Malaysia and the United States
A maturing partnership

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Over the past six decades, since gaining independence in 1957 from Britain and establishing formal ties with the United States, Malaysia has sought to maintain and strengthen bilateral ties with the world’s leading superpower. Its primary objectives have been to build a successful multiracial nation and secure a peaceful Southeast Asian neighbourhood. With the two nations sharing fundamentally common strategic interests, the bilateral relationship has proven remarkably resilient, particularly in the area of trade and security cooperation. Just as American economic and national strategic interests drive American foreign policy toward Malaysia, Malaysia’s national interests have led it to look to the US as a major source of trade, foreign investment and technology to promote economic growth, and as a key regional stabiliser in the face of security challenges.

Foreign policy decision-making in Malaysia has been in the hands of the leadership of the United Malays National Organisation (UMNO), the dominant political party in the coalition governments that have held power since independence. Ever since the traumatic May 1969 race riots, national leaders have been keenly aware that inter-ethnic imbalances, if left unaddressed, may undermine social stability. Thus, the organising principle of Malaysian domestic and foreign policy has been to implement the wide-ranging inter-ethnic redistributive and income-raising agenda of the New Economic Policy (NEP). While fundamentally a free market, the Malaysian economy is also regulated by state interventionist policies to implement Malay affirmative action measures (Gomez and Saravanamuttu 2013), requiring an uneasy balance. A second key source of Malaysian foreign policy is Islam, as a factor both in shaping relations between Muslims and non-Muslims in the country and also in colouring external relations with the west (Nair 1997).

Six Malaysian prime ministers have shaped the course of Malaysia–US ties since 1957: Tunku Abdul Rahman Putra Al Haj (1957–70), Tun Abdul Razak Hussein (1970–76), Tun Hussein Onn (1976–81), Tun Dr Mahathir Mohamad (1981–2003), Tun Abdullah Ahmad Badawi (2003–09) and Datuk Najib Abdul Razak (2009–present). In the political and economic realms, the goals of Malayan foreign policy have consistently revolved around forging racial harmony among the majority Malay and minority Chinese and Indian communities, promoting economic development and enhancing the legitimacy of the UMNO-dominated Barisan Nasional (BN, National Front) coalition. As Malaysia has looked to the
US for political, economic and military resources to advance its domestic goals, scholars have characterised the bilateral relationship in distinctive ways. Pamela Sodhy, for example, emphasises that the relationship is marked by both cooperation and tension, with cordiality strongly outweighing acrimony, on balance (Sodhy 1991, 2003, 2012). Helen Nesadurai describes Malaysia’s foreign policy toward the US as one of ‘rejecting dominance, embracing engagement’ – a hedging posture that has allowed Malaysia to pursue more independent policies while simultaneously cultivating economic and security ties with Washington (Nesadurai 2004).  

Malaysia–US relations, 1957–81

Under the watch of first Prime Minister Tunku Abdul Rahman, mutually held Cold War objectives of containing communism and promoting economic growth through market capitalism drove bilateral foreign policy interests. While the Tunku placed more political and security reliance on Britain, source of military assistance and troops to defeat the communist insurgency, he looked to the US for investment and technology transfer to help transform Malaysia from an underdeveloped agricultural, raw materials-producing economy into a manufacturing, industrialised one (Sodhy 1991: 217). While Malaysia was firmly but informally aligned with the US during the Cold War, in the interest of maintaining neutrality and non-alignment, it did not join the Southeast Asia Treaty Organization (SEATO), the US-led regional anti-communist defence pact formed in 1954 (Saravanamuttu 2010: 333); and while not committing Malaysian troops to Vietnam, the Tunku fully supported the Vietnam War. Washington appreciated the Tunku’s successful efforts in defeating communism on the domestic front, even if Malaysia did not participate fully in the US’s regional containment strategy. During his visit as the first American president to Malaysia in 1966, Lyndon Johnson praised his host for ‘valiantly [subduing] a Communist insurgency and . . . building a free and prospering countryside that can relieve the poverty and the apathy upon which communism so often thrives’ (cited in D’Cruz 2013).

