



**Institute of Malaysian and International Studies (IKMAS)  
Universiti Kebangsaan Malaysia (UKM)**



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**EDITORS: PAUL EVANS AND SUFIAN JUSOH**

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Edited by Paul Evans & Sufian Jusoh

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## **List of Abbreviations**

ABIM	Angkatan Belia Islam Malaysia (Muslim Youth Movement of Malaysia)
AEC	ASEAN Economic Community
AMS	ASEAN Member States
AOIP	ASEAN Outlook on the Indo-Pacific
APEC	Asia-Pacific Economic Cooperation
APSC	ASEAN Political Security Community
ASEAN	Association of Southeast Asian Nations
AUKUS	Australia-United Kingdom-United States
BIMP-EAGA	Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area
BN	Barisan Nasional (National Front)
BRI	Belt and Road Initiative
CGE	Computable General Equilibrium
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DWP	Defence White Paper
ERIA	Economic Research Institute for ASEAN and East Asia
EU	European Union
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FPDA	Five Power Defence Arrangements

FTA	Free Trade Agreement
G20	Group of Twenty
GA	Global ASEAN
GDP	Gross Domestic Product
GVC	Global Value Chain
IIS	Islamic Information & Services Foundation
IKMAS	Institute of Malaysian and International Studies (Institut Kajian Malaysia dan Antarabangsa)
IMT-GT	Indonesia-Malaysia-Thailand Growth Triangle
IPEF	Indo-Pacific Economic Framework for Prosperity
ISEAS	ISEAS-Yusof Ishak Institute
ISMA	Ikatan Muslimin Malaysia (Malaysian Muslim Solidarity)
IUETO	International Union of East Turkistan Organizations
JAKIM	Jabatan Kemajuan Islam Malaysia (Department of Islamic Development Malaysia)
M4U	Malaysia4Uyghur
NATO	North Atlantic Treaty Organization
NGO	Non-Government Organization
NTM	Non-tariff Measures
OSA	Official Security Assistance

PAS	Parti Islam Se-Malaysia (Malaysian Islamic Party)
PED	Priority Economic Deliverables
PH	Pakatan Harapan (Alliance of Hope)
PN	Perikatan Nasional (National Alliance)
Quad	Quadrilateral Security Dialogue
RCEP	Regional Comprehensive Economic Partnership
ROUT	Revolution of Our Times
UMRO	Uyghur-Malaysian Relations Organization
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNCTAD	United Nations Conference on Trade and Development
UNHCR	United Nations High Commissioner for Refugees
US	United States
WTO	World Trade Organization
ZOPFAN	Zone of Peace, Freedom and Neutrality



# Chapter 1

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## Introduction: Positioning Malaysia in an Indo-Pacific Era *Paul Evans*

### **The Setting**

Malaysia and its ASEAN neighbors are living in a moment of far-reaching geo-strategic change. The Asia-Pacific order that took shape in the quarter century after the end of the Cold War is giving way to an Indo-Pacific order with a distinctively different set of aspirations and institutional arrangements.

The Asia-Pacific world, as much a dream as a reality, was built on the promise of globalization, increasing cross-border flows and global value chains, free trade, inclusive multilateralism, the promise of comprehensive and cooperative security, and the engagement of non-like-minded countries, especially China. ASEAN expansion, norms, institutions and leadership were fundamental to it.

The term “Indo-Pacific” has long been used to describe the confluence of the Indian and Pacific Oceans but recently was used to refer to the framework for defining not just a new region but a new era. After a Japanese Prime Minister proposed the idea of a Free and Open Indo-Pacific in 2016, the term was quickly embraced by the United States and since then has been enshrined in the Indo-Pacific strategies of fifteen countries and three international institutions including NATO and the EU.

Central to these Indo-Pacific strategies is an increased focus on a region of growing economic and strategic importance. The strategies vary considerably in their specific elements but all share the premises that the region is undergoing a major geo-political transition and, whether implied or stated overtly, China is a major threat to what is often termed as a Rule Based International Order. A principal factor is the deepening geo-political competition between the United States and China that cuts across economic, political, military and technological domains that some summarize as a new Cold War.

The new Indo-Pacific era comes with a new vocabulary -- de-globalization, decoupling and de-risking, supply chain resilience, friend-shoring, alliances and partnerships with the “like-minded”, deterrence, containment, small yards and high fences, dual circulation, civil-military fusion, and, in the American version, democracies vs. autocracies. The Indo-Pacific Economic Framework (IPEF) and a flurry of “minilaterals” like the Quadrilateral Security Dialogue involving the US, Japan, India and Australia are core elements of a new institutional architecture.

Anxiety is growing region wide as China grows more repressive domestically and assertive abroad and the United States, facing domestic instability and polarization, abandons its role as the champion of the liberal economic order.

All countries harbor deep concerns about deteriorating relations between China and the United States, even as recent visits to Beijing by U.S. officials have slightly improved the tone. At the same time, all countries recognize the economic and military importance of both superpowers and know they must deal with each of them simultaneously and effectively.

In this strategic context of confrontation and uncertainty, governments and organizations in the region face some hard choices. They are not just caught in the middle of a new superpower competition but are also in the middle of tensions between an Asia-Pacific order still being promoted actively by ASEAN and a fast-emerging Indo-Pacific one being championed by the United States, its allies and partners.

The 2017 ASEAN Outlook on the Indo-Pacific (AOIP) uses the term Indo-Pacific and acknowledges the new strategic context but doubles down on the philosophy and aspirations of the Asia Pacific era. ASEAN values its good relations with all sides of the geo-political equation and prefers to promote what may be called “active neutrality.”

Malaysia faces some major challenges in navigating these shifting tides. Some of these relate to its positioning in ASEAN, its approach to thorny diplomatic issues related to the South China Sea, decisions on whether to join trade organizations including the IPEF and some of the new minilaterals that exclude China, foreign policy issues including Hong Kong and the Uyghurs in Xinjiang, pressure from Beijing on issues related to Xinjiang and from the US on Ukraine and Taiwan, and domestic issues like the course of democratization and the rule of law.

### **The Essays**

The essays in this first volume of *IKMAS Insights*, “**Positioning Malaysia in an Indo-Pacific Era**” come out of a project animated by the Pok Rafeah Chair, which is funded by the Pok Rafeah Foundation. As the 13th Chair holder, Paul Evans led two seminars with IKMAS colleagues, plus one at the Economic Research Institute for ASEAN and East Asia (ERIA), a partner institute in Jakarta. He also

delivered the Pok Rafeah lecture<sup>1</sup> organized by IKMAS in March 2023.

Prepared by seven scholars at IKMAS UKM, one of whom is a member of a four-member team, and one is at ERIA, the essays address some of the challenges of the Indo-Pacific era as seen from several disciplinary angles.

One cluster focuses on economics and trade. *Sufian Jusoh* outlines the idea of “Global ASEAN”, as envisioned and implemented as an instrument for promoting globalization and economic integration through inclusive regional FTAs and ASEAN centrality and cohesion, while avoiding bifurcation into competing economic blocs. Through Global ASEAN, the regional organization promotes ASEAN active neutrality and centrality and friendship with Dialogue Partners and non-dialogue partners, irrespective of their geopolitical positions. ASEAN cannot and should not decouple itself from either China or the United States.

*Andrew Kam* examines the economic aspects of the AOIP which recognize the influence of new Indo-Pacific economic thinking and vocabulary but also carefully embed within it, significant elements of Asia-Pacific norms and institutions. The new outflow of investment and capital into Southeast Asia has immediate economic advantages for several countries, including Malaysia, but also undercuts the economic principles of open regionalism that have brought long-term benefits to the region. The dilemma is highlighted by Malaysia’s choice about participating in the American-led IPEF. How can Malaysia maximize developmental benefits without buying into the agenda of institutions designed to isolate and push back against China?

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<sup>1</sup> <https://www.ukm.my/ikmas/wp-content/uploads/2023/06/Whats-a-Middle-Power-to-do.pdf>

*Intan Ramli* and her colleagues from ERIA also analyzes the difficult choices facing policy makers in the region in balancing their involvement with IPEF's next-generation foci on the digital economy, supply chain resiliency and climate change, while also maximizing the benefits of more inclusive trade agreements embodied in the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and the Progressive Trans-Pacific Partnership (CPTPP). What are the right "rules of the road" and how should policy makers steer to avoid conflict? How should the region tackle new issues and engage the United States without intentionally isolating China and decoupling from supply chain s that remain critical to the region?

Turning to political and security matters, *Kamaruliznam Abdullah* examines Malaysia's tradition of applying the rule of law to its interactions with neighboring states in a new context where American and Chinese definitions of a Rule Based International Order conflict. This is made more complicated by shifting public expectations within Malaysia focused on political rights and transparency. He underscores the value of ASEAN solidarity, despite differences over Myanmar's human rights crisis, the Sulu issue and the South China Sea dispute.

*Kuik Cheng-Chwee* provides a detailed analysis of Malaysia's response to the push for new Indo-Pacific security institutions, including the US-led AUKUS and the Quadrilateral Security Dialogue, in light of a deep regional ambivalence about the general thrust of "like minded" efforts to counter a rising Chinese threat. He presents a "shades of grey" strategic outlook and discusses the risks of self-fulfilling prophecies and the developmental and political priorities of domestic elites as the main checks against an avid embrace of Washington's approach. Hedging and multi-alignments are likely to be enduring

elements of Malaysian Middle Power security policy going forward.

