



## Germany - Malaysia Security Dialogue



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## ABOUT ISIS MALAYSIA

The Institute of Strategic and International Studies (ISIS) Malaysia was established on 8 April 1983, in realization of a decision made by the Malaysian Government to set up an autonomous, not-for-profit research organization, to act as the nation's think-tank. ISIS Malaysia was envisioned to contribute towards sound public policy formulation and discourse.

The research mandate of ISIS therefore spans a wide area. It includes economics, foreign policy, strategic studies, nation building, social policy, technology, innovation and the environment.

ISIS Malaysia today fosters dialogue and promotes the exchange of views and opinions at both national and international levels. It undertakes research in collaboration with national and international organizations, in important areas such as national development and international affairs.

ISIS Malaysia also engages actively in Track Two diplomacy, fostering high-level dialogues at national, bilateral and regional levels, through discussions with influential policymakers and thought leaders.

## RESEARCH

### Economics

Research in this area is generally aimed at promoting rapid and sustained economic growth and equitable development in the nation. We study specific (rather than generic) issues that concern the nation's competitiveness, productivity, growth and income. Areas of research include macroeconomic policy, trade and investment, banking and finance, industrial and infrastructure development and human capital and labour market development. The objective of all our research is to develop actionable policies and to spur institutional change.

### Foreign Policy and Security Studies

The primary aim of this programme is to provide relevant policy analyses on matters pertaining to Malaysia's strategic interests as well as regional and international issues, with a focus on the Asia-Pacific Region. These include security studies, foreign policy, Southeast Asian politics and military affairs.

## Social policy

Demographic and socio-cultural trends are changing Malaysian society and the social policy programme was established to respond to these developments. Research in this area is concerned with effective nation building, and fostering greater national unity. In particular, we look at issues involving the youth, women and underprivileged communities. In conducting its research, ISIS Malaysia networks with non-governmental organizations and civil society groups.

## Technology, Innovation, Environment & Sustainability (TIES)

The TIES programme provides strategic foresight, collaborative research and policy advice to the public sector, businesses and policy audiences, on technology, innovation, environment and sustainable development. Its focus includes green growth as well as energy, water and food security. Towards this end, TIES has been active in organizing dialogues, forums, policy briefs and consultancies.

## HIGHLIGHTS

ISIS Malaysia has, among others, researched and provided concrete policy recommendations for:

- Greater empowerment and revitalization of a national investment promotion agency;
- A strategic plan of action to capitalize on the rapid growth and development of a vibrant Southeast Asian emerging economy;
- A Master Plan to move the Malaysian economy towards knowledge-based sources of output growth;
- The conceptualization of a national vision statement;
- Effective management and right-sizing of the public sector; and
- Strengthening of ASEAN institutions and co-operation processes.

ISIS Malaysia has organized the highly regarded Asia-Pacific Roundtable, an annual conference of high-level security policymakers, implementers and thinkers, since 1986.

## INTERNATIONAL NETWORKING

As a member of the Track Two community, ISIS Malaysia participates in the following networks:

- ASEAN-ISIS network of policy research institutes;
- Council for Security and Cooperation in Asia and the Pacific (CSCAP);
- Network of East Asian Think Tanks (NEAT); and
- Pacific Economic Cooperation Council (PECC).

It is also a partner institute of the World Economic Forum (WEF).

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## Assessing China's Geostrategic Positioning and Impact: German and Malaysian Perspectives

**A**sia has become the centre of interest because of its growing importance for global peace and stability. The United States, the European Union, and Nato are all trying to increase relations with the region. It is in this context that the Konrad Adenauer Stiftung (KAS) and ISIS Malaysia initiated the first Germany - Malaysia Security Forum, on 26 June 2012, in Kuala Lumpur. **General Klaus Naumann**, former Chief of Defence, Bundeswehr, and former Chairman of the Nato Military Committee, and **Datuk Abdul Majid Khan**, President of the Malaysia-China Friendship Association and former Malaysian Ambassador to China made presentations at Session One of the Forum. ISIS Analyst **Billy Tea** reports.

In the 21<sup>st</sup> century, the world has become interdependent; events occurring in Europe have affected the lives of people in Asia as demonstrated by the current Euro crisis. Asia's continuing growth even during this economic downturn, combined with its strategic importance in terms of geopolitics and security, has led to a global shift towards the region.

