World, 15 May 2002). Malaysia and the U.S. also signed an Anti-Terror Cooperation, Agreement in May 2002 to strengthen counter-terrorism cooperation (Nathan 2007, 165). In this regard, the U.S.-Japan Alliance is viewed by Malaysia/ASEAN as an important framework bolstering Asia-Pacific and Indo-Pacific stability, not only as a security architecture but also a capacity building tool for ASEAN armed forces and navies. As Malaysia is a strong advocate of ASEAN regionalism, U.S. support for ASEAN Institutions (ARF, EAS) & ASEAN Centrality is viewed as helping empower the regional entity.

On the South China Sea competing claims, Malaysia, while welcoming the deterrent role the U.S. can play, is also wary about further militarization and a possible military conflict between the U.S. and China which can destabilize the entire region (Reuters, 17 October 2019). While deterrence of China against further territorial encroachments is essential, Malaysia takes the view that there is still room for dialogue and diplomacy to avert the risk of conflict and war.

² U.S. Embassy Malaysia. July 21, 2021. 'United States Contributes 1 Million Pfizer Vaccine Doses to Malaysia's Covid-19 Response.' Retrieved 19 May 2023 from <https://my.usembassy.gov/united-states-contributes-1-million-pfizer-vaccine-doses-to-malaysia-covid-19-response-050721/>.

³ Interview with The Sun Daily, July 12, 2021. Retrieved 20 May 2023 from <https://amcham.com.my/2022-my-amcham-cares/>.

Malaysia-U.S. Economic Relations

In the area of ICT, both countries are cooperating in the production of critical medical components. In U.S. companies in Malaysia, over 90% of the staff are Malaysians. In the manufacturing sector, the U.S. is only second to Japan with nearly USD 25 billion in total investment from leading companies such as INTEL, COCA COLA, FIRST SOLAR and HEWLETT PACKARD. U.S.-Malaysia collaboration has strengthened Malaysia as a key player in the global supply chain for semi-conductors. Another key area of bilateral cooperation is in digital technology where Malaysia is poised to become a leader at the global level (MIDA e-Newsletter, January 2022).

Malaysia-U.S. Relations: Divergence

As with any bilateral relationship, there will emerge issues on which both parties do not necessarily see eye to eye. During the post-9/11 era, Malaysia was just as concerned as the United States in dealing with the fallout from the Al-Qaeda sponsored terrorist attacks on the U.S. mainland on 11th September 2001. Nevertheless, Malaysia's support for the War on Terror is qualified: it is against branding all Muslims as potential terrorists; it opposed the 2003 U.S. invasion of Iraq.

On the Israeli-Palestinian conflict, Malaysia regrets U.S. support for what Kuala Lumpur views as Israel's violent suppression of Palestinian rights and interests on the pretext of safeguarding State security (Nathan 2004, 201). The U.S. of course seems committed to support its ally, Israel. Malaysia tends to see the conflict more in religious terms: Jews versus Muslims, although the core issue is a fight for the right to the land, and self-determination for Palestinians.

Malaysia-China Relations: Profiting from China's Rise and Deterring China's Expansion in Southeast Asia

The major strategic shift in Malaysia's view of China occurred in 1974, when formal diplomatic relations were established. Several factors influenced Kuala Lumpur's review of relations with Beijing. Firstly, the U.S. was winding down its military engagement in Southeast Asia following the Nixon Doctrine of 1969 (Thompson 2021). Washington also signaled that it was not opposed to ASEAN-China rapprochement. President Nixon himself visited China in February 1972. Secondly, Malaysia's success in defeating the Communist Insurgency led by the Communist Party of Malaya (MCP) through the KESBAN Doctrine (Keselamatan & Pembangunan i.e. 'Development as Security' Approach) injected national confidence in the

ideology of self-reliance, neutralism and non-alignment as the best foreign policy approach for the 1970s and beyond.

Thirdly, China's disavowal of links and military support to the Communist Party of Malaya (CPM) since the rise of Deng Xiaoping from 1978, accompanied by a major Reform Agenda internally, abandonment of ideological antagonism towards the West, and adoption of 'Socialism with Chinese Characteristics', i.e. a willingness to use capitalist principles in socialist production—all reflected major ideological transformations in China's political economy and external orientation. Malaysia, therefore had to keep in step with the emerging new order of the Post-Cold War era. Fourthly, the Dengist Era (1978-1990) marked the Economic Transformation of China in which Malaysia could participate: hardline political ideology was clearly giving way to economic pragmatism—in Beijing as well as in Kuala Lumpur.