Impacting bilateral ties during Prime Minister Tun Razak’s leadership were two fundamental transformations, one in the domestic realm and the other in the regional environment. The race riots of May 1969 brought a fundamental shift in the country’s political and economic landscape. Concentrating ever increasing authority and power in its own hands, UMNO initiated the NEP to address Malay economic backwardness. In Malaysia’s larger neighbourhood, President Nixon’s winding down of the Vietnam War and moves to normalise ties with China enabled Razak himself to pursue new diplomatic initiatives in the region. In 1974, he established diplomatic ties with China, making Malaysia the first country in Southeast Asia to do so.

From 1970 until the present, the NEP has served as the key driver of Malaysian domestic and foreign policy, with bilateral ties with the US and other countries recalibrated to achieve its Malay economic empowerment goals. American trade and investments, vital for economic growth, job creation, wealth redistribution and poverty alleviation, were actively sought. Although the policy has posted impressive growth rates, succeeded in reducing inter-ethnic income disparities and ensured political stability, it has also retarded the task of fostering national unity and multiracial harmony. Non-Malays have become increasingly alienated from the National Front government, and growing numbers of Malays themselves have become disenchanted with the widening intra-Malay income gap as well as the money politics and cronyism that have come to characterise UMNO political behaviour. The unprecedented electoral losses suffered by the governing coalition in 2008 and 2013 provided evidence
of these high levels of dissatisfaction (see, for example, Maznah 2008; Gomez and Saravanamuttu 2013: 346–56).

Under Prime Minister Hussein Onn’s leadership, bilateral ties moved forward smoothly, with no fundamental departures from the objectives and strategies of his two predecessors’ domestic and foreign policy agendas. Under Hussein’s watch, Malaysia promoted its ‘neutralism’ on the international stage and signed ASEAN’s landmark Treaty of Amity and Cooperation (Saravanamuttu 2010: 167–81).


During Mahathir’s twenty-two-year premiership, a period that spanned the presidencies of Ronald Reagan, George H.W. Bush, William Clinton and George W. Bush, the multifaceted bilateral relationship continued to work well in the areas of economic and security cooperation. The ‘atmospherics’ of the overall relationship were marred, however, by Mahathir’s acerbic criticisms of US policies in the Middle East and US tepid responses to the 1997–98 Asian Financial Crisis on the one hand, and by Washington’s sharp rebukes of Malaysia’s human rights record pertaining to the arrest and incarceration of Deputy Prime Minister Datuk Anwar Ibrahim, on the other.

Apart from the Anwar issue, two other major contretemps seriously frayed Malaysia–US ties: Mahathir’s call to ASEAN to join with Japan, China and South Korea to establish the East Asian Economic Grouping (EAEG) and his assertive championing of issues high on the international Islamic agenda, particularly support for Palestinian rights. Both initiatives were seen as underlining Mahathir’s attitude of counterhegemonic antipathy and rejection of the US-dominated neoliberal global order.

Responding to the imminent creation of trade blocs in both Europe and North America, where the European Union and the North American Free Trade Agreement would come into force in 1993 and 1994, respectively, Mahathir argued that East Asia needed its own regional free trade regime in order to maintain global competitiveness (Dhillon 2009: 216). The Bush administration’s response to Mahathir’s initiative in 1991 to establish an Asians-only economic club that expressly excluded the US was decidedly negative. Washington regarded the EAEG as a competing regional framework, one that would threaten the institutional strength of the US-endorsed Asia-Pacific Economic Cooperation (APEC) forum. Telling his Japanese counterpart to stay clear of the EAEG, Secretary of State James Baker warned that Tokyo’s participation would ‘draw a line in the Pacific Ocean’ and lead to ‘a split between the United States and Japan’ (cited in Akashi 1997: 5). In the face of strong US opposition and a lukewarm reception by Indonesia, the EAEG proposal was downgraded to the East Asian Economic Caucus (EAEC), an arrangement that placed it within APEC’s purview.

