

## The 21st Century Maritime Silk Road and China-Malaysia Relations

by

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### Key features of Malaysia's foreign policy

Several key features of Malaysia's foreign policy are worth bearing in mind when we discuss Malaysia-China relations and the 21st Century Maritime Silk Road. I would like to highlight three, in particular.

The first feature is an intense focus on international trade. This is not to say that other economic aims do not matter. Attracting foreign investments is also a major priority



*Prime Minister Dato' Sri Najib meets with President Xi Jinping in Hainan on 27 March 2015. Malaysia has expressed its in-principle support for the 21st Century Maritime Silk Road. Source: [www.chinadaily.com.cn/world/2015-03/27/content\\_19933787.htm](http://www.chinadaily.com.cn/world/2015-03/27/content_19933787.htm)*

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for Malaysia. But there are few other objectives that can so reliably focus people's minds, affect policy calculations, and propel government action like international trade.

This should not be surprising. After all, Malaysia is one of the most trade-dependent countries in the world: it is 154 per cent of our gross domestic product (GDP). But being a trading nation is not just an economic reality for us; it is also a matter of national identity. Being a trading nation is a big part of who we are.

The second feature of Malaysia's foreign policy is a strong commitment towards the Association of Southeast Asian Nations (ASEAN). ASEAN is regularly described as the cornerstone of our foreign policy: not just "a cornerstone" — which implies that there is more than one — but "the cornerstone". This is not the result of some sentimental attachment to a regional organisation that Malaysia played a pivotal role in establishing in 1967. Rather, Malaysia's commitment is anchored on the clinical and realistic calculation that our prosperity and security are invariably tied to a strong and successful ASEAN.

That is why Malaysia takes its chairmanship of ASEAN in 2015 very seriously. This year will be a test of ASEAN's ability to live up to its goal of creating an ASEAN Community. Like it or not, the ASEAN Community will be declared on 31 December 2015. The challenge here is to give it meaning and substance, both in the lead up to its announcement and the years after. The ability of ASEAN member states to act cohesively, in unison, and in ASEAN's interests as a whole will be crucial towards making the Community a success.

The third feature of Malaysia's foreign policy is a keen awareness and appreciation of its strategic location and geography. Napoleon is thought to have said that: "to know a nation's geography is to know its foreign policy". Malaysia is no different.

Our strategic location presents both benefits and risks. Being situated astride the Malacca Strait allows us to tap into the economic potential and advantages of having over 80,000 vessel movements through that busy waterway each year. At the same time, Malaysian policymakers are conscious of the fact that the strategic importance of the Malacca Strait and the South China Sea carry the potential of attracting the contesting interests of the major powers. In other words, Malaysia is situated in an area that is ripe for major-power rivalry.

A major consequence of Malaysia's strategic geography is an enduring interest in seeing: first, that no major power dominates Southeast Asia; and second, that Southeast Asia does not become a region for contestation between the major powers. These were the objectives that underpinned Malaysia's push for Southeast Asia to become a Zone of Peace, Freedom and Neutrality (ZOPFAN) in the early 1970s. It is only by ensuring that the region is not dominated by a major power or does not become an arena for major-power rivalry that Malaysia and its Southeast Asian neighbours stand a chance of maintaining their autonomy.

#### **Malaysia-China relations**

More often than not, the news headlines about Malaysia-China relations are dominated by how the two countries are major trading partners. In 2014, total bilateral trade reached USD 106 billion. China is Malaysia's biggest trading partner. Malaysia, on the other hand, is China's third-biggest trading partner in Asia and its

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biggest among all ASEAN countries. The aim now is to have USD 160 billion in bilateral trade by 2017.

But we all know that the relationship between Malaysia and China is more than just about trade. In October 2013, Prime Minister Dato' Sri Najib Tun Razak and President Xi Jinping agreed to elevate the bilateral relationship to a Comprehensive Strategic Partnership. Last year, the two countries celebrated the 40th anniversary of diplomatic relations. Prime Minister Najib and President Xi have met four times in their current capacities: once in 2013, twice in 2014, and more recently at the sidelines of the Boao Forum for Asia in Hainan last month.

