Foreign policy priorities

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A nation’s foreign policy priorities are inevitably determined by a complex interplay among domestic and exogenous factors, regional and global realities, and national needs. As a state with middle-power aspirations and ambitions of becoming a fully developed nation by the close of the decade, Malaysia’s foreign policy priorities are essentially driven by the aforementioned inputs, albeit within the parameters of its unique social and cultural setting as well as the national aspirations defined by its political leadership.

Malaysia’s foreign policy priorities include keeping the nation relevant in a rapidly globalising world while preserving regional solidarity, balancing domestic constraints with the imperatives of an open economy, forging international initiatives while retaining Islamic credentials, and maintaining regime interests while pursuing national goals. Malaysia’s experience has been one of embracing globalisation while attempting to keep out those aspects that are defined as undesirable by the political leadership. The foreign policy challenge is, therefore, one of finding the balance between the desire for social and cultural sovereignty and the aspiration to be globalised.

Given that Malaysia is an open and developing economy, the parameters of the nation’s developmental-state aspirations present a second foreign policy challenge. The challenge is to strike a balance between the free inflow of foreign funds, technology and expertise – all considered vital for the economic leap that must be taken by 2020 – and the constrictions of affirmative action-based initiatives. Since a variety of domestic economic and industrial activities are the direct result of the government’s affirmative action policies and require government intervention for their continued survival, protecting them from the foreign competition that would inevitably result from opening up the nation’s economy presents yet another constraint.

A third challenge has to do with the desire of the nation for middle-power status within the region, at least, if not globally. Malaysian foreign policy is thus tasked with the responsibility of forging a wide variety of international initiatives, building a reputation as a leader within the ASEAN (Association of Southeast Asian Nations) region, and building friendships with a wide spectrum of neighbours and nations. At the same time, Malaysia desires to retain its Islamic credentials – an aspiration which can limit the parameters of these other initiatives.
The final challenge has to do with the nature of the Malaysian political system. Regime maintenance occupies a crucial position, to the extent that foreign policy initiatives are deployed towards that objective. Within such a context, safeguarding regime interests while pursuing higher national goals becomes a sticky challenge for foreign policy makers and practitioners.

Recalibrating ties with Western countries

The post-Mahathir regime inherited a foreign policy that was starkly anti-Western, both in rhetoric and substance. Of seven major foreign policy initiatives that spanned the twenty-two-year Mahathir era (Dhillon 2009: ix) four – Buy British Last, Anti-Commonwealth, Look East and Third World Spokesmanship – had explicit anti-Western orientations. A fifth initiative, Regional Engagement, was implicitly anti-Western, in that Malaysia not only strove to limit Western and US influence in the region, but sought to balance it with Japanese sway. The sixth, Islamic Posturing, was anti-Western largely in rhetoric. Only one initiative, Commercial and Developmental Diplomacy, remained devoid of any anti-Western flavour, given that Western investment, technology and expertise were crucial for the impressive structural and physical development that defined the Mahathir era. Within sixteen component foreign policy initiatives of the Mahathir era, eight – those relating to Antarctic policy, apartheid, the global environment, South–South cooperation, the New World Order, Palestine, the Gulf Wars of 1991 and 2003, and Bosnia – contained anti-Western elements. The Mahathir era also took pride in developing cordial ties with regimes such as Cuba, Sudan, Iran and Myanmar – all considered as rogue states and outcasts in the eyes of their Western antagonists.

The most strident anti-Western foreign policy stance was taken during the concluding years of the Mahathir era, which coincided with the Asian financial crisis and the attendant political predicament that resulted from the sacking of Mahathir’s heir apparent, Anwar Ibrahim. Mahathir blamed both crises on the West and took stances that were decidedly anti-Western, such as condemning hedge funds, shunning the IMF and withdrawing from global currency markets. Kuik (2012b: 1) surmises that foreign policy in the Mahathir era, while considering the United States to be an economic and security partner, simultaneously viewed it as a source of immense political irritation and pain. Though in aligning itself with the US in the latter’s war on terror following the events of September 11, the Mahathir regime was accorded an opportunity to rehabilitate its image, it was not enough to cleanse the two-decades-long era of its anti-Western credentials. The result was that the post-Mahathir regime inherited a foreign policy that needed to recalibrate its ties with the US and the Western world.