While the EAEC concept spoke to Mahathir’s ambitions to acquire greater stature as a pivotal player in shaping the emerging regional architecture in East Asia, his championing of Islamic issues derived from both domestic priorities and his desire to play a larger role in the Muslim world. Since the early 1980s, the widening appeal to Malay voters of opposition Party Islam SeMalaysia’s (PAS) Islamic agenda had driven Mahathir to put new emphasis on pro-Islam policies in both domestic and foreign policy. His strident criticisms of US policies in the Middle East found favour with Malaysia’s Muslim audiences, who were already inclined to be highly critical of Washington’s pro-Israel policies. While Mahathir initially supported George H.W. Bush’s conduct of the Gulf War in 1990, that support soon dissipated and was replaced by sustained forceful criticism of the US for its ‘anti-Muslim’ policies and its ‘war against Islam’ under George W. Bush’s global war on terror after 9/11. Mahathir’s sharp
anti-US rhetoric created a decidedly uncomfortable environment for American officials charged with advancing the bilateral relationship.

These serious differences came to a head in September 1998, when Mahathir sacked his deputy over policy differences on how the country should respond to the financial crisis, as well as Anwar’s power play for the top position in UMNO. When Anwar began to advocate for greater accountability in the country’s governance and greater civil liberties for its people, while also being receptive to Washington’s and the International Monetary Fund’s policies for addressing the financial crisis, he earned the high regard of the Clinton administration, as well as that of US human rights activists and business leaders.

Tensions between the countries came to a head over Mahathir’s incarceration of Anwar over abuse of power and sodomy charges, widely perceived by Washington policy-makers as trumped-up indictments. A diplomatic mini-crisis erupted during Vice President Al Gore’s state visit to Malaysia in November 1998. Representing Clinton at the APEC summit meeting, Gore criticised his hosts for suppressing freedom and praised the pro-Anwar reformasi (reformation) movement that was then in full play in Kuala Lumpur. To his Malaysian audience, Gore’s reference to reformasi was a direct allusion to the reform movement that had successfully toppled the thirty-one-year authoritarian rule of Indonesian President Suharto that May. Finding Gore’s choice of words deeply offensive and constituting ‘gross interference in the internal affairs of the country and a brazen violation of the basic tenets of relations between sovereign states’, then Foreign Minister Abdullah Badawi countered that ‘Malaysians would hold the United States accountable for any rupture of harmony arising from this irresponsible incitement’ (cited in Landler 1998).

Despite those strains, the overall bilateral relationship remained resilient, buoyed by robust economic and security cooperation. Like his predecessors, Mahathir looked to the US as a vital partner to expand trade and investment opportunities. After formulating his ‘Vision 2020’ policy in 1991, which proposed to make Malaysia a fully developed nation by 2020, Mahathir was even more keenly aware that Malaysia’s accession to that status depended on attracting larger US trade and investments, which he actively sought (Sodhy 2012: 18–20). In contrast to the high profile of Malaysia–US economic cooperation, defence cooperation with the Pentagon was conducted outside the glare of public attention. While Malaysian leaders had long recognised that the US military presence was indispensable for regional stability, unfavourable perceptions among the majority-Muslim population toward US military support for Israel made it politically judicious for UMNO’s leaders to downplay the country’s military cooperation with the US. Even while continuing to chastise the US for its policies vis-à-vis Muslim countries, however, Mahathir, just prior to relinquishing power, moved to improve his public standing with the US by backing the formation of the Malaysia–America Friendship Caucus in the US Congress, and endorsing the establishment of the US-supported Southeast Asia Regional Centre for Counter-Terrorism (SEARCCT) in Kuala Lumpur.

Malaysia–US relations, 2003–09

Bilateral ties improved rapidly under Prime Minister Abdullah Badawi. During his stewardship, two key bilateral initiatives augmented ties with the US: counterterrorism cooperation and free trade agreement negotiations. A third important development was Malaysia’s initiative in persuading ASEAN to launch the East Asia Summit (EAS) in 2005,2 a development that prompted Washington to recalibrate its role in the expanded ASEAN-led regional architecture and eventually helped lay the policy foundations of the ‘pivot’ to Asia under Obama.
Abdullah’s more open and conciliatory demeanour produced welcome changes both in the domestic political environment and in the bilateral relationship. His decision to release Anwar Ibrahim signalled the new leader’s desire to provide greater political space for opposition parties and civil society movements, and to govern in a more transparent and accountable manner, steps that won Washington’s approval (Sodhy 2012: 24–51). In the area of counter-terrorism cooperation, Abdullah made good on Malaysia’s pledge of enhancing cooperation with American security and intelligence agencies in breaking up alleged Al Qaeda-linked cells such as the Kumpulan Mujahidin Malaysia (Malaysia Mujahidin Movement) and in detaining scores of suspected terrorists under Malaysia’s Internal Security Act. Given the transnational nature of militant Islam in Southeast Asia, Malaysia–US counterterrorism cooperation has been multilateralised to cover cooperation with both US and local security agencies in Indonesia, Singapore, the Philippines and Thailand, countries that also have comprehensive bilateral counterterrorism programmes with the US.