*Helen Ting* considers the domestic dynamics focused on the impact and limitations of American efforts at democracy promotion and Chinese soft-power influence activities. In the context of “democratic retreat” so palpable in the Indo-Pacific era, Malaysia has avoided taking sides in the face of the strategic presence of both superpowers. The best long-term strategy to avoid external political influence, she argues, is the strengthening of democratic resilience inside Malaysia and putting its own house in order.

China’s rising presence and influence in Southeast Asia and reactions to it are the backdrop to *Hew Wai Weng*’s analysis of the complex Malaysian responses to the repression of the Uyghurs in Xinjiang. Well aware of Sino-American competition and the importance of China to Malaysia’s economy, he assesses the motives and impact of both non-governmental and governmental actors in finding ways for civil-society groups to express concerns, condemn Chinese actions, and maintain connections with the Uyghur cause, while senior governmental officials quietly sympathize with these positions but avoid public condemnation.

*Tan Raan Hann* and her colleagues dig deeper into the matter of Malaysian Chinese identities and political perspectives in a micro-analysis of evolving views on the political situation in Hong Kong, a central element of Sino-Western confrontation. Based on in-depth interviews with individuals who have viewed the film ‘Revolution of Our Time’, she and her three colleagues describe the forces behind distinctive strains of Malaysian views, based on level of exposure to lived experiences inside Hong Kong. The Chinese diaspora on the Hong Kong issue is less likely to support Beijing’s

perspective than American perspectives on freedom and human rights.

In combination, the essays reveal the complexity of the choices confronting Malaysian officials and citizens in an era of renewed great power rivalries and a fragmenting economic order. This volume aims to generate the required knowledge and insights to understand the China-US conflict, live with both superpower s peaceably, manage complicated regional economic and security issues, and above all sustain a democratic transition at home.

We owe special thanks to the Kaneka Foundation through the Kaneka Foundation Endowment at IKMAS UKM, the Pok Rafeah Foundation (especially Tun Daim Zainuddin), the Economic Research Institute for ASEAN and East Asia, IKMAS researchers, IKMAS Pok Rafeah Chair Manager Dr. Norinah Mohd Ali, her team and the editorial group.

## Chapter 2

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### Global ASEAN: Power and Economic Diplomacy in the Indo-Pacific Era

*Sufian Jusoh*

How will ASEAN utilise economic diplomacy in trade and investment issues in the era of great power conflict involving China and the United States (US), two of ASEAN's main Dialogue Partners? This conflict also directly involves other Dialogue Partners including India, Japan, and Australia, which have already formed the Quadrilateral Security Dialogue. The Dialogue Partnerships and other ASEAN-led mechanisms, including ASEAN Plus Three and the East Asia Summit, are designed to increase predictability, enhance confidence and contribute to regional stability, especially in the ASEAN economic pillar.

Here I focus on the concept of Global ASEAN (GA). The concept was first mooted in ASEAN Vision 2025,<sup>1</sup> a blueprint for the implementation of the ASEAN Community between 2016 and 2025, and elaborated on in the 2019 ASEAN Outlook on the Indo-Pacific (AOIP).<sup>2</sup> Through the AOIP, ASEAN reiterates ASEAN centrality, inclusivity and complementarity. For ASEAN, the Indo-Pacific is still very much part of the Asia-Pacific, where the Asia-Pacific and the Indian Ocean regions function as a closely integrated and inter-connected region in which ASEAN plays a central and

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<sup>1</sup> [https://www.asean.org/wp-content/uploads/images/2015/November/KL-Declaration/ASEAN 2025 Forging Ahead Together final.pdf](https://www.asean.org/wp-content/uploads/images/2015/November/KL-Declaration/ASEAN%2025%20Forging%20Ahead%20Together%20final.pdf)

<sup>2</sup> [https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)



strategic role. In referring to the letter “I” in the AOIP,<sup>3</sup> ASEAN meant for the Indo-Pacific to be a subset of the much larger Asia-Pacific or “AP.” In other words, “IP” should be part of and contributing to the economic principles of the “AP” era.

The two documents are intended to guide ASEAN’s active neutrality, by which ASEAN will work with all partners, regardless of their geo-political alignments and political systems. However, it is also important to note that the position of ASEAN as a grouping may differ slightly from the position of individual ASEAN Member States (AMS) in their relations with their bilateral partners.

### **Global ASEAN**

GA, which is intended to assist ASEAN in improving regional capacity to respond to global challenges, is elaborated thoroughly in the ASEAN Economic Community (AEC) Blueprint,<sup>4</sup> a component of ASEAN Vision 2025. GA directs ASEAN (a) to advance regional and global integration through bilateral and regional comprehensive economic partnerships and (b) to become a highly integrated and cohesive regional economy that supports sustained high economic growth through trade, investment and job creation. It supports “the centrality of ASEAN in external political, economic, social and cultural relations while remaining actively engaged, outward looking, inclusive and non-discriminatory” as stated in the ASEAN Charter,<sup>5</sup> Article 2.

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<sup>3</sup> [https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)

<sup>4</sup> [https://www.asean.org/wp-content/uploads/images/2015/November/KL-Declaration/ASEAN 2025 Forging Ahead Together final.pdf](https://www.asean.org/wp-content/uploads/images/2015/November/KL-Declaration/ASEAN%2025%20Forging%20Ahead%20Together%20final.pdf)

<sup>5</sup> <https://asean.org/wp-content/uploads/images/archive/publications/ASEAN-Charter.pdf>

ASEAN commits to integrate the region into the global economy through Free Trade Agreements (FTAs) and the Regional Comprehensive Economic Partnership Agreement (RCEP) with China, Japan, South Korea, India (which has withdrawn), Australia and New Zealand. RCEP, signed in November 2020 and entered into force on 1 January 2022, consolidates and goes beyond earlier FTAs between ASEAN and other Parties. These FTAs together strengthen ASEAN's position as an open and inclusive economic region, and lay the foundation for ASEAN to retain, where possible, its centrality in global and regional engagements. The FTAs and the AOIP can be viewed as deliberate acts of active neutrality on the part of ASEAN.

Further, ASEAN seeks to integrate the AEC) into the global economy by promoting complementarities and mutual benefits and by adopting a common position in regional and global economic fora. This includes continuous review and improvement of ASEAN's FTAs to ensure that they remain contemporary, comprehensive, high-quality and more responsive to the needs of businesses operating the production networks in ASEAN. Hence, ASEAN is updating its FTAs with Australia, New Zealand, China and India outside the RCEP framework. ASEAN is also negotiating a new FTA with Canada.

ASEAN also aims to enhance economic partnerships with non-FTA Dialogue Partners by upgrading and strengthening trade and investment work programmes and plans. For example, it has concluded an FTA with Hong Kong in May 2018 and, after Brexit, granted Dialogue Partner status to the United Kingdom in August 2021. ASEAN also held the first summit with the Gulf Cooperation Council during the ASEAN Summit in May 2023.

ASEAN continues to support the multilateral trading system. At the WTO, ASEAN has established an ASEAN Caucus actively involved in several WTO negotiations, including the Investment Facilitation for Trade and the Agreement on Fishery Subsidies in 2022.

Like many other initiatives, the implementation of GA is administered by the ASEAN Secretariat through the ASEAN Market Integration Directorate operating on the basis of decisions made by the AMS. The incumbent ASEAN chair is responsible for setting and delivering the Priority Economic Deliverables (PED) each year, based on the priorities of the Chair, after consulting member states and approved by the ASEAN Economic Ministers meeting in the preceding year.

### **Caught in the Middle**

ASEAN is caught between geo-political rivals and differing conceptions of the rule of law among its Dialogue Partners, which have been heightened by the current China-US trade conflicts and the war in Ukraine. One aspect of these conflicts involves US trade restrictions on specific semi-conductors, which have been referred to the WTO Dispute Settlement Mechanism.<sup>6</sup> ASEAN is unwilling to decouple from either China or the United States, seeking instead the right balance between China and the United States. In trade and investment in semiconductor and electronic products, ASEAN has to trade with both China and the United States, as it imports intermediate products from China and exports final products to the United States. Decoupling from either will result in trade diversion, higher production costs and reduced welfare over the long term.<sup>7</sup>

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<sup>6</sup> [https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds615\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds615_e.htm)

<sup>7</sup> <https://jakartaglobe.id/opinion/asean-between-the-us-and-china>

Further, although the US-China relationship is widely perceived to be moving towards de-globalisation, de-risking and decoupling, the United States under the Biden Administration has of late has taken the initiative to decrease tensions by sending high level delegations to China led by Anthony Blinken, Janet Yellen and Gina Raimondo. However, these diplomatic efforts have not yet reduced tensions between the two superpower s, which continue to weaponize tariffs and selectively decouple the technology sector. Although the United States has removed 27 Chinese companies from the unverified lists,<sup>8</sup> President Biden then issued an Executive Order<sup>9</sup> restricting US companies investment in Chinese technology companies. China also continues with its economic nationalism, including encouraging China's companies to buy strategic businesses abroad.

In facing the threat of deglobalisation amid further tension between China and the United States, ASEAN is considering taking such proactive measures<sup>10</sup> as focusing on region-wide economic stability and enhancing ASEAN-wide collaboration to create a climate conducive to trade and investments. ASEAN could increase intra-ASEAN trade and investment and new investment approaches like FDI in climate.