**Mr Jan Senkyr**, Representative of KAS in Malaysia, in his welcoming remarks, said the aim of the forum was to bring together experts, to share experiences, exchange views on security issues of common interest, discuss possibilities for cooperation and to find solutions. The dialogue, consisting of a closed door workshop and a public discussion forum, is a means of responding to the changes in the world order, where borders do not matter and where conflicts require a comprehensive approach at the global level. With globalization, security requires supra-regional cooperation; response to it is a cross-sectional task that includes the military, the police, the diplomatic service, and developmental aid organizations.

Traditionally, Germany has emphasized conflict prevention and peacekeeping operations, through the offices of the UN, Nato, and the EU. However, due to the globalized nature of modern conflict, it was only natural for Germany to build strong relations with Southeast Asian nations. In this context, the latter region plays an important role: it has strategic importance for international



*Jan Senkyr*

trade and is the home of vast biodiversity. It is also a melting pot of religion and culture, and is a dynamic centre for economic and financial development.

Malaysia meanwhile plays a significant role in the region; it participates in many traditional and non-traditional security issues that include disarmament, counter-terrorism, human trafficking, and climate change, among others. In addition, it promotes international peace, as an active member of the United Nations. Therefore, in order to deal with these security issues, it was a



*From left: Klaus Naumann, Mohd Anwar bin Hj Mohd Nor and Abdul Majid Khan*

logical step for Germany and Malaysia to come together to establish strong relations. This forum aims for a long and lasting relationship that can help the two nations get ahead in this fast-paced, globalized world and be able to better respond to current and future issues.

The first session, which saw presentations on the views of Germany and Malaysia on China's economic, diplomatic and military rise, was chaired by **Admiral Tan Sri Mohd Anwar bin Hj Mohd Nor (R)**, Chairman, Armed Forces Fund Board (LTAT) and former Chief of Armed Forces, Malaysia.

In introducing the session, Admiral Mohd Anwar discussed China's fast economic rise in the last 20 years. He provided a brief history of the South China Sea (SCS) conflict. The disputed SCS region is strategically located and holds vast amounts of natural resources, explaining the increase in tensions over the territory. Moreover, the tools put in place to manage the conflict have had little effect, partly due to the internal divide within Asean. Member states can be separated into two categories: firstly, not all Asean states are claimant states; secondly, some states have conflicting interests due to their close relationship with China.

**General (R) Klaus Naumann** discussed Germany's interest in the region and the roots of China's strategic interest. As a major economic world player, Germany has strong trade linkages with Southeast Asia. The sea line of communications (SLOC) that passes through the region is the second busiest in the world. As ninety per cent of Germany's trade is conducted by sea, it is paramount for Germany and the rest of the world to be assured of safety of passage for their goods. It therefore has strategic interest in peace and stability in the region. However, the situation in Asia has a 'Cold War' pattern: one in which a maritime power gives the impression of encircling and attacking a continental power. The US and its allies meanwhile, have neither the capabilities nor the intention to attack the Soviet Union.

Naumann said China does not understand maritime strategy and often misinterprets it as being offensive. Having achieved great economic growth in the last twenty years, China has become dependent on sea lines of communications for the transport of its resources and goods. Consequently, it has a strategic interest in protecting these vital sea routes. It has tried limiting its dependency by diversifying its sources of energy, establishing new trade routes, and protecting its maritime zone. It has also invested

in alternative sources of energy, built pipelines that connect Myanmar and China (so as to avoid the Malacca Strait), modernized its navy, and built an anti-ship denial capability.

China continues to promote good relations with Asean and African states in order to maintain steady resource acquisition, guarantee its outward resource strategy, and assure the safety of the transport of its goods. It does not have any 'land enemies' (countries with the capabilities to pose economic or military threats), and is therefore concentrating on tackling long-distance intimidation by maintaining nuclear deterrence as well as cyber and space operations.

China will also continue to develop its naval power projection and anti-ship denial capabilities to protect its regional interests. However, Naumann believes it is unlikely that China will embark on expansive strategic armament purchases, partly because of budget constraints and partly because it does not have the capability to project global power. China is also facing lower international demand for its exports partly due to the financial and Euro crises.

China's priorities therefore are to manage its internal problems so as to prevent instability. The incredible growth the nation has achieved over the last two decades has been at dramatic social and environmental costs. It currently requires a minimum of eight per cent GDP growth a year to stay afloat, and its one-child policy has led to the destruction of traditional family values as well as an aging society. China therefore is unlikely to become a global power that can challenge the US.