Abdullah’s conduct of counterterrorism cooperation with the US was located within a more grandiose agenda of propagating Islam Hadhari (Civilizational Islam), a concept he developed in order to exhort the ummah (Muslim community), both in Malaysia and at large, to revive aspects of Islam for political moderation, social inclusion, and economic competitiveness and progress; to pursue knowledge and open-mindedness in science and technology; and to emphasize moral integrity (Saravanamuttu 2010: 239–42). In the war against Islamist terror, Abdullah pitched Malaysia as a successful democratic, tolerant and economically competitive nation and Islam Hadhari as an antidote to the tide of extremism ravaging the larger Muslim world (Abdullah 2004).

Spurred by the robustness of bilateral economic ties – Malaysia had become America’s tenth-largest trading partner by 2005 – and a desire to promote Malaysia’s global competitiveness, Abdullah launched a bilateral FTA with the US (USTR 2006). However, the two countries failed to reach agreement within the tight sixteen-month time frame before the expiration date in July 2007 of the Trade Promotion Act, which provided ‘fast track’ authority to the US president to present negotiated agreements to Congress for an up-or-down vote. A key reason for the stalled talks was Abdullah’s continued reliance on government procurement and other affirmative action programmes to benefit Malay business interests, a policy that puts the country squarely at odds with neoliberal and free market trade practices the US seeks in FTAs (Heng 2007).

**Malaysia–US relations, 2009–present**

Of all of Malaysian leaders since independence, Datuk Najib, son of the country’s second prime minister, Tun Razak, has the deepest and longest-lasting connections with senior US foreign policy-makers, particularly within military, intelligence and business circles – ties forged during previous stints as Malaysia’s defence minister and finance minister. Najib has made his greatest mark in the security and economic dimensions of the relationship, while also strengthening and expanding educational and socio-cultural exchanges.

Najib’s emergence on the national and international scene coincided with the US decision in 2011 to ‘rebalance’ or ‘pivot’ to Asia. As US policy-makers reassessed their strategic and economic interests in the Asia-Pacific region, they decided to give greater priority to bilateral engagement with the US’s Southeast Asian treaty allies and new partners as well as elevate US multilateral ties with ASEAN and EAS (Clinton 2011). The US rebalance and emphasis on strengthening bilateral ties with Malaysia have given Najib a more prominent place in US foreign policy thinking than that accorded to any prior Malaysian leader.
In the sphere of military and counterterrorism cooperation, Najib has strengthened the collaborative programmes he initiated while serving as defence minister, such as joint naval exercises, reciprocal military training, and purchases of American military equipment. In 2013, seventy-five visits and exchanges were planned with the US military to boost Malaysia’s military capability and ‘help it become a more professional and flexible force’ in areas of mutual concern, such as maritime security, counterterrorism, non-proliferation, humanitarian disaster and relief assistance, and peacekeeping operations (Hagel 2013). In the field of counterterrorism cooperation, Najib continued to work closely with the US to monitor Islamist militant groups that were using Malaysia as a base for both operational and terrorist financial transactions (Sodhy 2012: 60–63). At the US’s behest and in response to a direct invitation from the Afghan government, Malaysia deployed a small force of military medical personnel to Bagram (Malaysian Flying Herald 2012). Under a new Global Movement of Moderates initiative, Najib has continued Abdullah’s policy of portraying Malaysia as an exemplary, moderate Muslim-majority nation, one that Washington can rely on to help foster progress and stability in the Muslim world at large (Najib 2012: 14–32).