The Abdullah Badawi administration set the tone for reconciliation by softening the confrontational and nationalistic foreign policy tenor of his predecessor. Badawi decisively ended blunt and intemperate criticism of the US’s global behaviour, anti-Semitic statements, disparagement of former colonial power Britain, condemnation of global institutions as being ‘tools of the West’, denigration of ‘Western values’, vilification of ‘Western ethics’ and assertions that the West was attempting to ‘recolonise’ the developing world. In what can be seen as the initial outcome of reprioritising its foreign policy orientations, in 2008, Malaysia won authorisation to purchase over US$269 million worth of arms from the US, more than any other state in Southeast Asia (Johnson 2010: 2). Further substantive shifts in Malaysian foreign policy in this regard were, however, weakened in the aftermath of the 2008 general election, which delivered five state governments to the opposition, denied the Barisan Nasional (National Front, BN) coalition its traditional two-thirds majority, and fatally weakened...
Badawi’s position within his party, the United Malays National Organisation (UMNO). Any new direction in foreign policy vis-à-vis Malaysia’s ties with the Western world was further complicated by the Mahathir factor. The former prime minister, a vociferous critic of Badawi, was seemingly able to muster enough clout within UMNO to create a faction whose agenda was to revert to Mahathirism. It is on account of such dynamics that in January 2009, Malaysia suspended its free trade agreement (FTA) talks with the US.

Even though Prime Minister Najib Razak took over the reins of state in April 2009 with the tacit support of Mahathir’s faction, foreign policy under his administration leveraged what Badawi had grasped with regard to reconciling with the US and West (see also Heng, this volume). Bilateral trade with the US climbed; Malaysia became the latter’s sixteenth-largest trading partner, with trade flows amounting to US$44 billion in Najib’s first year. Within the same period, Malaysia enjoyed US$757,000 worth of military education training. In 2010, Malaysia became the second-largest recipient of US investments in the region, after Singapore (Murray et al. 2012: 10). Under Najib, Malaysia has, for the first time, participated in US-led Cobra Gold regional military exercises. Najib’s foreign policy further committed Malaysia to renewed negotiations on the Acquisition and Cross Servicing Agreement. In meeting with US President Barack Obama in April 2010, Najib declared that Malaysia’s relationship with the US was approaching a ‘new beginning’ – a direct acknowledgement of Obama’s Cairo speech, in which the president spoke of ‘new beginnings’ between America and Muslims worldwide (Najib 2010a). Najib agreed to contribute towards the US-led reconstruction of Afghanistan and to collaborate on issues ranging from nuclear non-proliferation and human trafficking to Iran and North Korea (Murray et al. 2012: vii). That May, Malaysia revived its FTA talks with the US and signalled its intention to join the emerging Trans-Pacific Partnership Agreement (*New Straits Times*, 31 May 2012). In July 2010, Malaysia began sending medical military personnel to Afghanistan (Ruhanie 2011: 140). In the same year, Malaysia passed the US-sponsored Strategic Trade Bill, which was designed to thwart illicit arms transactions and trafficking of nuclear and other strategic material (Bernama, 20 December 2010). Malaysia also cooperated with the US to cut off transfer payments for weapons transactions with Pyongyang.

A number of meetings among and visits by leaders of both countries, including the US secretary of state and the commander of the US Pacific Command, as well as a second Najib–Obama meeting, made clear that the recalibration of Malaysia–US ties was real. During Secretary of Defense Chuck Hagel’s visit to Kuala Lumpur in August 2013, discussions touched on defence collaboration in various areas, including regional and international security, military technologies and exchanging information (*Star*, 26 August 2013). In September 2013, army personnel from Malaysia and the US took part in a ten-day joint military exercise in Kedah – another first (*Star*, 18 September 2013). In what can be described as a break from tradition, Foreign Minister Anifah Aman, in choosing not to condemn the US’s position on Syria, said that bilateral ties with the US would not be affected should the US go ahead with its plans to strike Syria (*Star*, 6 September 2013).