Coxhead's article (2022) shows that trade tension between China and US has brought benefits to ASEAN and AMS. Coxhead asserts that there has been some displacement of production and investment away from China, with the largest effects felt in regional trading partners. Coxhead argues that in 2018-20, ASEAN's share in the value of US

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<sup>8</sup> <https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/3313-uvl-august-21-2023/file>

<sup>9</sup> <https://home.treasury.gov/system/files/206/Outbound-Fact-Sheet.pdf>

<sup>10</sup> <https://asianews.network/asean-braces-for-risks-of-deglobalization/>

imports rose by 2.6%, coincidentally the same amount by which China's share declined. This situation is not desirable to ASEAN as it has to trade with both countries. Trade with China forms part of the regional supply chain, and China remains the largest trading partner with the region. On the other hand, the United States is a significant source of FDI into the region. This is a Catch-22 for ASEAN, as downgrading trade with China means ASEAN needs to create alternative supply chains to reduce its dependency on intermediate goods from China, which is not easy task. Downgrading its trade with the US means a potential loss of FDIs.

### **Economic Diplomacy**

To realise the full potential of GA, ASEAN and AMS need to enhance their economic diplomacy and economic statecraft, a subset of their overall national economic and foreign policies. Through economic diplomacy, ASEAN and AMS will be able to deal with economic issues and gain economic benefits through enhanced economic relations with Dialogue, non-dialogue, and bilateral partners. This may be achieved through such initiatives as pursuing FTAs and other economic agreements, trade and investment promotion and trade facilitation.

ASEAN as a grouping may be able to exert its middle-power status to influence the economic decisions of its Partners and to influence international negotiations and rule-making process. At the AMS level, Indonesia, a middle power, may carry its own and ASEAN's flags in international meetings such as the G20. Jakarta is able to fill the vacuum in the middle-power aspirations of the AMS, as both Malaysia and Thailand are constrained by domestic political uncertainty. Singapore, one of the richest countries in the world by GDP per capita, has been successfully using economic diplomacy to enter into various FTAs and bilateral investment treaties

with multiple partners, to ensure its continued economic importance.

## **Conclusion**

GA is an important concept promoting ASEAN centrality in its economic relationships with other countries and economies around the world, especially its Dialogue Partners. Relationships with its partners are not without challenges, including the need to balance trade and investment dealings with the United States and China. ASEAN as a grouping can be considered as something of a collective middle power <sup>11</sup> in the region, exercising economic statecraft through agile diplomatic practice. A successful economic diplomacy based on the concept of GA will ensure ASEAN's neutrality, peace and prosperity into the future.

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<sup>11</sup> <https://db.koreascholar.com/Article/Detail/419686>

## Chapter 3

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### Malaysia's Indo-Pacific Strategy: To Be or Not to Be

*Andrew Kam Jia Yi*

Since the 1960s, Malaysia has participated in many of the region's most important integration initiatives. It has harnessed the Association of Southeast Asian Nations (ASEAN)'s extensive networks and linkages to those of external partners across the global economy.

When Japan and other major powers, including India and the United States, advanced various versions of an "Indo-Pacific strategy" centred on the Indian and Asia-Pacific Oceans, Malaysia was initially cautious. In a 2019 parliamentary Q&A, Malaysia's Defence Minister expressed concern that the concept might challenge the neutrality and non-interference stance enshrined in the 2008 ASEAN Charter. In response to the "Indo-Pacific strategy", Malaysia and other ASEAN Member States (AMS) created their own regional architecture initiative, *The 2019 ASEAN Outlook on the Indo-Pacific (AOIP)*, which viewed the US/Japan vision through the principle of "ASEAN centrality". This signalled Malaysia is addressing this new initiative through various ASEAN-led economic, political, and security pillars to ensure peace, security, and stability within the region. Malaysia will embrace the *Indo-Pacific Strategy* only if it is part of ASEAN's integration into the global economy, but will distance itself from geopolitical bias.

Harmonizing the new Indo-Pacific frame with pre-existing ASEAN aspirations anchored in an Asia-Pacific era is not a simple matter.

Questions are already being asked about whether the new Indo-Pacific strategy or framework is a step forward or backward for ASEAN. As advanced so far, the Indo-Pacific concept offers economic collaboration without a binding commitment to market access. It preaches the principles of economic cooperation but is selective in its membership. It is similar to an intergovernmental discussion platform like the Asia-Pacific Economic Cooperation process. But it lacks a clear membership structure and has an added geopolitical intention to exclude China. Japan, India, Australia, and the United States frame the new concept as an alternative to the BRI, with the aim of preserving a rules-based order.

Historically, Malaysia has been reluctant to take sides in any conflict between great powers, especially when it is on good terms with both of them. The country has distanced itself from external conflicts with other countries since it became a Non-Aligned Movement member state in 1970, and also a Zone of Peace, Freedom, and Neutrality (ZOPFAN) signatory in November 1971 (along with other ASEAN members). It came as no surprise when a 2021 ISEAS survey found that neither Malaysia nor the other ASEAN countries are confident that the Indo-Pacific strategy promotes a stable multipolar order and effective multilateralism.

In May 2022, the “strategy” finally took tangible form when President Biden launched the Indo-Pacific Economic Framework for Prosperity (IPEF). With 14 members countries participating and representing 40% of the world’s GDP, negotiations under the framework focus on four pillars: (1) Trade; (2) Supply Chain s; (3) Clean Energy, Decarbonization, and Infrastructure; and (4) Tax and Anti-Corruption.

Before Malaysia applies for membership in the IPEF, the key question is whether it is beneficial to Malaysia.



To date, impact studies have concentrated primarily on describing the driving forces behind the cooperation. Using a Computable General Equilibrium (CGE) model approach, Rahman et al. (2020) demonstrated the significance of the IPEF in generating economic benefits for the area. My own research also confirmed the results and showed that IPEF would offer nearly identical benefits for exports to the Regional Comprehensive Economic Partnership (RCEP) agreement. While RCEP offers wider markets for semiconductor exports and food exports, the Indo-Pacific is a larger market for manufacturing, electronic final goods/household equipment, and palm oil. Both studies conclude that the region has enormous potential, as long as trade facilitation is also enhanced. However, this is conditional on the United States staying committed to a multilateral form of trade agreement. This, unfortunately, is not the current US intention. The “trade” component in the recently launched IPEF offers no market access, but imposes multiple standards and rules in the digital economy, including labour standards, standards on cross-border data flows, and data localization.

Does this mean the IPEF is not an attractive proposition? The 2023 ISEAS survey (<https://www.iseas.edu.sg/articles-commentaries/state-of-southeast-asia-survey/the-state-of-southeast-asia-2023-survey-report-2/>) confirms the uncertainty surrounding this issue. Almost half of the respondents in ASEAN member states perceived the overall impact and effectiveness of the US-led IPEF to be positive (47% positive, 11.7% negative, 41.8% not sure). When asked about the factors that may contribute to this “positive” perception, the highest number of responses (42.0% of Malaysian) view the IPEF as a signal that the United States will be committed economically in the region. 30% believe the IPEF will be a good fit into ASEAN’s existing initiatives. 20% believe that the IPEF will add value to the Malaysia-

US relationship. Although Malaysians do perceive the IPEF to have some positive impact, the country is more inclined towards “not sure” than either “positive” or “negative” (40.3% positive, 15.3% negative, and 44.4% not sure). This may be due to increasing concern that IPEF will worsen US-China competition. Losses from either countries may nullify the economic benefits from IPEF, since Malaysia has strong economic linkages with both.

Even though market access was not covered by IPEF, Malaysia’s Ministry of Investment, Trade and Industry believes that extensive networking with the United States could boost the economy’s resilience and competitiveness. The IPEF’s Up-skilling Initiatives are viewed as providing Malaysia with a real advantage. Seven million young people and women can receive training through the program in the digital economy. Nine of the 14 top US technology companies are already present in Malaysia and each of them has pledged to train 500,000 participants in IPEF emerging economies and middle-income partners by 2032. The IPEF can also be a crucial forum for Malaysia to communicate with the United States over the imposition of *Withhold Release Orders* on some Malaysian enterprises. Under these orders, Malaysia-US trade is impeded because the United States has placed some Malaysian exports in custody at ports of entry under suspicion of forced labour. The IPEF may be a viable platform to resolve this issue.

There are also negative perceptions of IPEF. First, without market access and having to abide by the big powers’ rules, the IPEF appears to be a one-sided affair. Without market access, the attractiveness of IPEF is limited because Malaysia is not interested in adopting any hard geopolitical stance and using IPEF as a tool to contain China. The 2023 survey also shows that 63.2% of Malaysian respondents

perceived that the IPEF will worsen US-China competition and 26.3% felt that it will hasten US-China decoupling.

The rest of the ASEAN member states hold similar sentiments. US-China decoupling is a concern for Malaysia and many ASEAN member states because the threat of "decoupling" may create two exclusive economic blocs, one China-led and the other US-led, in Southeast Asia, which may undermine ASEAN unity and weaken the principle of ASEAN Centrality. These concerns are warranted because many ASEAN endeavors require strong cooperation among the AMS (i.e ASEAN Economic Community (AEC)), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT)).

The geo-political consequence are being sharply debated, including in the Malaysian parliament. In recent discussions, concerns were raised that IPEF will be construed as anti-China. This perception was rejected by some members on the grounds that IPEF will be only one platform to cooperate with the United States. In fact, cooperation with China will not be affected because Malaysia has different platforms to engage with China such as ASEAN, RCEP, and in the future possibly CPTPP.

