



Centre for Air Power Studies (CAPS)

Forum for National Security Studies (FNSS)

125/16

## MALAYSIA AS A 'MAJOR PARTNER' IN THE 21<sup>ST</sup> CENTURY MARITIME SILK ROAD

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Since the establishment of formal diplomatic relations in 1974, China-Malaysia relations have gradually deepened over the years in many sectors. By the second decade of the 21<sup>st</sup> century, the relationship has been elevated to a higher level. The two sides signed the 'Joint Action Plan on Strategic Cooperation' in 2009, the year which marked the 35<sup>th</sup> anniversary of the establishment of diplomatic relations. Subsequently, during Chinese President Xi Jinping's state visit to Malaysia in October 2013, the relationship was upgraded to comprehensive strategic partnership.<sup>1</sup> The move was well timed to Beijing's strategy to enhance maritime security through partnership and naval modernisation. Interestingly, on October 3, 2013, in his speech at the People's Representative Council of Indonesia, Xi Jinping proposed to build the Maritime Silk Road through cooperation with the ASEAN countries.<sup>2</sup>

As China strives towards strengthening maritime cooperation with Southeast Asian

countries, the same is reflected in the dynamics of China-Malaysia relationship. During Chinese Premier Li Keqiang's visit in November 2015, eight deals were signed including a memorandum of understanding (MoU) on establishing an alliance between the ports of the two countries. Many of the Chinese ports along the eastern seaboard will be connected with six Malaysian ports, namely Penang, Klang, Kuantan, Malacca, Johor and Bintulu, to facilitate China's global trade.<sup>3</sup> Of these ports, the first five ports are located in Peninsular Malaysia that shares land border with Thailand while the Bintulu Port is located in the other half of Malaysia across the South China Sea. Except the Kuantan Port, the four ports in Peninsular Malaysia face the Sumatra Island of Indonesia. It must be noted that the Strait of Malacca, one of the busiest sea lines of communications (SLOCs) in the world, lies between Peninsular Malaysia and Sumatra.

Strategically located between the Indian Ocean and the Western Pacific, Malaysia is



becoming a major partner in China's 21<sup>st</sup> Century Maritime Silk Road. To achieve the goal, the historical legacy of the Ming Dynasty (1368-1644) period voyages led by Admiral Zheng He has been exploited to provide legitimacy behind the push for China's maritime power ambition. In place of the then Sultanate of Malacca, Kuala Lumpur is poised to strengthen relations with Beijing in various fields, especially in the fields of regional connectivity, maritime trade and energy security. It is noteworthy that in spite of the tight schedule, in November 2015, Li Keqiang visited Zheng He Museum in Malacca, Malaysia. Undoubtedly, China has lobbied for the Malaysia-Singapore high-speed railway, port alliance and other railway projects in Malaysia.<sup>4</sup> Again, during Malaysian Prime Minister Najib Razak's visit in November this year, they agreed to cooperate in railways, air connectivity, seaports and high-speed rail to strengthen regional connectivity. Undoubtedly, China is making efforts to establish its foothold in the Strait of Malacca in view of the perceived vulnerability to its maritime interests.

Meanwhile, in the backdrop of the US 'Pivot to Asia', the two sides reached an understanding that "intervention or involvement of parties not directly concerned could be counter-productive and further complicate" the South China Sea issue.<sup>5</sup> Though there was no reference to any country, the exclusion of the "parties not directly concerned" speaks volumes about the objective and intention of China in relation to countries such as the US and Japan. On the other hand,

regarding the freedom and safety of navigation, it is stated that "China has a major and direct stake in the freedom and safety of navigation in the South China Sea for its economic development and opening-up endeavour as the sea is an important route for China's foreign trade and energy transportation."<sup>6</sup> It reflects China's aims at securing a foothold, and persuasion to gain legitimacy of its activities while trying to deny involvement of the US and its allies or at least lessen their influence in the region.