Under Najib, Kuala Lumpur has similarly moved to improve ties with Britain. Malaysian foreign policy focuses on attracting British investments in high-technology, value-added, knowledge-based and skill-intensive industries – areas of growth vital for Malaysia to move into high-income nation status. Britain has since become Malaysia’s eighth-largest investor, with investments worth US$2 billion, and eighteen-largest trading partner, with US$4.4 billion worth of trade (*Star*, 10 September 2013).

Najib has further attempted to enhance Malaysia’s political and economic cooperation with other major Western nations through the European Union (see also Ruhanas, this
In late 2010, Malaysia and the EU commenced negotiations focusing on trade in services, green technology and trade remedies. The talks have progressed well, with the latest round concluded in July 2013 (MITI 2013). EU exports to Malaysia in 2012 amounted to about €15 billion, while Malaysian exports to the EU reached about €20 billion. In 2012, Malaysia recorded a trade surplus of nearly €6 billion with the EU. Globally, Malaysia is the EU’s twenty-third-largest trading partner; the EU is also the largest source of foreign direct investment (FDI) into Malaysia. In 2012, it invested €953 million, far exceeding Japan (€702 million) and Saudi Arabia (€652 million) (Malaysian Insider, 3 July 2013).

### Prioritising relations with China

China factors prominently in Malaysia’s foreign policy for three main reasons (see also Kuik, this volume). First, China’s economic growth, in particular the opening of the nation’s markets and expansion of investment outflows, are too lucrative to ignore. Malaysia’s increasing foreign policy focus on trade, FDI and new markets for Malaysian exports ensures capitalisation upon China’s emergence. Second, China is fast becoming the region’s military superpower. Malaysian calculations relating to defence and security inevitably must factor in China’s military designs and intentions. Third, China is the motherland of up to a third of Malaysia’s population. A psychological link persists between China and this significant and influential minority group. Malaysian foreign policy stances towards China are expected to affect Malaysian Chinese perceptions of their own government.

The Najib administration has made enhanced cordiality and maximised engagement its guiding principles in Malaysia–China relations in economic and defence matters, respectively. Greater cordiality allows for Malaysia to maximise economic and diplomatic benefits from a fast-prospering regional neighbour, while maximised engagement allows for smaller and weaker Malaysia to deploy both bilateral and multilateral diplomacy with a rising superpower in defence and security matters.

China was the first country outside of ASEAN that Prime Minister Najib visited. The two countries have since agreed on a bilateral framework of cooperation covering thirteen areas (Star, 4 June 2009). Najib acknowledges that Malaysia’s relationship with China is based upon Malaysia’s national interests (Kuik 2012a: 16). Chief amongst these interests is the forging of business deals to enable Najib’s Economic Transformation Plan (ETP) to succeed (Lim 2009). Measures taken under the auspices of the ETP include licensing China’s largest bank, ICBC, to operate in Malaysia, opening a Malaysian National Bank office in Beijing, and doing away with visas for Chinese investors from government and government-linked entities.

In the Badawi period, China became Malaysia’s fourth-largest trading partner, with US$39 billion in bilateral trade in 2008. In the Najib era, the regional giant has risen to become Malaysia’s largest trading partner. In 2011, bilateral trade was valued at US$90 billion, one-third of which value accrued to Malaysia as surplus (Star, 16 March 2012). By then, China had become Malaysia’s biggest export market and number-one buyer of Malaysia’s main agricultural product, palm oil. In 2012, Malaysia’s trade volume with the second-largest economy in the world increased by another 14 percent. Chinese Premier Wen Jiabao visited Malaysia in 2011, then Najib reciprocated with a second visit to generate even greater inflows of investment from China. Both countries have since renewed a bilateral currency swap deal for US$35 billion, allowing more businesses to settle trade transactions in local currencies. The result has been a four-fold jump in trade conducted in local currencies (New Straits Times, 2 April 2012). China’s foreign minister, Wang Yi, called on Najib in August 2013 (Malay
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Mail, 3 August 2013). Moreover, Chinese tourists and students have become almost as crucial to Kuala Lumpur as Chinese businessmen and investors.