By most accounts, Prime Minister Najib views Malaysia-China relations not only in terms of dry calculations of interests. Rather, he also sees the building of the relationship with China as a continuation of the legacy of his late father, the second Prime Minister of Malaysia, Tun Abdul Razak.

Underpinning this approach is an overwhelmingly positive perception of China among the Malaysian general public. In the Pew Global Attitudes survey released last July, 74 per cent of Malaysians were reported to have expressed positive views about China. The only two countries where more people were positive about China were Pakistan and Bangladesh.

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But as with any relationship between two countries, there are challenges. I would like to mention two.

The first is the challenge of creating a more balanced economic relationship, particularly in terms of investment. Currently, the ratio between Chinese investments in Malaysia and Malaysian investments in China is approximately one to six. So, for every dollar of investment by Chinese entities in Malaysia, their Malaysian counterparts have six dollars in China. Having some semblance of a balance in the economic relationship between Malaysia and China is important to ensure that it continues to be viewed as one with mutual benefits.

The second challenge involves the South China Sea. Unlike some of the other Southeast Asian claimants, Malaysia has decided that the most constructive way of engaging China on this issue is through quiet diplomacy. There remains confidence in this approach, which seeks to avoid the excessive glare of the media on an issue where nationalist sentiments can easily be inflamed.

But there are growing concerns, including as a result of China's reclamation and construction activities in the South China Sea. I do not wish to go into the merits or demerits of China's actions in this regard. To do so would be a futile exercise and occupy needless attention in a dialogue where we should be looking for ways to improve the relationship. All I wish to highlight is a new reality: that the reclamation and construction activities in the South China Sea will inevitably bring the operations of Chinese and Malaysian maritime forces into even closer proximity.

In the recent past, Malaysia and China had — by and large — the luxury of geographical distance. As a result, the South China Sea issue has been mainly kept within the confines of deliberations by our political leaders and diplomats. But the growing frequency of contact between our respective navies and coast guards in the South China Sea adds a new dimension to the relationship. It increasingly exposes bilateral ties to the occasional need for quick decisions and the possibility of



*Xiamen Port — one of the possible starting points for the 21st Century Maritime Silk Road. Source: [www.whatsonxiamen.com/news30184.html](http://www.whatsonxiamen.com/news30184.html)*

miscalculations by those commanding the ships on both sides. This is one of the reasons why it is crucial for all the countries concerned to reach an agreement on a set of minimum standards of behaviour in the South China Sea: a Code of Conduct (COC).

#### **Malaysia's response to the 21st Century Maritime Silk Road**

President Xi Jinping's announcement of the 21st Century Maritime Silk Road initiative in October 2013 prompted a great deal of interest throughout the region — Malaysia included. It also led to a series of visits to Malaysia by Chinese delegations that wanted to gauge our perceptions of the initiative. Some of those delegations visited the think tank where I work, ISIS Malaysia.

Unfortunately, neither we nor our government colleagues were able to provide comprehensive answers to many of their questions. But nor could the Chinese visitors answer many of ours. And that was mainly because of a lack of detailed information about the initiative. This persisted for over a year following President Xi's announcement.

What we could tell them was that the Malaysia-China Kuantan Industrial Park and the Kuantan Port had the potential to become key parts of the initiative.

We also knew that, even without a formal initiative by the Chinese Government, something approximating what is envisaged under the 21st Century Maritime Silk Road was going to happen anyway — perhaps on a smaller scale and more gradually. Economic imperatives alone would dictate that, in response to the sheer magnetism of the Chinese economy, a series of ports and related facilities would be built along the coasts of Asia, Africa and Europe — with or without a grand, overarching plan to do so.