In conclusion, Malaysia can neither still the waves of de-globalization nor stop the currents of geopolitical instability. Therefore, any platform that allow for cooperation, collaboration, and discussion is highly welcomed. The question is, will Malaysia be able to harness the benefits of the IPEF? Does Malaysia have enough human capital to find business opportunities under the digital initiatives proposed under the IPEF? Will the country be able to provide high-value, technology-intensive goods and services with partners

within the IPEF or will Malaysia be left behind in the increasingly competitive new business environment?

Currently, the answer is still up in the air due to the unclear economic benefits of IPEF. Further research and public consultation on the IPEF's cost and benefits are required. Malaysia cannot afford to close its borders to countries that economically empowers it. With its small and open economy, Malaysia may need to join IPEF, not for geopolitical reasons but solely for the potential growth benefits, including training and knowledge sharing. Malaysia will not join IPEF to send a message to China. Nor joining the IPEF is a signal to the United States that Malaysia will be fighting with them should another trade war occurs. Malaysia should take this opportunity to upgrade its industries to extract the maximum potential from this new initiative. Perhaps the final words here should be "Ask not what IPEF can do for your country, but ask what you can do within IPEF for your country."

## Chapter 4

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### The Interplay of IPEF Between RCEP and CPTPP: An ASEAN Viewpoint

*Intan M. Ramli, Tomy Waskitho, Michelle Chandra Kasih*

Countries in Southeast Asia are facing a critical challenge. On one hand, Washington has currently offered membership in a seemingly promising Indo-Pacific Economic Framework for Prosperity (IPEF) to seven out of 10 ASEAN Member States (AMS). On the other, all ASEAN Member States (AMS) are already part of the Regional Comprehensive Economic Partnership (RCEP), while some are participating in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). If Southeast Asian countries were to join IPEF, what would be the economic and geopolitical costs and benefits?

To begin, Washington has asserted that the IPEF's primary objective is to set the "rules of the road" in the Indo-Pacific. This initiative is seeking cooperation in the areas of the digital economy, supply chain resilience, decarbonization, and labour measures, and promoting the highest possible standards in these areas, some of the critical things that are absent from RCEP and CPTPP documents. The main difference is that both RCEP & CPTPP are binding agreements, while IPEF is meant to be a 'flexible' arrangement.

In terms of its members' share of global GDP, the IPEF at 40% is set to be the world's largest multilateral agreement, compared to the RCEP at 30% and CPTPP at 13.5%. Unlike the CPTPP and the RCEP, however, the IPEF will not lower tariffs. Therefore, the RCEP, which was initiated by ASEAN

and which enhances ASEAN centrality, and where ASEAN maintains its role as ‘convenor’, is the most ambitious free trade agreement.

### **The Costs of IPEF: A Threat to ASEAN Centrality?**

Conceptually, ASEAN centrality encompasses two major attributes: Togetherness and the ASEAN way (Kim, 2022). In the context of RCEP, ASEAN negotiates as a group, whereas in IPEF or CPTPP, individual states engage in negotiations independently. An important consideration arises when examining the ASEAN Outlook on the Indo-Pacific (AOIP) principles, that is, IPEF's unwillingness to invite all AMS contradicts the principle of inclusivity in AOIP, which was emphasised again at this year's ASEAN Summit as one of ASEAN's key priorities.

IPEF could potentially increase the gaps within ASEAN and undermine collective efforts to narrow development gaps within ASEAN. IPEF members from ASEAN will likely improve their key indicators when IPEF comes into force, e.g., labour rights, environmental standards, corruption index, supply chain resiliency, etc., at the expense of the other three non-participating members, thus perpetuating inequality within the region.

IPEF also challenges the interdependence of ASEAN and China in a web of regional production networks. When criticising IPEF, China stated that the Asia-Pacific region is “not a chessboard for a geopolitical contest”. In addition, ASEAN has repeatedly indicated a strong preference for all ASEAN Member States (AMS) to join the IPEF. Jiang (2023) concluded in his research that “the economic prospects of IPEF are uncertain, but its political and strategic intentions are evident”.

It is also a major issue whether IPEF will survive the Biden administration, considering the polarized U.S. political landscape and potential Indo-Pacific policy shifts after the 2024 election. Additionally, separation of the pillars could jeopardize the main objective of the IPEF, which is trying to ‘set the rules of the road’. If not all AMS are signatories to all four pillars, what rules are being set, and what goals does IPEF plan to achieve? In this way, IPEF’s objectives are vaguer than all the other competing multilateral arrangements in the region. It seems that the IPEF is making more ‘demands’ than ‘offers’, compared to the RCEP and the CPTPP.

### **The Interplay of IPEF between RCEP and CPTPP**

To what extent is IPEF similar to RCEP and CPTPP, and how does its presence enhance specific areas of cooperation? In its first Pillar, the IPEF does not provide any market access or tariff reduction, but seeks to address the void of labour and environment measures under the RCEP and enhance the other existing RCEP chapters. In comparison, the IPEF pays more attention to cross-border digital trade and digital connectivity.

The second pillar of the IPEF seeks to support a resilient supply chain by minimising market distortion, protecting confidential business information, promoting regulatory compliance, and respecting market principles and WTO obligations. IPEF’s complementary approach focuses on establishing criteria for critical sectors and goods related to national security, health and safety, and economic resiliency. The third pillar regarding the Clean Economy is expected to focus on establishing environmental standards and has the potential to support a net-zero economy in AMS with developing economies.

Finally, the fourth pillar of IPEF seeks to combat corruption and curb tax evasion by strengthening transparency and promoting integrity within the government and private sector. Through this pillar, IPEF aims to align domestic legal frameworks with existing international efforts such as the UNCAC and FATF, thus filling the void left by the RCEP and CPTPP.

### **A Brighter Future? Could IPEF enhance prosperity in the Indo-Pacific?**

When establishing ASEAN Centrality, it is in ASEAN's best interest to take the lead in shaping the region's economic and security architecture and to ensure that multilateral arrangements bring about peace, security, stability, and prosperity. IPEF is introducing such 'next generation' issues as the digital economy, supply chain resiliency, and climate change. It also promotes itself as an inclusive, cooperative dialogue and not just a 'take-it-or-leave-it' multilateral arrangement. However, it is unclear what "inclusive" means in this context since China and three ASEAN members are not invited on the basis of their political and economic systems, even if they demonstrate a strong commitment to IPEF.

Alongside the robust FDI inflow to ASEAN, IPEF could also maximise cooperation with the U.S. and its partners through investment. The possible reshoring from China and the increasing importance of GVC diversification becomes an opportunity for ASEAN. Currently, China has retained its position as ASEAN's largest trading partner since the 2008 financial crisis, but ASEAN's trade deficit with China increased drastically at an annual rate of 10.4% from 2010 to 2019 (pre-pandemic) and from US \$10.4 billion in 2010 to US \$102.9 billion in 2019. US FDI in ASEAN is concentrated only in Singapore, comprising 83% of the US FDI in the region. IPEF could facilitate and promote stronger



economic ties between the United States and other AMS, thus reducing over-reliance on China, especially in the areas of trade, supply chain, and FDI.

Diversification of FDI and supply chains are crucial to mitigate risk and to ensure resiliency in an era of rising geopolitical risk and fragile global supply chain. While ASEAN need not 'decouple' from China, it should maintain a balanced relationship. Inclusive digital economy initiatives can also be beneficial for ASEAN countries which require assistance in digital infrastructures from digitally developed IPEF members. Guidance on governing network economies and digitising government transactions can enhance tax compliance, procurement transparency, and reduce bureaucracy, thus aligning with IPEF's focus on tax effectiveness and anti-corruption.

IPEF's 'flexible' and 'inclusive' nature, could also offer a collaborative process where it seeks input from all member states and the private sector. IPEF provides an opportunity for non-CPTPP members to gain the cooperation and assistance needed to pursue clean economy goals and address deep-rooted corruption in their economies.

### **The Way Forward for IPEF**

IPEF has the potential to provide tangible growth and developmental impacts, if the framework extends technical and financial assistance for digital inclusion, facilitates diversified investment, and mobilises climate financing for lower-income IPEF partners in ASEAN. IPEF is a promising initiative that aims to transform the clean energy, digital economy, and technology sectors. The proponents of IPEF believe that past economic models and engagement have not effectively addressed challenges on supply chain s, corruption, and tax havens.

The major issue is that, if the United States enforces its rules without considering the perspectives of developing countries, IPEF would be seen as a form of “colonization”, reducing its potential as an alternative to RCEP and CPTPP. ASEAN's "leaving no one behind" principle is being challenged by the exclusion of the three least developed AMS, while undermining ASEAN centrality, implementation of AOIP, and ASEAN's relationship with China.

ASEAN had requested all major powers to engage constructively and based on their own merits, rather than through the prism of US-China competition. A clearer definition of "like-minded" states in the IPEF document could clarify priorities and objectives, and potentially attract more support from AMS. Given that the official negotiating documents have not yet been made public, the outcome of IPEF remains uncertain. Intriguingly, whether IPEF obtains ASEAN's seal of approval stands as a test case of the viability of the broader Indo-Pacific vision that the United States and other states are trying to set in motion. It is imperative that ASEAN policymakers remain steadfast on the principle of ASEAN's centrality and uphold the AOIP principles throughout the negotiating process of IPEF.