Foreign policy under Najib has also attempted to improve relations within the defence and security realm. A number of high-level visits and meetings involving the Malaysian chief of defence forces, the Chinese minister of public security and the defence ministers from both countries have been undertaken in this regard. Despite pledges of ‘strategic and cooperative relations’ in 2011 (Bernama, 28 April 2011), ‘pragmatic military cooperation’ in 2012, and ‘high level discussions’ over cross-border crime in February 2012 (Bernama, 28 April 2012), defence cooperation remains political and diplomatic at best.

There is no evidence to suggest that Malaysia has accepted a Chinese-led regional order. In fact, the principle of ‘equidistance’ vis-à-vis great powers remains very much alive within Malaysian foreign policy when it comes to defence of the region. Najib articulated this position as early as 2010, saying ASEAN wants to engage China ‘as much as it wants to engage with the United States’ (Kuik 2012a: 27). China’s assertive actions in the South China Sea with regard to the Philippines, Manila’s decision to move strategically closer to the US, and China’s strong protest against the joint submission by Malaysia and Vietnam to the UN Commission on the Limits of the Continental Shelf in 2009 have not gone unnoticed in Kuala Lumpur. Malaysia has also not overlooked Chinese actions in retaliation against Vietnam’s maritime claims.

Yet, Malaysia’s foreign policy stance is a calculated dismissal of any threat from China. Such a position pivots on pragmatism. The substantial economic, trade and investment dividends which flow from a friendly relationship with China and Malaysia’s own domestic developmental priorities mandate such a stance. Pragmatism dictates that openly considering a proximate economic and military giant as a threat would not only lead to loss of economic benefits, but open Malaysia to potential strategic harm. Najib spoke of the economic side of such a calculation during Wen Jiabao’s visit to Malaysia in 2011. He described Malaysia–China ties as ‘having paid us dividends’ and that Malaysia considered China as a ‘friend, not adversary; a partner, not a rival’ (Najib 2011). Malaysia is not unaware that China’s GDP is expected to surpass that of the United States by around 2020 and that its economic strength will command significant regional and global influence. Malaysian foreign policy priorities in the realms of defence and security with regard to China are thus two-pronged: first, to place more reliance on multilateral instruments such as the ASEAN Regional Forum (ARF) and ASEAN Defence Minister’s Meeting; and second, to remain engaged with China. This means that the focus of bilateral ties will remain in the economic sphere.

Building solidarity with neighbours and the region

Malaysia’s two closest neighbours, Singapore and Indonesia, factor prominently in foreign policy formulation, albeit for different reasons. Singapore enjoys a geographical and historical proximity which is made complex by intense competition in the realms of economics, defence, foreign relations, sovereignty and territoriality. Indonesia, on the other hand, shares cultural, social, linguistic and religious affinities with Malaysia which are complicated by territorial issues, competition over leadership roles in the region and large volumes of immigrant labour upon which Malaysia is heavily reliant. Thailand, the Philippines and Brunei likewise share land and sea borders with Malaysia and enjoy a range of common issues. Yet these three nations, together with Cambodia, Laos, Vietnam and Myanmar, belong to a comparatively lesser league as far as their impact on the direction of Malaysian foreign policy is concerned.
The Badawi administration inherited a Malaysia–Singapore relationship that was fraught with tensions. Issues that had created strains included the price and tenure of a continuous supply of raw water to the island state, Singapore’s massive land reclamation projects, use of Johor airspace by Singapore air force jets, the relocation of Malaysian Customs, Immigration and Quarantine (CIQ) checkpoints, withdrawal of funds from the Singapore Central Provident Fund by Malaysian workers leaving the state, and construction of a new bridge to replace the causeway (Dhillon 2009: 128–40). Underlying these issues were feelings of suspicion regarding Singapore’s military prowess, intense competition for FDI, trade and port usage as well designs for the region. It did not help that the two nations were each helmed for decades by combative political strongmen who believed in the utility of rhetorical grandstanding.