We also considered the possibility that the 21st Century Maritime Silk Road initiative could raise concerns in Southeast Asia. We asked: Is there a possibility that this initiative might accelerate the speed with which some ASEAN member states are



being pulled towards the strategic space of one major power or the other? What are the possible implications for ASEAN's cohesiveness? Might this lead — perhaps as an unintended consequence — to China's dominance of Southeast Asia?

Even in the absence of detailed information, however, the Malaysian Government's reactions to the initiative were largely positive. Cooperation in the establishment of the 21st Century Maritime Silk Road was incorporated into the Joint Communiqué between Malaysia and China in conjunction with the 40th anniversary of diplomatic relations in May 2014. The Malaysian Transport Minister, Dato' Sri Liow Tiong Lai, has repeatedly expressed Malaysia's support for the 21st Century Maritime Silk Road. Earlier this year, following discussions with his Chinese counterpart, the Minister said that Malaysia's recommendations had been incorporated into the plan for the initiative. And last month, Prime Minister Najib reiterated that Malaysia supported the initiative in principle and was getting further details from China.

Now that China has released its Vision and Action Paper on the "One Belt, One Road" initiative, we can have a better appreciation of what it is about. China has clearly sought to consider the interests of the various countries that will be involved in the 21st Century Maritime Silk Road, including those in Southeast Asia. The time that it took to formulate this paper was obviously not wasted.

What is especially noteworthy is the care with which the paper seeks to emphasise and re-emphasise that the 21st Century Maritime Silk Road will be a collaborative endeavour. This began with its title, "Vision and Actions on *Jointly* Building Silk Road Economic Belt and 21st Century Maritime Silk Road". It continues with a set of principles that underscore that the initiative is open for cooperation; harmonious and inclusive; follows market operation; and seeks mutual benefit. It follows up with further details aimed at addressing the concerns of China's partners. What I found especially comforting was that the paper reflected an understanding that for the 21st Century Maritime Silk Road to succeed, the benefits must flow both ways.

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### Conclusion

I do not speak for the Malaysian Government. My Prime Minister and his cabinet ministers have said that Malaysia is in principle supportive of the 21st Century Maritime Silk Road.

But I would urge that the interests of Malaysia and of ASEAN as a whole are always carefully taken into account in the implementation of this initiative. As a trading nation, Malaysia will almost certainly be a strong and enthusiastic partner in the 21st Century Maritime Silk Road. But I should also underscore that Malaysia views the unity and cohesiveness of ASEAN and a Southeast Asia that is free from major-power dominance and rivalry as matters of major strategic importance.

As a rising power, China has a duty to reassure the rest of the region and the world. It has largely done that with finesse and sophistication. Most Malaysians, myself included, are confident that it will continue to do so in the future.

*This article is based on a conference paper which was presented by the author at the "Dialogue on China-Malaysia Relations: Strengthening Partnership, Deepening Regional Cooperation" on 14 April 2015 in Beijing, China. The Dialogue was organised by the Chinese People's Institute of Foreign Affairs (CPIFA).*

# China's "Peaceful Development"

by  
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*The paradox of being capitalist yet autocratic is proof that perhaps a market authoritarian model is indeed possible.*

We are witnessing a new world order that is centred on an ideological shift, one which favours the Chinese.

There is no doubt that the rise of China has resulted in a wide range of opinions.

The positives focus on China's newfound role as a model for developing countries to emulate. Beijing has experienced an economic miracle without undergoing political liberalisation — two elements traditionally thought to correlate with one another.

Conversely, the negatives fixate on Chinese assertiveness. The fact that China is rising unconventionally suggests that its culture and worldviews are at odds with Western norms. The paradox of being capitalist yet autocratic is proof that perhaps a market authoritarian model is indeed possible.

It is because of such diversity that Beijing has decided to spell out its path for "peaceful development".