## Chapter 5

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### Malaysia and ASEAN: The New Challenges of a Rule-Based Community

*Mohd Kamarulnizam Abdullah*

The formation of the ASEAN Community is part of a regional endeavor to reinforce ASEAN centrality and the primacy of said centrality as the driving force in regional stability. The three main pillars -- economic, political security, and social-cultural -- open a range of opportunities and challenges, especially concerning the promotion of rule of law as a cornerstone of regional identity, which is particularly difficult in the sensitive context of building an ASEAN Political Security Community (APSC) in this era of great power confrontation.

APSC's focus on the rule of law requires ASEAN member states and their Dialogue Partners to respect democratic process, good governance, human rights, and negotiated dispute settlement. Can ASEAN members with their different political systems adhere to a common conception of rule of law? What can we learn from a close analysis of the overlapping claims in the South China Sea and the variety of approaches to the political situation inside Myanmar?

For Malaysia, a rules-based APSC tests its capabilities in innovative diplomacy and negotiation. Malaysia is deeply enmeshed in the South China Sea dispute, Sulu's claims on Sabah, and indirectly affected by the spill-over effects of the Myanmar political crisis. These delicate issues reveal the dilemmas of defining "rule-of-law" and the need for a distinctive approach to conflict management.

In an Indo-Pacific era animated by geo-political rivalries, Malaysia and other countries in the region are caught between the United States and China, each offering a different interpretation of what constitutes a rule-based international order, how the rules should be defined and who should make the rules.

### **Rules-based approach in the management of regional conflicts**

As a small power, Malaysia has traditionally emphasized applying *existing* international law and norms. It maintains APSC's rule of law in managing conflict through negotiated dispute settlement by promoting good governance, democratization, and human rights as the cornerstones of its current and future diplomatic stance. Its adaptation to the rule of law, defined here as state's accountability to the same laws, norms and regional practices, takes place in the context of several inter-related developments. The first is the fast-changing nature of world and regional politics since the end of the Cold War in which sustainable social justice and democratization have rapidly shaped the regional security agenda. Intensifying US-China friction has contributed further to political volatility and uncertainty. Second, Malaysia's internal dynamics, in terms of structure and social structure, have changed public expectations and cultural orientation. A growing, more prosperous, and better educated middle class is focusing less on poverty and development issues and more on political rights and transparency, which has accentuated Malaysian appreciation of the rule of law at domestic and international levels.

Both correspond to the country's long-standing position on peaceful resolution of conflict and preference for law-based approaches to dispute settlement with neighboring countries. Malaysia has been the trusted mediator in protracted regional conflicts in both Mindanao and southern Thailand. Its border

disputes with two neighboring countries, Indonesia, and Singapore, were settled amicably through the International Court of Justice. Although Malaysia lost Batu Putih (Pedra Branca) to Singapore, it recognized the judgement as part of a responsible international community that adheres to the rule of law.

Malaysia has occasionally used force to protect its sovereignty and territorial integrity, including its response to the Sulu Lahad Datu incursion in Sabah in 2013. But diplomatically, Malaysia has always emphasized the peaceful settlement of disputes.

#### *The Philippine and Sulu Claims on Sabah*

The Sabah issue remains unresolved. The ASEAN regional spirit has so far kept both Kuala Lumpur and Manila from taking actions that could lead to another diplomatic crisis. For Malaysia, Sabah's territorial integrity is non-negotiable and based on the concepts of legitimacy and legality inherited from the British. Sabah's admission was based on a local referendum administered by the United Nations. The affirmation is also based on the original 1878 agreement which clearly stated that Sabah would be leased in perpetuity. Manila's claim was based purely on historical arguments. When French Arbitration ordered the Malaysian government to pay a huge compensation to the alleged descendants the last Sulu Sultanate, Manila distanced itself from the legal disputes between the two parties arguing that the claim was private in nature. But critics argue that in the long term, Manila would be part of the beneficiaries due to its long-standing territorial claim.

Although not legally bound, Malaysia voluntarily remits 5,000 ringgits annually to the heirs of Sulu Sultanate in respect of the Agreement, an example of its diplomatic approach in managing the claims. Malaysia does this despite

the fact that the Sulu heirs have already legally lost their claim on Sabah, based on several court cases in Britain and France.

#### *Myanmar and the Rohingya*

Malaysia maintains ASEAN's position that the Myanmar crisis should be resolved on the basis of rule of law by establishing an appropriate legal mechanisms and continuing dialogue among the conflicting parties. Major power rivalry between China and the United States impedes these initiatives. While the United States continues to support ASEAN's actions, China continues to support the junta by providing military, financial and development assistance. Kuala Lumpur's increasing impatient with Myanmar because the country is the primary destination for Myanmar refugees, especially the Rohingya and Chin. Thus, Malaysia is affected by the spill-over from the humanitarian crisis in Myanmar.

The refugee issue has also strained relations between the Malaysian government and the UNCHR office in Malaysia. The government accuses the UNCHR office of according UNHCR refugee status to Myanmar refugees without conducting due diligence. The refugees, in turn, use UNCHR refugee status to move freely and seek jobs in the country. As Malaysia is not a signatory to the 1951 Refugee Convention and its 1967 Protocol, the country is theoretically not obliged to provide protection to the refugees who have long been considered illegal immigrants. Nevertheless, Malaysia unofficially follows the spirit of 1951 Refugee Convention by allowing them to work in the gig economy and small retail and business industries.

#### *South China Sea Dispute*

China is the principal trading partner of nearly all ASEAN countries. Yet, China's assertive behavior inside its self-

defined nine (or ten) -dash line in the South China Sea challenges ASEAN's centrality and creates a regional dilemma. ASEAN insists on a multilateral approach and a binding code of conduct mechanism in managing the claims. Beijing's preference is for a bilateral mechanism that maximizes its own strategic leverage. ASEAN is already divided in managing the issue.

Malaysia has consistently argued that the overlapping claims in the South China Sea must be managed through a multilateral process consisting of the affected ASEAN countries and other claimant parties. But Prime Minister Anwar Ibrahim's recent statement on Malaysia adopting a flexible approach to "negotiate" with Beijing over the South China Sea has raised awe and irk among security experts and local politicians. The opposition blames Anwar for "selling" Malaysian sovereignty to China. His remarks raise serious questions about whether the new administration has softened its approach and is willing to bypass ASEAN to manage the issue bilaterally.

The South China Sea conflict is partly about power competition between the United States and China. This rivalry raises the question of whether each power can be brought to a common rule-based approach that transcends their own strategic interests. The United States intends to counter China's growing regional influence through its Indo-Pacific idea, while China doubles down on diplomatic influence through its Belt and Road Initiative,. In 2016, the Hague's Permanent Court of Arbitration ruled that Beijing does not have historical evidence to control exclusively the whole of South China sea. While the US, the Philippines and Vietnam welcome the decision, Beijing remains adamant in its claim contradicting ASEAN's emphasis on the rule of law in regional conflict management.

Kuala Lumpur remains ambivalent about the Indo-Pacific approach of countering China, even as it maintains its long-standing relations with the United States. Yet Malaysia is also a major recipient of the BRI and other Chinese investments focused on mega infrastructure projects. This attempt at balance and nuance is based on fear of entrapment and an abiding commitment to multi or non-alignment.

### **Conclusion**

The rule of law should remain a fundamental component of ASEAN Political Security Community diplomacy, even as it is tested by Myanmar's humanitarian crisis, the Sulu issue, and the South China Sea dispute.

APSC emphasis on good governance requires progressive adjustment to the "ASEAN way" diplomacy by emphasizing the rule of law. Despite US-China rivalry and in the interest of dampening it, ASEAN should continue to emphasize the rule of law which binds ASEAN together. ASEAN needs to consolidate its political position as a united and respected regional organization. It needs to push Myanmar patiently but firmly for democratic change. And it must communicate effectively and convincingly with both great powers, especially during the regional dialogue meetings, about the organization's commitment to peaceful conflict resolution, democratic process, good governance, and human rights.



## Chapter 6

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### Malaysia and the Indo-Pacific: Making Sense of the Nuances in Small-State Responses

*Kuik Cheng-Chwee*

Over the past decade, the notion of the ‘Indo-Pacific’ has evolved from a strategic idea to a geopolitical and geo-economic reality. Malaysia’s official responses have so far been nuanced, ambivalent, and seemingly contradictory. What are the main elements of this response and what is likely to come next?

First, the Malaysian government appears to have adopted a two-pronged approach towards the Quadrilateral Security Dialogue (the ‘Quad’), a minilateral coalition which has promoted the Indo-Pacific construct since the coalition’s revival as a multi-level mechanism in 2017. On the one hand, Malaysia has prudently kept its distance from the Quad as a *group* and stayed away from the idea of ‘Quad-Plus’. On the other, Malaysia has pragmatically continued forging closer *bilateral* ties with each of the Quad’s core members (the United States, Australia, Japan, and India). In addition to developing economic and people-to-people ties, Malaysia has also enhanced its longstanding defence partnerships with the United States and Australia. In 2018, Malaysia and Japan entered into a MoU in defence cooperation and more recently began talks about Malaysia being a beneficiary of Japan’s newly-launched Official Security Assistance (OSA) program. The author has been informed that Japan will provide equipment, supplies and development assistance to strengthen the militaries of partner countries.