Najib’s policy towards Singapore clearly aims at warming ties. He visited Singapore within his first hundred days in office, announcing Malaysia’s desire that contentious issues be resolved. In July 2009, Lee Kuan Yew visited Malaysia. Within a year, a long-standing dispute over three parcels of land within Singapore owned by Malaysian Railways had been resolved, with both sides agreeing to a land swap and joint development of the parcels (Star, 23 June 2010). This agreement represented a breakthrough in resolving the equally thorny issue of the relocation of the Malaysia and Singapore CIQ checkpoints from the heart of Singapore to the Woodlands train checkpoint in the northern part of the island (Straits Times, 20 September 2010). Singapore is expected to be the lead investor in the newly launched Iskandar Regional Development Plan in Johor. The two nations are also considering a third bridge to improve connectivity and accessibility, possibly at Pengerang (Star, 10 September 2013). Even if a number of serious issues have not been fully resolved, the overall tone of bilateral ties has remained cordial, as a September 2013 visit by Singapore’s president to Malaysia, and a planned reciprocal visit by the Malaysian king, affirm.

Despite a plethora of cultural, linguistic and religious similarities, Badawi inherited a Malaysia–Indonesia relationship that was likewise testy. Suharto had opposed a number of Mahathir’s favourite foreign policy stances, such as South–South Cooperation and the East Asian Economic Caucus (EAEC). As the leader of the world’s most populous Muslim nation and the Non-Aligned Movement (NAM), Suharto was chagrined that Mahathir sought to become the spokesman of the Third World and the Islamic world. The fact that Suharto’s Indonesia was allied to the US – the direct target of Mahathir’s spokesmanship – intensified the strains further.

Given that the Badawi administration had no interest in pursuing Mahathir’s proclivities, much of the friction with Indonesia dissipated. Najib visited Indonesia in April 2009 to warm up bilateral relations with Susilo Bambang Yudhoyono’s economically and politically reformed Indonesia. Under Najib, Malaysia has become Indonesia’s second-largest investor in industries ranging from petroleum and petrochemicals to plantations and banking (Star, 8 June 2009). It has been argued that two factors driving Malaysia into a cosier relationship with Indonesia are regional interests and growing trade links with China (Khadijah 2011: 444). Such is the convergence of stances on both factors that erratic but widely publicised protests in Jakarta over alleged abuse of Indonesian labour migrants in Malaysia have failed to cause any serious impact. In November of 2009, Indonesian President Susilo Bambang Yudhoyono visited Kuala Lumpur to reassure Najib that the protests had no government endorsement. Malaysia chose not to retaliate, and within a year, Najib’s deputy had declared that Malaysia and Indonesia shared an ‘unbreakable’ bond (Malaysian Insider, 27 September 2010).

Regionally, ASEAN continues to remain one of Malaysia’s top foreign policy priorities. The focus of the Najib administration, however, is on ASEAN as a trading bloc. Malaysia
thus continues to promote free trade aggressively and has implemented three FTAs, including the ASEAN FTA, ASEAN–Australia–New Zealand FTA and ASEAN–India FTA in Goods.

Aspiring to middle-power status

Malaysia’s defence budget hovers in the region of RM13 billion, peaking at RM14.6 billion in 2008 and 2009 (Malaysian Defence 2012). Such military spending – equivalent to that of Finland, Indonesia, Thailand and Venezuela – puts Malaysia on the lower rung of ‘middle-power’ status. Much of this money has been used to modernise military hardware and increase the strength of the armed forces. Given that the resultant military capability is unable to match the vast superiority of neighbour Singapore, and to a lesser extent, that of Indonesia, the aim of such upgrading is primarily to act as a deterrent, protect Malaysia’s interests in potential flashpoints such as the Spratly Islands, acquire influence in regional defence and security groupings such as the ARF and ASEAN Defence Ministers’ Meeting, and act as a backdrop for Malaysia’s middle-power aspirations.