The new era of comprehensive strategic partnership also marks a new level of cooperation in the military sector. In addition to high-level exchanges, they agreed to enhance cooperation in the fields of joint exercises, personnel training, setting up a hot-line for communication, naval port calls and cooperation in science, technology and industry related to defence.<sup>7</sup> Also, they conduct annual joint military exercises starting with the table-top exercise in 2014.<sup>8</sup> Since the signing of a MoU on defence cooperation in 2005, cooperation in the military field has deepened, eventually leading to the offer of a Chinese surface-to-air missile system to Malaysia in June 2014.<sup>9</sup> The second joint military exercises took place in September 2015 in the Strait of Malacca and its surrounding waters.<sup>10</sup> In April 2012, a training vessel of the Chinese Navy, Zheng He, made a port call at Port Klang.<sup>11</sup> Another development in this direction is the stopover rights granted by Malaysia to Chinese naval vessels in Kota Kinabalu.<sup>12</sup> Again, in

October 2016, a Chinese naval fleet of the 23<sup>rd</sup> Escort Task Group made port call.<sup>13</sup> In November this year, China signed contracts with Malaysia to sell patrol vessels.<sup>14</sup>

In this context, China's efforts towards becoming a maritime power have been coordinated to safeguard its maritime rights and interests. To this end, the Chinese Navy has been tasked to safeguard the security of the SLOCs, protect China's overseas interests and serve the national reform and development policy.<sup>15</sup> China began enhancing its capabilities for "offshore defence strategy" requiring "operations in distant waters" and developing "logistics support" to conduct sustained "long-time maritime missions."<sup>16</sup> Gradually, the focus of the Chinese Navy is shifting to a combination of "offshore waters defence" with "open seas protection" in order to meet the strategic requirement.<sup>17</sup> The stopover rights in Kota Kinabalu, logistics base in Djibouti and access to Gwadar port point in this direction.

China is the largest trading partner globally and Malaysia is China's biggest trading partner among ASEAN countries. China became the largest trading partner of Malaysia since 2009. The signing of the Five Year Programme for Economic and Trade Cooperation (2013-2017) in October 2013 has deepened their trade and economic cooperation. Chinese overseas direct investment in Malaysia was recorded at US\$521.3 million in 2014.<sup>18</sup> In 2013, the total

volume of trade reached US\$106 billion making Malaysia China's third largest trade partner in Asia.<sup>19</sup> However, their trade volume declined at US\$102.02 billion, with Malaysia's total import from China recording at US\$ 46.36 billion.<sup>20</sup> In 2015, the bilateral trade volume was recorded at US\$55.67 billion with Malaysia's import value at US\$31.19 billion exceeding that of export value at US\$24.48 billion.<sup>21</sup>

China has been pursuing its course of action for furthering its economic and strategic interests in Southeast Asia. Besides maritime partnership, Beijing has proposed to build a high-speed rail linking China to Singapore. The China-Laos railway is planned to be linked to China-Thailand railway eventually. Besides, China has invested in the dredging of the Lancang-Mekong River. Furthermore, the Kunming-Bangkok Highway and the logistics alliance between China and Southeast Asian nations will consequently thicken Chinese maritime activities in the Gulf of Thailand. Comprehensively speaking, these developments will enhance the strategic significance of Malaysia in the 21<sup>st</sup> Century Maritime Silk Road.

*(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])*

#### Notes

<sup>1</sup>"China, Malaysia lift bilateral cooperation to new level: Statement," *Xinhuanet*, October 5, 2013, [http://news.xinhuanet.com/english/china/2013-10/05/c\\_132774104.htm](http://news.xinhuanet.com/english/china/2013-10/05/c_132774104.htm), accessed on November 18, 2016.



<sup>2</sup> Xi Jinping, *The Governance of China*, (Beijing: Foreign Languages Press, 2014), p. 321

<sup>3</sup> "China and Malaysia moot port alliance," April 14, 2016, *Portstrategy*, <http://www.portstrategy.com/news101/world/asia/china-and-malaysia-in-port-alliance>, accessed on November 23, 2016.

<sup>4</sup> "China, Malaysia vow to boost trade, investment," *People's Daily*, November 24, 2015, <http://en.people.cn/n/2015/1124/c90000-8980756.html>, accessed on November 23, 2016.

<sup>5</sup> Joint communiqué between the People's Republic of China and Malaysia in conjunction with the 40<sup>th</sup> Anniversary of the establishment of diplomatic relations, Beijing, May 31, 2014, <https://www.kln.gov.my/archive/content.php?t=8&articleId=4184783>, accessed on November 27, 2016.

<sup>6</sup> Remarks by Assistant Foreign Minister Liu Zhenmin on "Implementing DOC: Maintaining Freedom and Safety of Navigation in the South China Sea", December 20, 2011, <http://my.china-embassy.org/eng/sbgx/t888794.htm>, accessed on November 18, 2016.