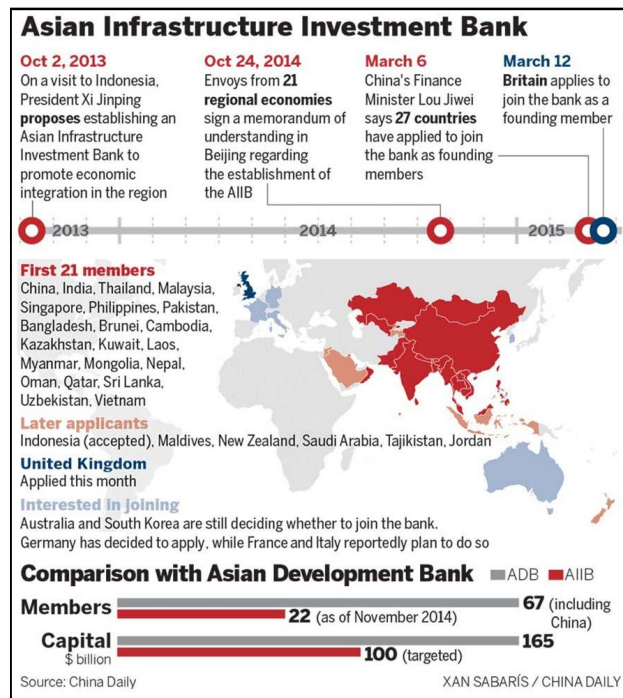
What was originally China's "peaceful rise" had been substituted for "peaceful development" in a white paper that was released on 22 December 2005. According to Dr Zhang Xuegang from China Institutes of Contemporary International Relations, the switch was to signify Beijing's belief in a new form of rising — one that is not only peaceful, but also based on mutual respect and cooperation.

Yet such an observation merely scratches the surface of a much deeper approach.

Geopolitical tensions must also be considered.

We are witnessing a "tussle" between China's growth and the US pivot or rebalancing to Asia, which the Obama administration has spearheaded. This will undoubtedly have implications for smaller states in the region, most notably the members of the Association of Southeast Asian Nations (ASEAN).





Will “quiet diplomacy” enable ASEAN members to strategically balance between their neighbor, China, and the United States? If push comes to shove, will ASEAN members be expected to side with Beijing or Washington?

China’s response to these hypothetical scenarios is to lead “peaceful development” between nations on the simple — and rather obvious — notion that everyone wants to develop. Developing countries want to reach developed status, and developed countries want to continue developing. As put forward by Dr Zhang, development is a common interest because it is only through development that civilisations will continue to prosper.

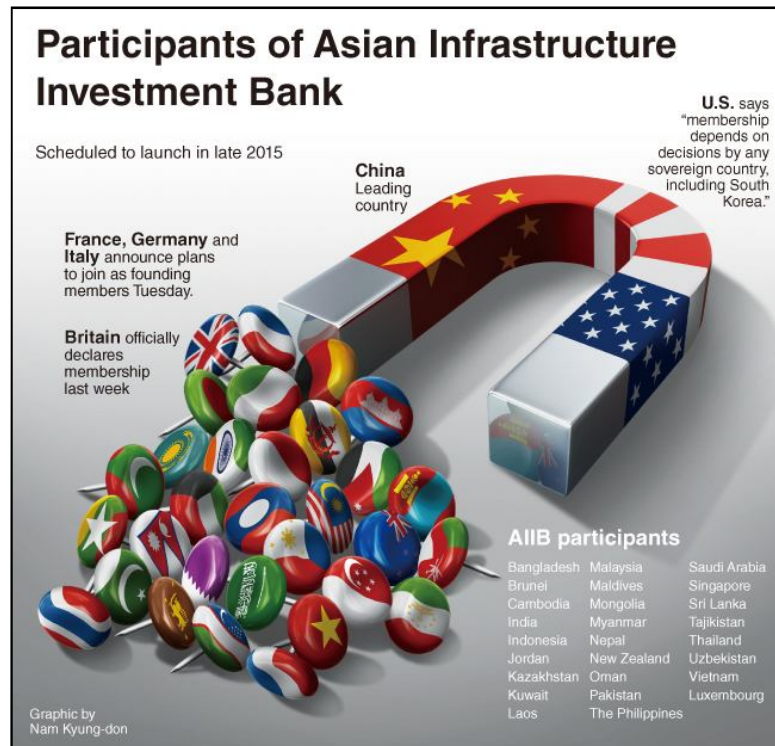
Today, China’s “peaceful development” encompasses 3 main initiatives — the Asian Infrastructure Investment Bank (AIIB), the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