Consequently, Malaysia’s foreign policy priorities vis-à-vis middle-power status are focused on a leadership role in the region supported by economic and military standing. One major aspect of such leadership is playing a mediator’s role in intractable conflicts within the region by deploying soft power that leverages on cultural, religious, political and kinship ties. Malaysia’s middle-power status and resultant credibility contributed to the willingness of conflicting parties in Mindanao, in the southern Philippines, to accept Malaysia as an honest broker. Malaysia has lead the international monitoring team there, whose main function is to ensure adherence to the ceasefire agreements between the Philippines government and the Moro Islamic Liberation Front (MILF) (Dhillon 2007). Despite frequent lapses, Malaysia succeeded in getting the two sides to sign an agreement to end all arms hostilities in October 2012 (Faisal 2012: 30). A September 2013 lapse caused by MILF rebel leader Nur Misuari’s decision to attack Zamboaga (Star, 10 September 2013) notwithstanding, Malaysia is poised to leverage its middle-power status, its ASEAN-based ties with the Philippines and its Islamic bonds with the MILF to take the peace process into succeeding phases – humanitarian, rehabilitation and developmental – that will provide permanent peace to what was, by all measures, an enduring and violent conflict.

Malaysia under Najib has attempted to play a similar role in southern Thailand, where the rebels are not just Muslims but Malays. More than five thousand people have died since suspected separatists started an armed campaign a decade ago to seek independence for the three southern provinces of Narathiwat, Pattani and Yala, making southern Thailand the most serious security problem in the region. Thai Prime Minister Abhisit Vejjajiva discussed the unrest in the south during a visit to Malaysia in June 2009 (Funston 2010: 235). Najib then met with Abhisit’s successor, Yingluck Shinawatra, on the sidelines of the APEC Forum in Vladivostok, Russia in September 2013 to discuss Malaysia’s willingness to mediate. (Bernama, 9 September 2013). It does appear that Najib has somewhat assuaged Thailand’s fears that Malaysia has been complicit in the violence. Thailand has thus accepted Malaysia’s educational and economic assistance in the strife-torn region. Both sides have begun joint border patrols, as well. Mediation, if there has been any, has been conducted secretly.

Malaysia’s aspirations for middle-power status are not confined to the region. At the international level, Malaysian peacekeepers are serving in some of the UN’s toughest missions – in Lebanon, South Sudan and the Democratic Republic of the Congo. The continued growth of the Malaysian Peacekeeping Training Centre at Port Dickson and the substantial number of peacekeepers testify to the seriousness of the nation’s priorities in this regard.
Malaysian foreign policy and national priorities

Malaysia’s overarching national goal is to achieve developed-nation status by the end of this decade. For this to happen, steady and uninterrupted economic growth, leading Malaysia to become a high-income nation, is crucial. Such growth will help ensure political and social stability as well as keep its diverse people cohesive.

The Najib administration’s biggest challenges are linked to this goal. In the macro sense, the nation appears stuck in the middle-income trap. At the micro level, Malaysia faces serious quality of life issues, such as growing crime rates, corruption, declines in health services and quality education, rising costs of living, reduced availability of affordable housing, environmental degradation, and rising racial and religious polarisation. As it confronts these challenges, the nation is running out of time to become fully developed by 2020.

Najib’s New Economic Model (NEM) and Economic Transformation Programme (ETP) aim to put the nation back on its 2020 track, while his Government Transformation Programme (GTP) focuses on reforming the primary vehicle tasked with that job. At the collective core of the NEM and ETP lie Malaysian foreign policy initiatives and priorities. These include maximising FDI in the midst of stiff regional competition; minimising capital flight in the midst of pull factors provided by countries such as Cambodia, Laos and Myanmar; improving the nation’s competitiveness; and accelerating Malaysia’s globalisation process. Najib’s Capital Market Master Plan has its roots in the globalisation process: it seeks to make the nation’s capital market sufficiently diversified and broad-based to attract foreign investors.

Malaysia’s efforts towards greater trade liberalisation in the Asia-Pacific region, in particular the Trans-Pacific Partnership involving Australia, Brunei, Chile, New Zealand, Peru, Singapore, the US and Vietnam, are other Malaysian foreign policy initiatives in this regard.

Najib is acutely aware that the future of the ruling coalition as well as his own survival within his party are at stake and depend on the government’s ability to resolve the nation’s economic growth issues and related quality of life concerns. The outcome of the 2013 general election helped establish that premise. The prime minister is further aware that foreign policy performance must be dramatically enhanced to help resolve some of these problems – thus ensuring that domestic economic concerns remain at the forefront of foreign policy priorities.