In the field of strategic cooperation, Najib’s most notable contribution has been to advance the US’s non-proliferation agenda by passing the Strategic Trade Act in April 2012 and endorsing the Proliferation Security Initiative in April 2014. This measure strengthened Malaysia’s ability, with US assistance, to curb the export and trans-shipment of weapons of mass destruction (WMD) materials. Malaysia had become a smuggling and trans-shipment hub for WMD-related procurement networks, leading US ambassador James Keith to urge Malaysia in February 2009 ‘to contribute to international mechanisms to manage the flow of sensitive technology, including nuclear and missile-related equipment’ (cited in Lieggi and Sabatini 2010). When Najib attended the Nuclear Security Summit in Washington in April 2010, his groundbreaking contribution to bilateral non-proliferation cooperation was publicly recognised by President Obama; Najib was one of only two Asian leaders granted a face-to-face meeting at the summit with Obama (the other being Hu Jintao).

Concurrently with Najib’s measures to strengthen the strategic relationship, both countries moved to augment economic ties further through negotiations over the Trans-Pacific Partnership (TPP) Agreement, a plurilateral FTA portrayed by Obama’s National Security Adviser Thomas Donilon as ‘the centerpiece of [US] economic rebalancing . . . [which] allows the people of the Asia-Pacific – including the American people – to reap the rewards of greater trade and growth’ (Donilon 2013). Representing a major step toward an ultimate FTA of the Asia-Pacific region, and envisaged to come into force in 2014, the twelve-member TPP would constitute the world’s largest high-quality free trade area, comprising a total population of 800 million and holding a 38.2 percent share of global GDP in 2012 (Williams 2013: 8; Fergusson et al. 2013).

For Najib, participation in the TPP talks offered a timely opportunity to both conclude the unfinished Malaysia–US FTA talks that had started under Abdullah, and to gain more free trade partners, notably Japan and Singapore. In 2013, Malaysia ranked as the twentieth-largest goods trading partner of the US with US$40.3 billion in two-way goods trade. US foreign investment had grown steadily, totalling US$15.0 billion in 2012, an increase of 21 percent from 2011 (Punke 2013). Najib’s principal goal in seeking TPP membership was to increase trade and attract high-quality foreign investments and high-end technology deemed necessary to enhance the country’s industrial, agricultural, service, biotech and science and technology sectors, toward the goal of becoming an advanced nation by 2020. While Malaysia made a swift transition from a largely agricultural to a manufacturing-based economy in the 1970s and 1980s, by the early 2000s, it appeared to have become caught in the
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‘middle-income trap’ (Hill et al. 2012; Lean and Smyth 2014). Najib sought to remove the structural and economic barriers to Malaysia’s graduation to high-income status through an ambitious economic reform blueprint, details of which were enumerated in his New Economic Model (NEM), Economic Transformation Programme, and Government Transformation Programme (Lean and Smyth 2014; Wan Saiful 2011). During one of his many visits to the US to court American investors, Najib stressed that liberalisation of the Malaysian economy under the NEM had, by May 2011, given foreign investors unrestricted access and 100 percent equity ownership in twenty-seven service sub-sectors, with many more to come (Najib 2011).

When Malaysia first joined the TPP talks, American and Malaysian negotiators were optimistic that they could successfully come to an agreement. Najib had given strong indications that he had the political will to deal with the remaining ‘sticking points’ – including services, investment, financial services and government procurement – that had earlier stymied the Malaysia–US FTA talks. 4 That optimism was buoyed in part by the notable lack of public protests from consumer, labour, environmental, agricultural and Malay business groups compared with those which had dogged the bilateral FTA negotiations (Smeltzer 2009); however, public protests against the TPP emerged after the general election in March 2013, in which the BN lost the popular vote though it kept its parliamentary majority. With the long drawn-out election campaign behind them, both UMNO and the opposition turned their attention to the TPP in July, when the eighteenth round of talks was held in Malaysia. Public opposition, led by protectionist groups in UMNO and Malay business, as well as multiracial consumer, labour and environmental groups, has gained momentum (Kyodo News International 2013a), emboldened by former Prime Minister Mahathir’s assertions that accession to the TPP would require Malaysia to abandon its pro-Malay policies, regardless of the damage to Malaysian society (Mahathir 2013a).