Malaysia-China Relations: Convergence

China has been impressed by ASEAN's performance and wished to integrate its own rise with ASEAN's rise as a regional power. China is also aware Malaysia's positive role in ASEAN boosting the entity's political and diplomatic credibility as a neutral and non-aligned forum to discuss regional issues. Moreover, Malaysia no longer views China as a THREAT but more as an opportunity. Malaysia-China relations have been very cordial during the Najib Era (2009-2018) during which China emerged as largest trade partner of Malaysia. The key trade data below indicates the growing importance of China to Malaysia. Malaysia' Top Trading Partners [Countries that imported the most Malaysian shipments by dollar value during 2021]: (1) China: US\$46.3 billion (15.5% of Malaysia's total exports); (2) Singapore: \$41.8 billion (14%); (3) United States: \$34.3 billion (11.5%); (4) Hong Kong: \$18.5 billion (6.2%); (5) Japan: \$18.2 billion (6.1%); (6) Thailand: \$12.6 billion (4.2%); (7) Vietnam: \$11 billion (3.7%); (8) India: \$10.9 billion (3.6%); (9) Taiwan: \$9.8 billion (3.3%); (10) Indonesia: \$9.5 billion (3.2%).⁴ It is also noteworthy that in 2021, the United States, Singapore, and United Kingdom contributed to the highest net inflows to Malaysia, each amounting to approximately RM15.6 billion, RM 9.0 billion and RM 4.74 billion respectively. The significance is self-evident: the importance of ASEAN, and inputs of external powers into the Malaysian economy.

⁴ Source: World's Top Exports <https://www.worldstopexports.com/malaysias-top-import-partners/> . Retrieved 14/10/2022.

Malaysia will continue to prioritize economic ties with China whose rising importance as a global superpower cannot be ignored. China's Belt & Road Initiative (BRI) to strengthen Asia's physical infrastructure, and Malaysia's role in the Regional Comprehensive Economic Partnership (RCEP) carry the prospect of mutually beneficial interests. It is in this strategic context that Malaysia-China bilateral ties must be viewed. PM Anwar Ibrahim visited China in April 2023. In conjunction with that visit, Malaysia received the highest investment commitment in history, amounting to RM170 billion from Chinese investors.⁵

Malaysia-China Relations: Divergence

In the South China Sea (SCS) territorial disputes, Malaysia is a major claimant. The SCS is a major artery for Malaysia's exports. It is a vital sea-lane connecting the Straits of Malacca. SCS is very resource rich in fish, oil, and gas – critical resources needed by China and all the other claimants (Malaysia, Vietnam, Philippines, Taiwan). China's island-building activities in SCS since 2014 has aroused the concern of the other claimants, including external powers (Japan, India, USA, Australia – and more recently the EU and Britain). While Malaysia has played down its discomfort with China's assertiveness in SCS, the conflict of national interests will push Malaysia more towards supporting strategies of deterrence against further encroachments by Beijing in SCS.

The second Mahathir Administration (Mahathir 2.0 from May 2018 to February 2020) witnessed reverses in the positive build-up of bilateral relations under Najib. Several issues emerged including: (1) August 2018: Cancellation of USD20 billion ECRL (East Coast Rail Link) Project, and a natural gas pipeline in Sabah –both projects under China's BRI (Belt & Road Initiative), on grounds that the price was heavily inflated by the Najib's BN Government. The ECRL issue settled in April 2019 at reduced cost, and the project was restored after re-negotiations. (2) December 2019: PH Government formally rejects China's 9-dash line in SCS, and makes formal submission to the Hague regarding Malaysia's territorial rights in the Continental Shelf in SCS. China lodged a protest. (3) April 2020: West Capella Incident – Malaysian drillship in area claimed by both China & Vietnam in SCS. A China-Malaysia standoff followed after Chinese survey vessel, Haiyang Dizhi, arrived at the disputed spot in SCS. (4) May 31, 2021: Beijing's military aircraft intrusion into Malaysian airspace above EEZ. Malaysia's Foreign Ministry (Wismaputra) issued a strong Protest Note accusing China

⁵ *Malay Mail*, 3 April 2023.

of violating Malaysian sovereignty. (5) July 2018: China's reported suppression of Uighur Muslims in Xinjiang; the PH Government under Mahathir was unhappy but played down the issue. Similarly, during PM Anwar's China visit in April 2023, he was careful in raising this matter as the reported persecution of Uighur Muslims is an internal issue for Beijing, which will obviously reject foreign interference in its internal affairs.