Rebranding Islamic credentials

Analysts explaining Malaysian foreign policy during the Mahathir era have debated the role of Islam, providing a variety of theories, ranging from Islam’s having a substantive role in foreign policy (Nair 1997; Saravanamuttu 2010) to its being used largely in foreign policy rhetoric, even if it remained an important factor in domestic politics (Dhillon 2009; see also Liow and Afi, this volume). Yet the consensus is that for Mahathir, Islam was always a part of foreign policy. He championed Muslim causes such as Palestine and Bosnia, flew the West over Iraq, assumed spokesman roles in Islamic groups such as the Organisation of the Islamic Conference (OIC) and wasted no time in developing ties with Islamic Sudan and the Muslim former Soviet republics of Uzbekistan, Kazakhstan and Kyrgyzstan.

The Badawi administration introduced Islam Hadhari (Civilisational Islam), softening his predecessor’s zeal. Under Najib, foreign policy seems to have shed Mahathirist Islamism and steered clear of Islam Hadhari, as well. An analysis of Najib’s speeches relating to foreign policy indicates that his discourse on Islam is sparse. It has been suggested that Najib is not comfortable engaging with issues pertaining to Islam, both internationally and domestically.
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The philosophical brand of Najib’s Islam is *wassatiyyah*, or moderation, as espoused by his Global Movement of Moderates (GMM) (Najib 2010b). GMM calls for harnessing forces of moderation to defuse extremism and violence. Malaysia’s focus on ties with the Muslim world has also shifted, from multilateral forums such as the OIC to bilateral alliances centred on trade and investment. This explains why Bahrain and the United Arab Emirates command a higher priority for Malaysia than its relations with traditional Muslim states. The Ministry of Trade and Industry has been tasked with exploring FTAs with selected Muslim countries, with a view to expanding Malaysia’s industries into Islamic finance and halal food, as well as to obtain FDI for the Iskandar corridor (*Business Times*, 13 December 2010).

Foreign policy and regime maintenance

Kuik (2012a: 27) has argued that foreign policy is an extension of domestic legitimation, in the sense that state elites seek to justify and enhance their governance capacity by acting in accordance with the very foundations of their political authority. Dhillon (2009: 76) similarly contends that regime stability and maintenance comprised an integral impetus for foreign policy during the twenty-two-year Mahathir era. It is argued that regime interests continue to contend with national goals within foreign policy processes.

In 2008, the Badawi-led ruling coalition lost its two-thirds parliamentary majority, five state governments and the Kuala Lumpur federal territory. Led by Najib, the BN not only lost yet more seats in 2013, it lost the majority of the popular vote, even as it managed to reclaim two states from the opposition. These setbacks, described by some as the worst performance for BN in Malaysian history (Welsh 2013), pose serious challenges to the stability of the regime, especially when the underlying causes of the electoral losses – rising demands for democratisation; growing support for the Anwar-led opposition movement amongst the urban middle class, the younger generation and the non-Malay electorate; and economic stagnation – are factored in.

Recalibration of ties with the West, including the US, has provided the regime leverage to reduce, if not neutralise, Western support for Anwar’s coalition, which has come to represent a real and present danger to the continued rule of the regime. After all, Anwar’s Parti Keadilan Rakyat (People’s Justice Party) had made serious inroads in the 2008 elections, then came closer towards their goal of capturing Putrajaya in 2013. Going by what transpired during recent high-level visits by US leaders to Kuala Lumpur, such recalibration seems to have yielded the results desired by the regime. Hillary Clinton did not meet personally with Anwar, opting to speak by phone instead (Sheldon 2011: 7). She also did not speak with Wan Azizah Ismail, Anwar’s wife and president of Anwar’s party, even though Wan Azizah attended one of Clinton’s functions during the visit. Defense Secretary Hegel, too, did not meet with any opposition leaders during his visit in 2013. It was clear that regime maintenance, as an outcome of the recalibration, overrode larger concerns of not wanting to alienate the country’s Muslim-majority voters, who are generally critical of US and Western stands on the Palestinian issue.

Similarly, the government’s announcement that former Anwar proponent, turned Najib loyalist, Zaharin Hashim will be sent as envoy to Indonesia (*Star*, 6 September 2013) can be viewed as an attempt to limit the predilection within the Indonesian ruling elite and its media for supporting Anwar as a Malaysian leader.