It will however exercise increasingly its global influence, wield its economic and financial power, and develop its nuclear, space and cyber capabilities. More importantly, it is unlikely that China will let the situation in the South China Sea escalate because a military conflict will see the involvement of the US which China does not wish for. For now, China is happy to keep the US

engaged in the region as a guarantor of Asian security and, due to its economic interdependence with the US, to maintain good relations with Washington.

China will not let US alliances with other regional powers like Japan, India, and Korea affect its foreign policies. However, it would be concerned if there was a Korean unification; the thought of having a 'democratic' Korea with nuclear capabilities at its doorstep would have an immense influence on its foreign policy. In such a case, Naumann said, it is likely that China will strive to consolidate its power, seek the cooperation of the United States as an equal partner, and protect its national interests. And the US can only take on this role in Asia by working alongside its traditional allies, which includes Germany and other European powers, and sharing the burden of the globalized world of the 21<sup>st</sup> century.

In this context, the European states have to coordinate their positions in order to help sustain the prominent role of the US in the region. This demands that members contribute to the stability of the Northern and Eurasian coastlines which have a direct correlation with the situation in Asia. European powers, then, have to participate in bringing peace to Russia, the Middle East, and Africa.

As Europe tries to manage its current economic crisis, it is essential that it collaborates with other countries and regions, especially Southeast Asia, the latter being an economic and political hub. He concluded that the fates of the US and Europe are tied together and that therefore they should cooperate in order to respond adequately to conflict in these modern times.

**Datuk Abdul Majid Khan** described China as a rising power that has shaped international politics, economics, and societies. Its geostrategic actions and behaviour are a reflection of its growth as a rising power and the international

community should welcome its rise. While China has successfully modernized through its open door policy and great advances have been made to improve the lives of the Chinese people, there are still numerous internal challenges. These include challenges over reforms, the leadership succession, and the management of internal dissent.

China's priority is to satisfy its internal needs before attending to regional or international issues. It is trying to pursue its own economic development, reduce poverty, and achieve international standards of living for its own people.

It is also important to mention that China's economic development could not have been possible without the support of the West, its economic model being based on the Western capitalist one, with Chinese characteristics. Although it appears as if China is critical of the West and the US, it actually admires the West for its technology, science, education, and its system of law and order. Today's modern Chinese send their children to Western universities and they have invested heavily in Western countries. China is therefore gradually integrating itself into the globalized world.

However, it seems that for the world, the priority is to 'contain' the emergence of a powerful and prosperous China. Many policy-makers and analysts have promoted the policy of containment of China, which has severely affected China's relations with other powers, especially the US. Majid Khan feels China's rise is only rightful and natural because of its rich history, large population, and vast economy. Moreover, its economic growth has helped reduce global poverty and has created new markets. More importantly, its development has not been on an offensive or confrontational basis. Over the years, China has gradually aligned itself with international standards. Also, there is no proof that its emergence will be a threat to the international community. It has never expressed a

wish to expand its political system. On the contrary, it has accepted other countries' different social-political systems.

There has been much criticism about China's lack of transparency, especially in its defence budget, leading to an increase in defence spending, especially on long-range naval capabilities, by Southeast Asian nations. In addition, the United States has decided to move three aircraft carriers and 60 per cent of its submarines to the Pacific Command. Majid Khan argues that China's increased military spending is to secure its own interests and is a reflection of its economic growth.

***In order to promote positive force through growth and development, the world has no alternative but to deepen engagement with China***

Although relations between Malaysia and China started off on the wrong foot, partly due to differences in ideology during the Cold War era, both today engage in strong economic and political exchanges. This, in turn, has contributed to better understanding and has increased the level of confidence between them. One cannot deny that China's economic rise has helped Malaysia and the rest of Asean. And, by giving China space, Asean has 'renewed' the interest of other regional powers in becoming involved in the area, which has allowed for a small country like Malaysia to diversify its relations and to promote its own national objectives.

The globalized and capitalist system of our societies means that China cannot be ignored. In order to promote positive force through growth and development, the world has no alternative but to deepen engagement with China. China's geostrategic positioning will be gradual and cautious. It will not be as dramatic as others have speculated.

## Building Security through Cooperation: European and Southeast Asian Ways Compared

**S**ession Two of the Germany - Malaysia Forum was chaired by **Mr Michael Däumer**, Policy Analyst (Global Issues), European External Action Service. The two presenters were **Colonel (R) Rainer Meyer zum Felde**, Vice-President of the Federal College of Security Studies (BAKS), and **Dato' Dr Muthiah Alagappa**, Tun Hussein Onn Chair in International Studies, Institute of Strategic and International Studies (ISIS) Malaysia. ISIS Analyst **Billy Tea** reports.