A second obstacle faced by Najib in his quest for Malaysia to join the TPP has been the demand by the opposition Pakatan Rakyat (People’s Alliance), led by Anwar Ibrahim, that any final deal be discussed in parliament, and not be approved only by executive fiat, as Najib originally envisaged; he had planned to obtain only cabinet, not parliamentary, approval for the final TPP package. Thus, despite his belief that accession to the TPP would enhance Malaysia’s trade competitiveness, the domestic imperative of having to shore up his leadership of UMNO – in the face of Mahathir’s objections to the TPP – has led Najib to backtrack on his reformist agenda while assuring his critics that he would only approve an agreement that is ‘most favourable’ to the country (Kyodo News International 2013b). He has also re-emphasised his commitment to Malay special rights through his bumiputera Economic Empowerment Agenda, instructing government-linked companies to set pro-Malay targets for personnel, procurement and financial incentive measures (Najib 2013).

Cultural differences between the two countries notwithstanding, it must be noted that the US and Malaysia have enjoyed more than fifty years of productive interactions among students, scholars, homestay host families, businessmen and participants in people-to-people exchanges (Sodhy 2012). During its twenty years in Malaysia, from 1962 to 1983, the Peace Corps nurtured many of those early relationships, as did high school students’ travelling in both directions under the American Field Service programme and professors and students, under Fulbright and East–West Center Programs. Later came university affiliations and twinning programmes, which are still active. Most recently, Najib, citing the valuable earlier contributions of the Peace Corps, led the way in encouraging the US to send Peace Corp-like English-language specialists to conduct training in Malaysia. His proposal has been modified
and subsumed under the highly successful Fulbright English Teaching Assistants (ETA) programme (Star 2013).\(^5\)

While relations between the two countries are generally smooth in the security, economic and educational/people-to-people areas, one notable source of irritation has been the State Department’s annual *Trafficking in Persons Report*. Over the past decade, that assessment has consistently given Malaysia low marks for how it treats both legal and illegal migrant workers, estimated by the US to stand at some four million in 2013 and comprising up to 30 percent of the total workforce (US State Department 2013: 249; Robertson 2008: 1). Malaysia has also been faulted for its problematic treatment of refugees, the majority of whom have come from Myanmar to Malaysia in transit to the US and other Western countries (US Senate 2009). Having been relegated three times to the lowest-ranking Tier 3 category and placed on the Tier 2 Watch List for four consecutive years, Malaysia is in danger of facing US sanctions that, among other measures, will withhold funding for the participation of Malaysian government employees in educational and cultural exchange programmes. Another concern raised by US-based human rights groups is that while the repressive Internal Security Act has been replaced by the Security Offences (Special Measures) 2012 Act (SOSMA), that measure has not fundamentally improved human rights protection in the country. According to its critics, while SOSMA offered some improvements, it was more retrograde in other ways, thus ‘demonstrating yet again that the Malaysian government was playing “bait and switch” with human rights’; together with amendments to other laws, SOSMA is deemed to have ‘broadened police apprehension and surveillance powers in new and innovative ways’ (Spiegel 2012: 2).

Human rights advocates in both the US and Malaysia have also become increasingly troubled by UMNO’s polarising emphasis on race and religion in ways that seek to buttress Malay ‘supremacy’ (*ketuanan Melayu*) and restrict interfaith relations between Muslims and non-Muslims. That posture contrasts sharply with Najib’s international advocacy of moderate Muslim governance. In addition, it is seen by many Malaysians as reflecting an ironic reversal of roles in which PAS – now a member of the multi-ethnic opposition Pakatan and posting unprecedented gains among non-Muslim voters since 2008 – is in many ways today less likely than UMNO to play the race and religion card (Ahmad Fauzi 2013). Most troubling have been recent pronouncements by Islamic officials outlawing the use of Arabic words by non-Muslims, including the term ‘Allah’ in translations of the Bible meant only for Christians in the country (Nambiar 2014). Forthcoming versions of the State Department’s annual *Report on International Religious Freedom* will likely reflect negatively on those constraints to interfaith harmony in the country.

The regional context of Malaysia–US relations: ASEAN and China

Malaysia–US relations are carried out in the context not only of domestic factors, but also of national priorities related to regional institutions, notably ASEAN and EAS, as well as major regional powers, particularly China. Consequently, bilateral initiatives in such diverse areas as free trade arrangements, counterterrorism, non-proliferation, maritime security, environmental protection, humanitarian assistance and disaster relief, and preventing transnational crime pertaining to trafficking in people, arms and narcotics have been, and will continue to be, conducted within this wider foreign policy context.