Prioritising relations with China and reducing acrimony with Singapore undoubtedly served the goal of regime maintenance, as well. The outcome of the 2008 elections made
clear that the political legitimacy of the UMNO-led ruling coalition had shifted to new bases such as economic performance, political inclusiveness and national competitiveness. After expanding by nearly 9 percent, on average, from the early 1990s until the 1997–98 Asian financial crisis, Malaysia’s GDP growth rate has slowed by half over the past several years. In oil and gas production, the biggest drivers of growth, Malaysia has become reliant on maturing fields. Until 2010, when a rebound began, foreign investment had also been slipping. Malaysia’s stock exchange, the choice destination of emerging-market investors in the early to mid-1990s, now lags behind the bourses of Indonesia and the Philippines. From the standpoint of regime maintenance, the combined effect of such economic downturns has been the inability of the regime to sustain rent-seeking enterprises to support its Malay electorate, and loss of faith amongst the ethnic Chinese community in the regime’s ability to expand the economic cake.

A friendlier Singapore ensured the success of mega economic development projects such the Iskandar project in Johor. This US$28 billion port, tourism and industrial complex in a region three times the size of Singapore (Time, 8 July 2012) has the potential to turn around more than a decade of lacklustre growth and halt the flight of large numbers of Malaysia’s most educated and enterprising citizens – Singapore takes in more than one-half of all human talent that leaves Malaysia. Furthermore, the absence of Malay-ownership quotas for companies operating in the central business district of Iskandar, which will comprise industries such as financial services, education, tourism and healthcare, may help rebuild non-Malay constituents’ faith in the regime.

A productive relationship with China, even if founded on purely trade and investment considerations, has allowed Malaysia to benefit from its massive growth and outward investments. More than that, however, the alliance has had an impact on the domestic Chinese population – a group whose political support and financial clout have become increasingly crucial to both the ruling BN and the opposition coalition. The outcome of the 2008 and 2013 elections has made it clear that UMNO needs more than the majority Malay vote to maintain its political supremacy and keep the existing regime afloat. Winning the support of the numerically substantial and economically significant Chinese minority is tied, to a certain extent, to the manner in which Malaysia deals with China.

Najib’s attempts to recalibrate a new balance between Islamism and Westernism within Malaysian foreign policy are also supported by regime exigencies. The opposition front’s appeal is invariably linked to its ability to make universal values such as good governance, democracy, transparency, political reform and citizens’ rights dominant themes in political discourse. These were the ideational issues that appealed to middle-class and younger-generation voters in the 2008 and 2013 elections. Additionally, the Pan-Malaysian Islamic Party (PAS) has successfully reinvented itself, to the extent that it has secured the support of Muslims outside of its heartlands and that of non-Muslim voters, as well. The regime’s response has been to allow Islamism to recede, to portray BN as being inclusive and broad, and for UMNO to step back from undercutting PAS on the Islamic front. The expected outcomes are twofold: a foreign policy that is driven less by ideational concerns and more by national needs, and broader support for the ruling BN.

Conclusion

Relieved of the shackles of Cold War rivalry and freed from the shadows of Mahathir’s grandiosity, foreign policy under Najib could afford to be driven primarily by domestic considerations – predominant among which is the health of the domestic economy, which is, in turn,
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inherently tied to political stability and regime maintenance. Externally, such a shift has been facilitated by the globalised international environment as well as specific factors such as the rise of China and the economic dynamism of the Asia-Pacific region. Domestically, the six years of the Badawi administration served to provide foreign policy and the nation the gumption to move away from Mahathir’s mould. The Badawi years also provided Najib with some important lessons – chief amongst which was that failure to transform was a recipe for failure at the personal, political and regime levels.

Najib served as prime minister for four years without a popular mandate. The general elections of 2013, while providing him with that mandate, also laid bare the challenges that lay ahead for the ruling coalition, the regime and the nation. Given this state of affairs, Malaysia’s priority remains a cooperative, conciliatory foreign policy which aims to forge better ties with the West, neighbours and the region; benefit from globalisation and the rise of China; and improve trade, defuse tensions and lessen reliance on ideology.

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