**Mr Michael Däumer** described regional cooperation as encompassing the three C's: Cooperation, Communications, and Coordination. The creation of the European Union and Asean reflects the values and principles of each, and their respective historical experiences. The fundamentals of the two organizations vary in norms and missions because of the variance in their traditions and beliefs, which in turn influence their internal structures and the ways in which they work.

**Colonel Rainer** presented the German and European perspectives on regional cooperation. To compare notes on multilateral, comprehensive and cooperative approaches to security, he made reference to over 2000 years of European history. He observed that historically, European countries' responses to conflict contained certain characteristics/values. These are still present and are reflected in the European Union, he said.

These are:

- System based on the rule of law, democracy, social and free market economy, and respect for international law;
- Commitment to the vision of the European Union in a transatlantic framework ;
- Preference for conflict prevention and crisis management by means of soft power; and
- Fair acceptance of smaller neighbours' interests.



From left: Muthiah Alagappa, Michael Däumer and Rainer Meyer zum Felde

The rise of the European Union has a direct correlation with the rise of Germany, and vice versa. In the mid 1990s, Germany was busy with re-unification, while trying to maintain a stable Europe by including Central and Eastern states in Nato, and by deepening EU bonds through the Eurozone. During the Cold War, Germany was a key player in trying to end the conflict by promoting confidence-building measures, arms control and cooperation within Nato. The changing nature of the world after the fall of the Soviet Union also meant a transformation of conflict. Modern wars are no longer two-dimensional or between two opposite parties; they now include non-state actors. The international community has shown great difficulty in adapting to these new characteristics.

However, Germany, through the European Union and Nato, has adapted and is continuously transforming to respond adequately to modern conflict. It currently contributes 50 per cent of the Nato/Europe Collective Defence force,

and is the host nation for Allied Corps in the Forward Defence Posture.

The post-Cold War world is no longer bipolar. It has many poles, with the rise of countries like Japan, China, India, and Brazil. These countries have established their economic and political influence in the world and their positions on issues matter in the world order. But the rise of some countries has also been accompanied by the fall of others.

There are two 'arcs of instability,' comprising states with weak infrastructures and bad governance. These two arcs overlap over the Middle Eastern/Central Asian region, home to religious fanaticism, nuclear proliferation, and regional power competition. Meanwhile, the area has great strategic importance because it holds large amounts of natural resources and is one most of the most utilized trade routes connecting the West, the Middle East, and Asia. The area therefore has been a destabilizing factor, having seen decades of conflict which the West has been unable to efficiently manage or resolve. Moreover, modern conflicts now have global repercussions and necessitate an all-inclusive response, encompassing diplomatic, economic and social aspects.

Germany is adapting to these new security threats by promoting a 'whole-of-government approach,' as demonstrated in its latest MoD Guidelines for Defence. The new principles emphasize conflict prevention and containment rather than waiting for a conflict to arise and then responding to it. However, the reality is that Germany, like the international community, has limited financial and military means to respond to conflicts and therefore, will have to choose carefully which conflict it will be able to respond. And it will in future analyze each conflict on a case-by-case basis, weighing its national interest against its responsibility internationally, and assess what the consequences of non-action would be. Indeed, intervention these days requires lengthy



*Mahani Zainal Abidin posing a question*

economic, political, military, and civilian engagement and cannot be taken lightly.

Today, the distinction between external and internal security has become less and less relevant. New threats are not contained within the borders of a country. To counter these new security risks, Germany is applying a national, comprehensive and coordinated security policy that includes political, diplomatic, economic, development, police, humanitarian, social and military measures. It will promote this comprehensive method to international organizations such as the United Nations, the European Union, and Nato.

The United States decided to shift its focus to the Pacific Region in light of the multi-polar world, and to protect its national interests as well as to continue to promote peace and stability. However, Colonel Rainer said, Europe has not done enough to help manage problems in the African and Asian regions – these problems include war, famine, competition for resources, and long-term conflicts such as the issue between Israel and Palestine. He believes that it is time for Europe to do its share as a global player.