These initiatives are very telling of the Chinese mindset. By collectively pushing economic interconnectivity to the forefront, they highlight Beijing’s realisation that its economy is deeply intertwined with the global economy. In doing so, it is essentially “downplaying” its rise to superpower status in an effort to become more inclusive and accommodating towards others.

The AIIB and the “Belt and Road” initiatives therefore demonstrate the extent to which Chinese power relations are different from that of the West.

For instance, the AIIB has established itself as an international institution — one that hopes to foster mutual development between members on infrastructural projects that encompass roads, railways, sea-lanes, oil and gas, electricity and communication.

The diversity of its members is also a plus — four out of five United Nations Security Council members, 14 G20 (The Group of Twenty) members, four G7 (The Group of Seven) members and all the members of BRICS (Brazil, Russia, India, China and South Africa) and ASEAN.



Source: Korea Herald

Such multiplicity underscores the fact that we are now witnessing a new world order that is centred on an ideological shift which favours the Chinese.

There are two reasons for this shift in ideology.

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First, Beijing has a less rigid way of looking at the world we live in today. It understands that cooperation cannot be tied to certain requirements that may ultimately impinge on a nation's sovereignty.

The current situation in Iraq quintessentially demonstrates that one's worldviews are not necessarily applicable to others. Democratisation was an impossible mission from the get-go simply because Saddam Hussein's dictatorship disabled civil societies that were needed to kick-start good governance. A similar situation occurred in Libya, following the removal of Muammar Gaddafi.

Unlike Washington, Beijing does not impose its worldview onto others.

China values sovereignty not only for itself but its partners too. This will be crucial to gaining collective buy-in and joint ownership for the "Belt and Road" initiatives. They are enormous in scale, and Beijing's vision of their potential will only come to fruition if nations along the Belt and Road are willing to fully cooperate.

Second, Beijing has a knack of "scaring" others into believing they will miss out if they exclude themselves from being a part of Asian — read: Chinese — development. This is the "threat" that Washington is currently unable to shake.

For instance, the United Kingdom signed on to become a founding member of the AIIB in defiance of American complaints — a gamble which quickly paid off with the likes of France, Germany and Italy joining shortly thereafter.



In a rare show of leadership, Professor Kerry Brown from Chatham House asserts that London made the right call: “Why sit on the sidelines when you can be an integral part of the bank and at least ensure it develops according to your own view of international norms? The only other option is to sit on the outside carping.”

Indeed, a similar argument can be made about the Trans-Pacific Partnership (TPP) that is currently under negotiation. Proponents of the trade deal often argue that Malaysia will miss out on a massive opportunity to liberalise its economy if Putrajaya decides not to sign, particularly since it is looking to achieve developed status by 2020.

But again, the crucial difference is that China prefers to rely on common interests as opposed to provisions that could potentially affect the willingness of others to not only support its initiatives but to also cooperate wholeheartedly.

It is encouraging to note China has publicly acknowledged that in order for its “peaceful development” strategy to succeed, there must be benefits for both Beijing and its partners. Such “win-win” cooperation must feature concurrently and continuously in all its initiatives. The challenge ahead is to ensure Chinese policies and promises are not just mere fluff, but that they can actually be translated into tangible benefits.

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