A founding member of ASEAN, originator of initiatives such as the Zone of Peace, Freedom and Neutrality (ZOPFAN) principle in 1971, and promoter of EAS in 2005, Malaysia continues to give top priority to ASEAN; the association has proven its worth by
providing a more secure regional political environment, advancing greater regional economic integration and forging closer cooperative ties among its member countries. As ASEAN chair in 2015, Malaysia will preside over the official launch of two landmark ASEAN undertakings, the ASEAN Economic Community and the ASEAN-led Regional Comprehensive Economic Partnership (RCEP), a preferential trade agreement that includes China, Japan, South Korea, India, Australia and New Zealand. These developments, both of which will move forward regardless of what happens with the TPP, will in themselves significantly increase Malaysia’s economic competitiveness.

The US’s rebalance to Asia policy gives a central role to ASEAN as the driver of regional integration. Its membership in the EAS since 2011 has enabled the US to play a direct part in shaping the region’s strategic and political agenda while opening up new avenues for multifaceted cooperation with its formal treaty allies, and with new partners such as Malaysia, Indonesia and Vietnam. In order to operationalise the multilateral dimensions of the US’s pivot, a new Office of Strategy and Multilateral Affairs was created in the State Department’s Bureau of East Asian and Pacific Affairs in 2011. Describing Malaysia as an important partner in the US’s recalibrated strategy in Asia, a senior American official called the country ‘a bridge between East and Southeast Asia and an influential voice of moderation; and a success story, strategic partner and friend’ in four critical areas of US foreign policy in the region: promotion of economic ties, strengthening of East Asian institutions, joint efforts in solving global problems, and advancing people-to-people exchanges (Burns 2011).

China’s emergence on the world stage as a major player presents new opportunities and challenges to both Malaysia and the US. China will play a crucial factor in their respective future foreign policy calculations because it is in both countries’ interests to encourage China’s peaceful rise. Working separately and in cooperation with Malaysia, ASEAN and EAS, the US seeks to maintain its pre-eminent strategic position in the Asia-Pacific region. Malaysia, as a claimant state in the territorial disputes in the South China Sea, looks to the US to uphold freedom of navigation and to support ASEAN’s goal of concluding a Code of Conduct in the South China Sea with China (Thayer 2012a, 2012b). In short, both countries seek to maximise the benefits of expanding economic ties with Beijing while minimising the challenges emanating from China’s rapid military modernisation and increasingly assertive behaviour in the South China Sea.

President Barack Obama’s visit and the US–Malaysia Comprehensive Partnership

Washington’s appreciation of Najib’s role in elevating the bilateral relationship to a historic high was capped by President Obama’s official visit to Kuala Lumpur in April 2014. The key outcome of Obama’s visit was the upgrading of the bilateral relationship to a Comprehensive Partnership that seeks to institutionalise ‘dialogue mechanisms in key areas including political and diplomatic cooperation, trade and investment, education and people-to-people ties, security and defense cooperation, as well as collaboration on the environment, science and technology, and energy’ (White House 2014). In the area of democracy and human rights, while Obama did not meet with beleaguered opposition leader Anwar Ibrahim (who met with National Security Advisor Susan Rice), he promoted his views on democracy and civil liberties with Malaysian civil society leaders as well as youth leaders in Malaysia and the region in a separate town hall session (Obama 2014).

As a TPP negotiating partner and the ASEAN Chair in 2015, when the ASEAN Economic Community and Regional Comprehensive Economic Partnership will take formal form,
Malaysia is well positioned to advance US economic and strategic interests in the region. Najib and Obama emphasised their mutual commitment to further enhance Malaysia–US engagement on bilateral, regional and international issues. Both leaders underlined the need for a successful conclusion of the TPP talks, and endorsed Najib’s Global Movement of Moderates to mitigate religious extremism in the Muslim world and a binding Code of Conduct in the South China Sea between ASEAN and China to manage tensions in the South China Sea. The two leaders also pledged to intensify cooperation beyond long-standing bilateral economic and strategic issues to cover educational, cultural people-to-people exchanges, with the extension and expansion of the Fulbright English Teaching Assistants programme, and promotion of youth empowerment and leadership in Malaysia and across the region through the Malaysian Global Innovation and Creativity Centre (MAGIC) and the US-funded Young Southeast Asian Leaders Initiative (YSEALI) (Obama 2014).