Second, while Malaysia has shied away from using the term ‘Indo-Pacific’ in official statements, it has supported the Association of Southeast Asian Nations (ASEAN)’s Outlook on the Indo-Pacific (AOIP). However, years after the 2019 launch of the AOIP, Malaysia continues using the term ‘Asia-Pacific’ and avoids using ‘Indo-Pacific’<sup>1</sup> in official documents. Malaysia’s inaugural *Defence White Paper*<sup>2</sup> (DWP), tabled in Parliament in December 2019, is instructive. Even though the DWP refers to the AOIP twice and the Quad countries’ ‘Indo-Pacific’ strategies once, it avoids linking the term ‘Indo-Pacific’ with Malaysia’s own policy. For example, the Defence White Paper uses the phrase ‘between the Asia-Pacific and Indian Ocean regions,’ instead of the “Indo-Pacific.”

Third, since the Australia-United Kingdom-United States (AUKUS) pact was announced in September 2021, Malaysia, alongside Indonesia, has expressed concerns about the pacts’ possible impacts on arms racing, escalation of tensions, and nuclear proliferation. Yet, despite their public and persistent opposition to AUKUS, both governments have pursued seemingly contradictory actions by strengthening their defence ties with the *same* Western powers. Indeed, military exercises and other forms of defence cooperation with each of the Western powers have continued unabated<sup>3</sup> since 2021. Malaysian leaders have also publicly reiterated that, despite the emergence of AUKUS, Malaysia ‘is firmly committed’ to the Five Power Defence Arrangements (FPDA), a consultative defence mechanism created in 1971 which

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<sup>1</sup> <https://thediplomat.com/2022/08/malaysia-and-the-indo-pacific-why-the-hesitancy>

<sup>2</sup> <https://www.mod.gov.my/images/mindef/article/kpp/DWP-3rd-Edition-02112020.pdf>

<sup>3</sup> <https://my.usembassy.gov/us-and-malaysia-enhance-military-cooperation-through-exercise-keris-strike-2021>

consists of Australia, Malaysia, New Zealand, Singapore and the United Kingdom.

### **Explaining Malaysia's Nuanced Responses**

These nuances and seeming 'contradictions' puzzle many Western analysts who advocate a 'clear-cut' solution of strengthening a US-led alliance of 'like-minded' countries to counter a rising Chinese threat.

Malaysian policy elites do not view such responses as contradictions. Rather, these nuanced approaches are considered necessary to offset different risks, mitigate dangers, and balance multiple interests under conditions of growing uncertainties.

Behind these responses are three major factors: (a) the small state's 'shades of grey' outlook<sup>4</sup> that views all powers as sources of multiple risks and opportunities, rather than a single threat or a straightforward patron; (b) deep-seated concern about the danger of 'self-fulfilling prophecies'; and (c) the ruling elites' domestic political priorities.

Malaysia's perceptions of the big powers are not black-and-white, but mixed and ambivalent. China is part of its problems (maritime assertiveness, influence operations, potential economic dependency) and also a source of solutions (a vital part of post-pandemic economic recovery and a crucial partner for regional stability, peace, and ASEAN centrality).

The United States has been an indispensable partner on security and economic cooperation, but it has been a source of problems as well (e.g., the United States' double standards on globalization; its values-based foreign policy; its position

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<sup>4</sup> <https://www.tandfonline.com/doi/abs/10.1080/09512748.2022.2110608>

on the Palestine-Israel conflict; its tendency to objectify ASEAN member states in its own strategic agenda, i.e., the global war on terror after September 2001, and now, preserving US primacy vis-à-vis China). Malaysia also disagrees with the US depiction of the emerging order contestation as one of ‘democracy versus autocracy’, viewing such depiction—and its clear-cut alliance-based ‘solution’—as simplistic at best and dangerous at worst. Amid an intensifying rivalry, such black-and-white approaches are seen as highly undesirable because they increase the risks of escalation, polarization and confrontation.

Given this ambivalent outlook, it is only logical that Malaysia, like many other small and secondary states, insists on not taking sides and not putting all its eggs in any power’s basket. As the US-China rivalry intensifies, the danger of being entrapped in big-power conflict heightens. While the growing activism of ‘likeminded’ Indo-Pacific powers may constrain an increasingly assertive China, open and unequivocal support of the Quad will increase the likelihood that constraint will escalate into containment. Malaysia does not want containment, because if this comes about, Malaysia, a claimant state in the South China Sea, will be among the first to be impacted. Given Malaysia’s proximity to the potential hotspots, the country would be among those most likely to be dragged into the big-power war.

Malaysia’s insistence on nuanced approaches—as opposed to any ‘clear-cut’ solutions advocated by some in the West—is also rooted in a small-state’s fear of strategic *self-fulfilling prophecies*. Clear-cut, exclusive alliances with one power is bound to turn a potential security problem into an immediate threat and a relative danger into an absolute enemy. Mahathir said, ‘If you identify a country as your future enemy, it

becomes your present enemy<sup>5</sup>—because then they will identify you as an enemy and there will be tension.’ Instead, Malaysia views mutual respect and coexistence as imperative.

Malaysia sees multiple risks as Quad members and others jump on the Indo-Pacific bandwagon. In addition to the risk of being entrapped into possible big-power conflict, Malaysia is also cognizant of the dangers of group marginalization and tension escalation as such non-ASEAN arrangements as the Quad and AUKUS gain momentum. In the wake of NATO’s announced plan to open a liaison office in Asia and deepen collaboration with key partners (Australia, Japan, New Zealand, South Korea), Malaysia and other Southeast Asian nations are increasingly concerned that ASEAN centrality will be minimized and challenged. Malaysian leaders described the Quad as ‘an old strategy of encirclement<sup>6</sup> where you try to encircle the enemy, but when you do that, the enemy will retaliate’, adding that ‘Japan went to the Second World War because the Americans denied Japan access to oil.’

For Malaysia and many other Southeast Asian states, complete and open alignment with one big power against another turns a potential problem into an immediate adversary. Such a straightforward ‘solution’ is justified only if and when confronted by a direct and profound threat. Short of that, a clear-cut alliance of targeting a specific actor is premature and unnecessarily provocative. On the economic front, even though Malaysia has thus far benefited by the emerging ‘China Plus One’ strategy, Putrajaya is worried

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<sup>5</sup> <http://edition.cnn.com/ASIANOW/asiaweek/97/0509/cs3.html>

<sup>6</sup> <https://asia.nikkei.com/Spotlight/The-Future-of-Asia/The-Future-of-Asia-2021/Old-Quad-strategy-risks-provoking-China-Malaysia-s-Mahathir>

about the long-term implications<sup>7</sup> of the Western ‘friend-shoring’ approach for the global economy. Some members of Malaysian foreign policy elite view Washington’s economic and technological ‘decoupling’, even after being rebranded as ‘de-risking’, as driven more by a desire to preserve US global primacy than to promote regional stability.

This explains why Malaysia’s position on AUKUS remains unchanged under the Anwar Ibrahim administration. On 14 March 2023, following the announcement of the enhanced trilateral security partnership among the AUKUS powers, the Malaysian Foreign Ministry issued a statement<sup>8</sup> reiterating the importance of all parties to fully respect the existing regime in relation to the ‘operation of nuclear-powered submarines in our waters’, before stressing the importance of ‘refraining from any provocation that could potentially trigger an arms race or affect peace and security in the region.’

Domestic imperatives<sup>9</sup> also matter. As a racially and religiously heterogeneous country and a weaker state with limited resources and innate vulnerabilities, Malaysia’s primary challenges have been more internal than external. This is especially so in the wake of the unprecedented recent changes of government and internal uncertainties, which have led Malaysian elites to regard pragmatic diplomacy,<sup>10</sup>

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<sup>7</sup> <https://www.scmp.com/week-asia/economics/article/3215653/western-friendshoring-benefits-malaysia-amid-us-china-rivalry-could-hurt-global-economy-trade>

<sup>8</sup> <https://twitter.com/MalaysiaMFA/status/1635596554198462464>

<sup>9</sup> <https://www.cambridge.org/core/journals/international-journal-of-asian-studies/article/abs/deference-and-defiance-in-malaysias-china-policy-determinants-of-a-dualistic-diplomacy/4E5D5BA86A5E71049A785717D760DA06>

<sup>10</sup> <https://academic.oup.com/ia/article-abstract/99/4/1477/7216705?redirectedFrom=fulltext>

regionalist collective action and circles of community-building as indispensable external policy instruments. The net effects are an insistence to partner with all big powers; an inclination to engage key players in pursuing shared initiatives; and a tendency to avoid open confrontation and avoid overplaying the use of military means to manage interstate issues.

The result is a pragmatic, nuanced outlook vis-à-vis the emerging Indo-Pacific realities. For Malaysia, foreign relations and external policy choices do not revolve around either/or dichotomies or black and white choices. Rather they offset *multiple, different kinds of risks* in a context of increasing strategic uncertainty. By enhancing its long-standing defence partnerships with the Western powers, Malaysia mitigates the danger of security vulnerabilities. By expressing concerns about AUKUS, Malaysia hedges the risks of entrapment, escalation and marginalization.

Hedging is not a panacea. But the relative drawbacks and dangers of such clear-cut solutions as building an anti-China alliance will push small states like Malaysia to insist on hedging for as long as possible.