<sup>7</sup> Joint communiqué between the People's Republic of China and Malaysia in conjunction with the 40<sup>th</sup> Anniversary of the establishment of diplomatic relations, Beijing, May 31, 2014, <https://www.kln.gov.my/archive/content.php?t=8&articleId=4184783>, accessed on November 27, 2016.

<sup>8</sup> Prashanth Parameswaran, "Malaysia, China Begin First Joint Military Exercise," *The Diplomat*, December 24, 2014, <http://thediplomat.com/2014/12/malaysia-china-begin-first-joint-military-exercise/>, accessed on November 24, 2016.

<sup>9</sup> Ibid.

<sup>10</sup> First China-Malaysia joint military exercise held in Malacca Strait, September 17, 2015, [http://eng.mod.gov.cn/DefenseNews/2015-09/17/content\\_4620894.htm](http://eng.mod.gov.cn/DefenseNews/2015-09/17/content_4620894.htm), accessed on November 29, 2016.

<sup>11</sup> Chinese navy vessel visits Malaysia on friendship trip, April 30, 2012, <http://my.china-embassy.org/eng/sbgx/t927645.htm>, accessed on November 18, 2016.

<sup>12</sup> "PLA Navy gains use of port in Malaysia close to Spratly islands," *South China Morning Post*, November 21, 2015, <http://www.scmp.com/news/china/diplomacy->

[defence/article/1881300/pla-navy-gains-use-port-malaysia](http://defence/article/1881300/pla-navy-gains-use-port-malaysia), accessed on November 24, 2016.

<sup>13</sup> Chinese naval fleet visits Malaysia to enhance military ties, October 7, 2016, [http://eng.mod.gov.cn/TopNews/2016-10/07/content\\_4742411.htm](http://eng.mod.gov.cn/TopNews/2016-10/07/content_4742411.htm), accessed on November 24, 2016.

<sup>14</sup> Sue-Lin Wong, "China and Malaysia sign deals on navy vessels," *Reuters*, November 1, 2016, <http://www.reuters.com/article/us-china-malaysia-idUSKBN12W3WF>, accessed on November 24, 2016.

<sup>15</sup> White Paper on The Diversified Employment of China's Armed Forces, April 16, 2013, [http://www.china.org.cn/government/whitepaper/node\\_7181425.htm](http://www.china.org.cn/government/whitepaper/node_7181425.htm), accessed on November 24, 2016.

<sup>16</sup> White Paper on China's National Defence in 2010, March 31, 2011, [http://www.china.org.cn/government/whitepaper/node\\_7114675.htm](http://www.china.org.cn/government/whitepaper/node_7114675.htm), accessed on 26 November, 2016; White Paper on The Diversified Employment of China's Armed Forces, April 16, 2013, [http://www.china.org.cn/government/whitepaper/node\\_7181425.htm](http://www.china.org.cn/government/whitepaper/node_7181425.htm), accessed on November 24, 2016.

<sup>17</sup> White Paper on China's Military Strategy, May 2015, Beijing, *China Daily*, May 26, 2015, [http://www.chinadaily.com.cn/china/2015-05/26/content\\_20820628.htm](http://www.chinadaily.com.cn/china/2015-05/26/content_20820628.htm), accessed on November 24, 2016.

<sup>18</sup> "China-Malaysia: tightening economic ties," *The Economist*, May 6, 2016, <http://country.eiu.com/article.aspx?articleid=1694199753&Country=China&topic=Politics>, accessed on November 24, 2016.

<sup>19</sup> "Malaysia becomes China's third largest trade partner in Asia: Chinese ambassador," *People's Daily*, January 21, 2014, <http://en.people.cn/90883/8518318.html>, accessed on November 29, 2016.

<sup>20</sup> "China-Malaysia bilateral trade surpasses 100 bln USD mark," *Xinhuanet*, January 19, 2015, [http://news.xinhuanet.com/english/2015-01/19/c\\_133924631.htm](http://news.xinhuanet.com/english/2015-01/19/c_133924631.htm), accessed on November 29, 2016.

<sup>21</sup> "China remains as Malaysia's largest trading partner in 2015," *China Daily*, February 6, 2016, [http://www.chinadaily.com.cn/business/2016-02/06/content\\_23415083.htm](http://www.chinadaily.com.cn/business/2016-02/06/content_23415083.htm), accessed on November 29, 2016.