Conclusion

Post-Cold War strategic interests between the US and Malaysia have revolved around the mutual desire to maintain political and strategic stability in the region, particularly maritime security in the South China Sea; to deepen bilateral trade ties as well as expand regional economic linkages; and to deal with the threat of Islamist terrorism since the 2001 attacks against the US. In the past ten years, the growing salience of ASEAN as the driver of regional integration has increasingly shaped the contours of Malaysia–US relations, as both countries have looked to the grouping to advance their respective political, economic and security objectives. Another significant variable that has affected the foreign policy of both countries has been China’s rise, which has presented unprecedented opportunities, but also uncharted challenges, for both countries.

Such mutually held interests have shaped Washington’s perception that constructive relations with Malaysia would well serve the US’s political, economic and strategic goals, both bilaterally and multilaterally, through ASEAN and the EAS. Despite Malaysia’s not being a formal treaty ally, and despite policy differences and displays of anti-US sentiments during the Mahathir era, the US has long regarded Malaysia as a valuable partner in promoting Washington’s key foreign policy objectives in the region, such as counterterrorism, maritime security, trade and investment promotion and advancement of democracy and human rights. The US’s positive predisposition toward Malaysia in facilitating Washington’s foreign policy agenda in the region has, in turn, enabled Malaysia to punch above its weight and to leverage its relationship with the world’s superpower.

The bilateral relationship, which at times in the past has struggled to rise above mistrust, has become, under Najib’s leadership, a ‘functionally mature friendship rooted primarily in trade, defence and security’ (Noor 2013). During Obama’s four-country April 2014 trip to the region, Malaysia was the only non-treaty ally destination (the others were Japan, South Korea and the Philippines). Although the TPP negotiations are high on the bilateral agenda of both countries, in the final analysis, should Malaysia and the US fail to reach agreement, it would not prove a major setback to the overall bilateral relationship. The door would still remain open to Malaysia’s participation at a date when the government is willing to substantially modify its pro-Malay domestic policies. Within the US itself, opposition to the lack of transparency in the conduct of the negotiations has increased, particularly from labour, environmental and special-interest groups (Johnson 2013). In addition, Obama has yet to obtain fast-track authority from Congress to secure a final up-or-down vote in the US. With the establishment of the Comprehensive Partnership, regular institutionalised dialogue will serve
to foster greater cooperation that covers not only economic and strategic issues, but also matters of mutual interest and concern related to human rights and democracy, salient to the national, regional and global foreign policy agendas of both countries.

Notes
1 In the same vein, Johan Saravanamuttu argues that Malaysia pursues a posture of ‘counterdominance and counterhegemony’ and practises ‘middlepowermanship’ in its foreign policy toward big powers, a strategy that enables Malaysia to ‘balance, hedge, and countervail the foreign policies of major powers’ (Saravanamuttu 2010: 330).
2 The EAS, when originally conceived by Malaysia, was to comprise the ASEAN+3 countries: the ten ASEAN member countries plus China, Japan and South Korea. Due to concerns by countries such as Singapore, Indonesia and Japan that China would dominate the organisation, however, it was expanded to include Australia, New Zealand and India. The US and Russia became members in 2011.
3 The other ten negotiating parties are Australia, Brunei, Canada, Chile, Japan, Mexico, New Zealand, Peru, Singapore and Vietnam.
4 Information on Malaysia’s bargaining position on the TPP was obtained from interviews conducted in the summer of 2013 with Malaysian officials in the Ministry of International Trade and Industry, American officials in the Office of the US Trade Representative and US–ASEAN Business Council figures familiar with the negotiations.
5 Launched in 2005 as an initiative of the state of Terengganu, the Fulbright ETA programme has been funded by the US and Malaysian governments since 2010. With an intake of 100 American grantees in 2014, it has grown to be one of the largest of its kind in the world.

Bibliography
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