## Chapter 7

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### Democratic Resilience in Malaysia in the Era of the US Indo-Pacific Strategy

*Helen Ting Mu Hung*

The US policy of democracy promotion and China's influence outreach through the exercise of soft power are delicate issues in the Indo-Pacific era. What are the domestic ramifications of the US-China rivalry in the context of Malaysia's democratic transition? What are the conditions necessary to achieve democratic resilience?

First, the democratic transition.

Malaysia has broken free from the fifty year-long electoral authoritarian regime under the Barisan Nasional (BN) coalition. Though not quite yet a liberal democracy, Malaysia is democratizing. Elections are competitive and regular, but not conducted on a level playing field. The respect for civil liberty and media freedom is still reliant on the goodwill of the Executive.

Since Independence and until 2018, BN (and its predecessor, the Alliance) had won every general election. The 2018 general election unexpectedly brought about the downfall of the once invincible BN federal government. Its seat count dropped from 133 in 2013 to 79 in 2018. Soon after, the coalition imploded. The fall of BN's leading party, the United Malay National Organisation, was meteoric, from winning 88 seats in 2013 to 54 in 2018, and then securing only 26 in the 2022 general election.



Since then, Malaysia has been in uncharted waters: episodic political instability and realignment, a hung parliament following the 2022 general election, and the emergence of a strong third coalition dubbed Perikatan Nasional (PN) on the back of a monoethnic electoral base in peninsular Malaysia. While the surprise rise of PN is a sign of the vibrancy of the democratic impulse in Malaysia, it also laid bare the ethnically divisive legacy from decades of politically expedient nation-building policies.

Though often touted as a peaceful and harmonious multi-religious and multi-ethnic country, Malaysia remains trapped in the divisive dynamics of identity politics and Malay-versus-non-Malay ethnic cleavage. This complicates the country's transition towards democracy, which has been subject to the chaotic dynamics of Malay political fragmentation, ethnically polarized electoral choices, and unfinished institutional reforms.

In 2022, the tenth Prime Minister, Anwar Ibrahim, was sworn in after forming a unity government made up of his reformist coalition Pakatan Harapan (PH), BN, and the two regional coalitions in the Bornean states, all formerly political foes of PH.

### **International Context**

Despite contradictions and ambiguities, Malaysia offers some hope in the worldwide context of retreat from democracy. Prime Minister Anwar received a congratulatory message from his US counterpart, President Biden, who described the Malaysian case as a demonstration that 'democracies can deliver'. He praised the Malaysian people for inspiring 'people around the world with their commitment to exercising their fundamental freedoms'. Biden affirmed that '*we*' have 'promoted the rules-based international order and protected human rights', and that the

bilateral relationship ‘helped strengthen freedom, security, and prosperity in the Indo-Pacific’. The letter situates Malaysia as a US ally in its framework of authoritarian versus democratic states, part of its Indo-Pacific approach targeting China.

The White House<sup>1</sup> perceives China as its arch-rival trying to displace it as ‘the world’s most influential power’ and supplant its influence over the Indo-Pacific region. Accusing China of ‘undermining human rights and international law, including freedom of navigation, as well as other principles that have brought stability and prosperity to the Indo-Pacific’, Washington also declared its intention to compete with China ‘to defend the interests and vision for the future that we share with others’. And this includes a free and open Indo-Pacific ‘anchored in democratic resilience’.

The American policy of promoting democracy abroad dates back to the last century and America is not alone in the effort. Part of the logic is that democratic regimes are the most effective antidotes to deadly domestic conflicts and violence. Another is that pro-active measures to strengthen democratic practices in the Global South benefit the West by preventing the exodus of refugees escaping civil wars and breakdown of law and order.

Promoting democracy in developing countries becomes all the more strategic in the eyes of American policy-makers, given the soft power ambitions of ‘hostile and expansionist’ China and Russia in promoting their own political models and norms abroad,<sup>2</sup> while discrediting Western democracies.

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<sup>1</sup> <https://www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>

<sup>2</sup> <https://freedomhouse.org/report/beijing-global-media-influence/2022/authoritarian-expansion-power-democratic-resilience>

For its part, Beijing perceives the US-China conflict as arising from the US attempt to maintain its dominant global position in the face of China's rise. China sees its resistance as fundamentally a struggle for equal rights and economic survival.

The 20<sup>th</sup> Shangri-La Dialogue security summit in June 2023 exposed the palpable strain in US-China relations, despite affirming the need for inter-state cooperation and communication to maintain regional peace and stability. The US defence secretary and China's defence minister failed to even meet to discuss crisis management measures. The mistrust and animosity are mutual, which have reverberations in US and Chinese foreign policies in the global South.

Putrajaya avoids taking sides in the face of this tension as both the US and China are of strategic importance to the Malaysian economy and security. It maintains its substantive bilateral military and security cooperation<sup>3</sup> with the US and other US-allied countries, and uses a multilateral platform such as the ASEAN to resolve the thorny territorial disputes with China in the South China Sea.

Over the past 14 years, China has been Malaysia's largest trading partner. The dense commercial linkages with China market mean that any diplomatic hiccups with China could adversely affect Malaysia's economic prosperity. Nonetheless, investments from China or development projects in Malaysia targeting the China market have occasionally been caught up in domestic electoral politics and corruption controversies. After defeating BN, Prime Minister Mahathir was forced to address several problematic

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<sup>3</sup> <https://doi.org/10.1353/asp.2021.0056>

white elephant mega-projects<sup>4</sup> involving Chinese state-owned companies with the alleged complicity of his predecessor.<sup>5</sup>

It is unsurprising that democracy promotion in US foreign policy has always reflected core American national interests. Its inconsistent attitude towards different authoritarian regimes involving human rights violations is well known, generating scepticism among Malaysians, even outrage from time to time. Moreover, the rise in right-wing authoritarianism on the back of illiberal, xenophobic discourse articulated by populist politicians in established democracies including the US harms the image of Western liberal democracy.

Many Malaysians harbour distrust towards the US for various reasons. The most widespread is ethnic Malays' deep sympathy towards the plight of the Palestinians, with the US perceived as the 'dark force' supporting the Zionist state of Israel. Belief in the myth of Illuminati conspiracy and Judeo-masonic driven New World Order theories is quite common. A coalition of Islamic NGOs, the Malaysian Alliance of Civil Society Organisations,<sup>6</sup> has recently recommended that the National Human Rights Commission reject a 2.3-million-ringgit financial grant from the European Union for human rights education, fearing the influence of 'foreign ideologies' and 'Western values' ... 'that are not in line with our country and its constitution'.

Democracy promotion by the West is a sensitive issue that can be easily politicized. Similarly for foreign funding to

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<sup>4</sup> <https://www.reuters.com/article/us-malaysia-politics-najib/malaysia-had-plan-to-use-chinese-money-to-bail-out-1mdb-court-hears-idUSKCN1VP1DS>

<sup>5</sup> <https://www.wsj.com/articles/how-china-flexes-its-political-muscle-to-expand-power-overseas-11546890449>

<sup>6</sup> <https://www.malaysiakini.com/news/669224>

local non-governmental organizations working on socio-politically contentious issues. They are susceptible to be accused as tools of foreign interference and subversion.

Though small in amount compared to American investment in other countries,<sup>7</sup> the US is the foremost provider of ‘democracy assistance’ to Malaysia. But just how much impact does US democracy promotion in Malaysia have on its political development?

Muhamad Takiyuddin<sup>8</sup> has found that the US government performs a balancing act by both funding civil society actors and offering technical assistance to state institutions aimed at strengthening good governance in Malaysia. To pre-empt any accusations of conspiracy, the US government has made public its allocations for such purposes.

The study notes that the US regards Malaysia as a moderate Muslim-majority regime and a key ally of strategic importance. Consequently, even though Malaysia has been regarded as an electoral authoritarian regime, the US avoids exerting strong pressure on Malaysia to democratize or causing any political instability. Notwithstanding this, American officials were vocal against the arrest and imprisonment of Anwar Ibrahim during the time of Reformasi. Scholars such as Levitsky and Way<sup>9</sup> have argued that Western states could only exert a ‘moderate’ level of leverage on Malaysia that is insufficient to threaten the status quo.

As a trading nation with an open economy, Malaysia cultivates dense personal and institutional networks, not only with the West but also with the Muslim world and China.

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<sup>7</sup> <https://www.tandfonline.com/doi/full/10.1080/09512748.2018.1492959>

<sup>8</sup> <https://www.tandfonline.com/doi/full/10.1080/09512748.2018.1492959>

<sup>9</sup> <https://doi.org/10.1017/CBO9780511781353>

The multi-ethnic and multi-religious Malaysian society has long been subject to contradictory messaging<sup>10</sup> and international influence in terms of a diffusion of ideas and demonstration effects in ethnically segmented ways.<sup>11</sup> The ability of Malaysia to integrate selected ideas for its own benefit requires internal strength and cohesion as a nation.

The unity government came into power in the face of the challenging post-covid international economic conditions and the above-mentioned geopolitical tension between super-powers. On the domestic front, economic transformation and institutional reform are badly needed to heal the scars left by the pandemic, revitalize the Malaysian economy and attenuate endemic corruption. Lurking in the background is the need to address thorny interreligious issues which are susceptible to be hijacked for political gains of selfish politicians, potentially threatening harmonious interreligious coexistence, even heightening federal-state tension across the South China Sea. Without addressing these issues even-handedly, Malaysia risks going the way of right-wing authoritarian populism as in the West.