He posits that Europe has to build its own capabilities so as to respond to security issues, at least within its periphery. The EU has to be able to address multifaceted risks, which demands the harmonization of all infrastructures and institutions. These include: the coordination of a



politico-military culture, the European integrated defence posture, the pooling and sharing of expenses, the combining of both soft and hard instruments in a pragmatic way (EU, Nato, UN), and if necessary, to have expeditionary forces and capabilities to support the decisions made.

Meanwhile, Germany is responding to the new threats through a comprehensive approach, through coordinating national and international capabilities to respond to complex civil-military crises, as well as addressing collective defence scenarios. It is only through education and training at the national, regional, and international levels that such harmonization across the politico-civilian-military sphere can occur. Germany will therefore work with the UN, EU, and Nato in order to make such goals realizable.

While the world has changed greatly since the end of the Cold War, the institutions and the infrastructures to deal with conflict have not. Germany understands that the globalized nature of societies ties together both national and international security issues but it also realizes that it is necessary for all participants to do their share and work together to manage and resolve these issues.

**Dato' Dr Muthiah Alagappa** said that the fundamental difference between the EU and Asean in building regional cooperation lies in their methods and goals. The EU uses integration to establish a more centralized organization, while Asean utilizes cooperation and wants to protect its members' national sovereignty.

Europe responded to the threat of the Soviet Union by creating the European Union and promoted integration as a mean of avoiding conflict. Since then, the European Union has grown to establish a common currency and market. More importantly, it has ratified an EU constitution in order to legitimize the common positions of its members on regional and international issues. In terms of security, Europe

relies on national military forces, the collective self-defence mechanism, and an alliance arrangement with the US and NATO as a security shield. Through all these the European Union has managed to build a security community.

The core of European security is founded on integration. However, Muthiah raised a question: is the absence of war in Europe due to integration and community-building or did the threat of war provide the impetus for community-building? Indeed, the situation in Europe was relatively stable post World War II, with both France and Germany being defeated powers and NATO as a peace guarantor in the region. This in turn might have facilitated the European process of integration, therefore leading to community-building. Meanwhile, for the original Asean 5, integration was not the goal. Their interest was in the formation of a regional organization that would increase their diplomatic weight, while developing a regime that would support national and government security in member states, and protect them from interference in each other's domestic affairs.

During its formation, Asean was primarily focused on coordination, collaboration, and cooperation rather than community-building. Indeed, its objectives were much less ambitious than those of the EU and little of these were meant to respond to both internal and external threats. It was only in the last decades that the process of integration took place in Asean. However, it is not in the process of becoming a 'community.' Indeed, Asean does not intend to establish a supranational institution with the necessary financial resources and decision-making authority.

Asean uses a multi-layered approach to managing and responding to conflict. This includes regional cooperation, and bilateral and multilateral alliance. Asean's attempt to manage conflict has been constrained by its core value of non-intervention. While it has not had great success in responding to conflict, it has helped to

lower apprehension between members and facilitated dialogue amongst them. However, a question comes to mind: has Asean contributed to the lack of armed conflict in the region? Indeed, the organization only took form after the end of Indonesia's confrontation with Malaysia and it was enlarged after the Cambodian war. Moreover, much of Asean's contribution to security is by association; therefore did peace and prosperity come from Asean or is it because of Asean that peace and prosperity were achieved?

Regional cooperation in Europe is fundamentally different from that in Asia. The EU wants to create more supranational institutions in order to strengthen its capabilities to respond to conflict, while Asean wants to preserve national sovereignty with an emphasis on building strong communities at national levels, and then expanding to the regional level. Muthiah concluded that the idea of building security in Asia should not be taken at face-value and perhaps Asia should create its own method.

### Conclusion

The world has changed greatly since the days of black and white television and phone landlines.

Today, the internet is everywhere and people are constantly connected to the web. Events that occur in Germany will be known in Malaysia within seconds through new social media outlets. The world knows no borders and neither do conflicts. The European Union and Asean have had to learn to adapt to this new world, and to learn from the experiences of others to avoid repeating mistakes. It is in this spirit that the first *Germany - Malaysia Security Forum* took place.

This forum was timely as it brought about a better understanding of the histories of the two nations which have shaped the values present in the formation of regional organizations. To respond appropriately to modern security issues in today's globalized world, it is essential to learn from each other's experiences as well as to explore new ways of cooperation. Only through strong international collaboration can these issues be managed and solved. This forum allows for relationships to be created and it lays the path for future partnerships between Germany/the European Union/NATO and Malaysia/Asean.



*The participants posing for a group photo*

*NOTES*



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