Malaysia-United States-China Relations: Implications for Malaysian Foreign Policy -- Areas of Convergence and Divergence of Trilateral interests

On ASEAN, both USA and China support the notion of ASEAN Centrality in the regional order of Southeast Asia. The two external powers do not view ASEAN as a threat to their national interests. Malaysia has always been a firm advocate of ASEAN regionalism. Since Prime Minister Anwar Ibrahim assumed power on 20th November 2022, he has accorded the highest priority to strengthening intra-ASEAN regional cooperation. Over the past 6 months, he has visited six ASEAN countries to consolidate bilateral ties with each Member State of this regional entity – Indonesia, Brunei and Singapore in January 2023, Thailand in February, and Philippines and Cambodia in March. PM Anwar is fully aware that indigenous foundations of regional cooperation, development and security are more sustainable over the long term besides helping to reduce any power vacuums that may emerge in the short term.

In dealing with unresolved bilateral issues between Malaysia and other Member States, the Malaysia approach follows the contours of the 'ASEAN Way', i.e. preference for dialogue over dispute aggravation.

On security arrangements (bilateral and multilateral), Malaysia has stronger security ties with the U.S., which have developed over several decades. Malaysia engages in bilateral security cooperation with the U.S. and more recently, China. This approach is consistent with its policy of equidistance with ALL external powers. This is not an issue in Malaysia's relations with either the United States or China.

On economic development and cooperation, both USA and China support Malaysia's development policies and willingly participate in joint venture projects between Malaysia and its trade partners especially the U.S. and China. All three concur that international disputes should be settled by peaceful means, but their level of commitment to this principle will invariably be governed by the extent to which their individual national security interests are directly involved, as is the case with the disputed sovereignty claims in the South China Sea. Both China and Malaysia are direct claimants while the U.S. has since 2014 upgraded its security presence in the South China Sea through freedom of navigation patrols (FONOPS),

justifying its involvement under the principle of maintaining a Free and Open Indo Pacific (FOIP). The U.S. considers the South China Sea as international waters subject to international law and has opposed Beijing's island-building activities and militarization of the South China Sea. Malaysia too is equally concerned over Beijing's robust attempts to nationalize the South China Sea but has been more muted in its response. On the U.S.-China trade conflict, Malaysia has no interest in exacerbating the ongoing trade tensions and strategic rivalry between these two superpowers.

On ASEAN's role as an independent regional entity, neither China nor the U.S. will be able to subordinate ASEAN in support of their individual national interests. Hence, Malaysia rejects the idea of ASEAN being used to export superpower rivalry and conflict into the region. Malaysia, like ASEAN, would only encourage positive inputs from external powers, such as Development Aid, fighting the Global Covid-19 Pandemic, capacity building projects, and political/diplomatic support for ASEAN's ZOPFAN and NWFZ. It is also relevant and important to note that ASEAN's diversity produces moderation in its external orientation.

While there are some ideological and political differences in Malaysia-U.S. relations, there is strategic convergence on some big picture issues such as the continued value of the U.S.-Japan Alliance for Southeast Asian and Indo-Pacific security, rules-based international order, shared sovereignty in the South China Sea, and ASEAN's strategic importance in maintaining regional security in Southeast Asia. All big powers are welcome to be positively engaged in the region as ASEAN advocates Open Regionalism. Malaysia, like its other ASEAN partners, welcome foreign direct investments as they do complement governmental efforts to provide jobs and keep the unemployment figure as low as possible. Job security for the youth of this region also strengthens political stability and enhances delivery of goods and services to the wider economy. In this regard, U.S. economic engagement with Malaysia/Southeast Asia augments the regional economic balance of power.

In Malaysia's relations with China, the turning point from hostility and suspicion borne of the Cold War receded with the onset of big power détente in the early 1970s. With China abandoning armed struggle under the Communist Party of Malaya, and with China's economic transformation under Deng Xiao Peng, it was possible to establish normal diplomatic relations and strengthen trade and investment ties with Beijing. However, Malaysia would be careful not to support policies of economic, political and military hegemonism by China, especially in the South China Sea.

Conclusion

Malaysia believes that strategic deterrence arising from endogenous and exogenous inputs has contributed significantly towards ASEAN's practice of coexistence (with different ideological and political systems), equidistance (in relations with external powers), and development cooperation (with other Member States and all its Dialogue Partners). While Malaysia/ASEAN support deterrence, the regional entity is wary about a U.S. policy that is targeted towards containing China. Malaysia in particular, and ASEAN in general, do not want to be proxies of the major powers competing for influence in Southeast Asia: witness the danger of the Russia-Ukraine conflict degenerating into a proxy war between NATO (North Atlantic Treaty Organization) and Russia – and the prospect of an impending nuclear Armageddon! In sum, the trilateral interactions (Malaysia with the United States and China) are generally positive, and the role played by the U.S. and China in Malaysia's development will be welcomed to ensure a stable and secure future for Malaysia and Southeast Asia.

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