Judicious management of foreign relations with strategic foreign powers is essential to the prosperity and security of Malaysia. But effective diplomacy in the new Indo-Pacific era needs to go hand in hand with efforts to put its own house in order. Malaysia's democratic resilience can only be sustained if it is a nation at peace with its diverse citizenry.

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<sup>10</sup> <https://pages.malaysiakini.com/hk-misinfo/zh/>

<sup>11</sup> <https://freedomhouse.org/country/malaysia/beijings-global-media-influence/2022>

## Chapter 8

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### The Politics of Save Uyghur: China's 'Islamic Diplomacy' and Its Discontents in Malaysia

*Hew Wai Weng*

On 21 December 2019, the Chinese Embassy in Malaysia hosted a cultural show 'Beautiful Xinjiang', performed by the Xinjiang Song and Dance Ensemble of Art Theatre, at a convention centre near Kuala Lumpur. The embassy had invited various Muslim politicians, preachers and activists, some of whom responded with a protest. Amongst the protestors were members of the Malaysian Islamic Youth Movement (ABIM, a moderate Muslim organisation) and the Malaysian Islamic Party (PAS, an Islamist party).

China has been charged with extensive persecution of the Uyghur Muslim minority in its Xinjiang Uyghur Autonomous Region, which has caught the attention of Muslims in Malaysia and elsewhere. Human Rights Watch, an organisation which investigates and reports on abuses worldwide and advocates on behalf of people at risk, has criticised China's Xinjiang policy as 'serious human rights violations'<sup>1</sup>, yet most Southeast Asian countries remain silent,<sup>2</sup> primarily because of China's heavy investments in the region. While the Chinese government justifies the establishment of Uyghur re-education centres in the name of 'fighting radicalism and separatism', many Muslims in Malaysia see them as a form of discrimination against the Muslim minority. Enter the campaigns to 'Save Uyghur'.

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<sup>1</sup> <https://www.hrw.org/news/2022/10/04/un-needs-address-chinas-abuse-uyghurs-without-delay>

<sup>2</sup> <https://aseanmp.org/2020/11/09/southeast-asia-condemn-china-treatment-of-uyghurs/>

Based on conversations with pro-Uyghur activists and social media postings, this chapter focuses on the prospects and challenges of China's 'Islamic diplomacy', Beijing's campaign to engage local Muslims, and how Muslims of different backgrounds have reacted to such diplomacy. China's 'Islamic diplomacy' has received mixed responses, reflecting different reactions to China in the Muslim context – be it welcoming cooperation, critical engagement, or total rejection.

While China's 'Islamic diplomacy' has been fruitful in many Muslim-majority countries, including Indonesia<sup>3</sup> and Saudi Arabia, it has been less successful in Malaysia. In 2022, Malaysia was among 11 nations that abstained<sup>4</sup> from the UN vote on the debate about China's treatment of Uyghur Muslims, while many other Muslim-majority countries including Indonesia and Saudi Arabia voted against the debate. Compared to the plight of the Palestinians and Rohingya, top government leaders in Malaysia have remained silent on the Uyghur issue, primarily to maintain good business relations with China. However, the government gives space for various Muslim NGOs to show their support for the Uyghurs. ABIM (Malaysian Muslim Youth Movement), a moderate Islamic NGO closely linked to the current Prime Minister Anwar Ibrahim, has been very vocal in campaigning on this issue. In 2023, ABIM and the International Union of East Turkistan Organizations (IUETO) set up The Uyghur – Malaysia Relations Organisation (UMRO) to raise awareness of the dire situation of the Uyghurs in Xinjiang.

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<sup>3</sup> <https://fulcrum.sg/chinas-faith-diplomacy-towards-muslim-bodies-in-indonesia-bearing-fruit/>

<sup>4</sup> <https://www.malaymail.com/news/world/2022/10/07/malaysia-among-11-nations-that-abstained-from-un-vote-on-debate-about-chinas-treatment-of-uyghur-muslims/32202>



## **China's Propaganda Campaigns**

Starting in 2019, various pro-Uyghur lobby groups have visited Malaysia. They briefed Muslim politicians and activists on the situation in Xinjiang. Events organized by several NGOs and political parties publicizing Uyghur repression gained the attention of the Chinese Embassy in Malaysia, prompting it to take a more proactive role in conducting influence operations to counter negative views of China. These influence operations have three main components.

First, media and social media campaigns. The Chinese embassy has issued media statements and run advertisements in various news outlets, highlighting the anti-terrorism campaign, socio-economic developments in Xinjiang, and what Beijing has been doing to 'fight against radical separatism and not Islam'. It also has approached social media influencers such as Husna Liang and Satria Zhang, both Chinese nationals who speak fluent Malay, to produce content presenting a positive image of China.

Second, lobby Muslim activists, politicians, and influencers. Officials from the Chinese embassy have approached Muslim leaders in various Muslim-majority political parties (including PAS and National Trust Party, Amanah), Islamic organizations (such as ABIM, IKRAM) and religious institutions (such as Malaysian Department of Islamic Development, JAKIM). Between January and June 2019, the Chinese embassy sponsored three delegations of Muslim leaders in Malaysia to visit Xinjiang with a stopover in Beijing. The trips have not been successful, as there were allegations the 2019 visits were staged. ABIM, refused the invitation, describing it as a 'political propaganda'. ISMA, a right-wing Islamist organization, has also declined to engage the Chinese Embassy. According to Shahrul Aman, an IKRAM leader, the visits were 'tightly-controlled' and

‘nicely packaged’. Another trip participant, Zuhri Yunyi, the secretary of IIS (Islamic Information & Services Foundation), upon his return to Malaysia, initiated ‘Malaysia4Uyghur’ (M4U) – a coalition of NGOs drawing attention to the Uyghurs’ plight.

Third, running events. In June 2019, the Chinese embassy for the first time, hosted an Aidilfitri Open House as a ‘Muslim-friendly’ gesture. In March 2021, a virtual event titled ‘Xinjiang Is a Wonderful Land’ was jointly hosted by the Chinese embassy in Malaysia and the government of the Xinjiang Uyghur Autonomous Region. In August 2021, a webinar on ‘China’s cooperation with Muslim world’ supported by the Embassy was cancelled last-minute after protests by Malaysia4Uyghur<sup>5</sup> (M4U).

### **‘Save Uyghur’ Campaigns**

Despite China’s influence operations, the Uyghur issue has united several Muslim NGOs in condemning the repression of Uyghur Muslims. On 5 July 2019, 34 Muslim NGOs, including ABIM, IKRAM and ISMA, endorsed a memorandum submitted to the Chinese embassy, urging China to release all detainees in its Xinjiang camps. On 27 December 2019, ABIM staged another protest in front of the Chinese embassy. ABIM president Muhammad Faisal Abdul Aziz urged<sup>6</sup> the Chinese government to respect freedom of religion and open up the so-called re-education camps to independent observers.

IKRAM, another moderate Islamic NGO, has expressed solidarity with the Uyghur people, but refrained from a confrontational approach with the Chinese embassy. It endorsed the memorandum on Uyghur rights, but did not

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<sup>5</sup> <https://www.facebook.com/101252974555488/posts/543522353661879/>

<sup>6</sup> <https://www.nst.com.my/news/nation/2019/12/551305/hundreds-protest-against-chinas-alleged-mistreatment-uyghurs>

join the protest in front of the embassy. Then vice president Shahrul Aman, who joined in the Xinjiang trip, stated in 2021, ‘we do not want to confront China, but we also do not want to be seen as a mouthpiece of China’.

ISMA, a right-wing Islamic organisation, has taken a strong stand, not only criticising the Chinese government, but also justifying its xenophobic attitudes towards ethnic Chinese in Malaysia. In an article called ‘China-isation of Malaysia: Don’t end up like Palestine, Xinjiang’, the then vice president of Zainur Rashid Zainnudin expressed his concern<sup>7</sup> about a perceived influx of new Chinese migrants and the increase of Chinese investment projects in Malaysia – worrying that with the help of local Chinese, China might take over political and economic power in Malaysia.

While the Malaysian government has been vocal about the plight of the Palestinians and the Rohingya, it remains silent on the situation of the Uyghurs. It does not defend China, but refrains from condemning China publicly. In October 2018, former prime minister Mahathir Mohamed’s administration did not extradite Uyghurs seeking asylum in Malaysia, despite a request from China. This departed from the decision of the Najib Razak administration in 2013 to deport six Uyghur asylum seekers to China. While holding firm in protecting the rights of Uyghur refugees in Malaysia, Mahathir avoided confrontation. In September 2019, Mahathir said Muslim countries were silent about the persecution of Uyghurs ‘because China is a very powerful nation’. Thus, other ways must be found to deal with Beijing so as not to suffer repercussions.

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<sup>7</sup> <https://ismaweb.net/2020/05/31/penchinaan-malaysia-jangan-senasib-dengan-palestin-xinjiang/>

## **China's Islamic Diplomacy, Geopolitical Competitions and Local Politics**

Many Muslim activists and leaders in Malaysia understand the background of the US-China geopolitical competition. Instead of taking a 'pro-China' or 'pro-US' stand, they take a balanced position. For example, ABIM has not only submitted memoranda to the Chinese embassy about the Uyghur issue but also staged physical protests in front of the US embassy over the Palestinian issue. Hafidzi Noor, then chairman of MyCare, an IKRAM-linked humanitarian group, stated<sup>8</sup> that 'Discrimination against Uyghur Muslims is real. We should reject Western propaganda, but this does not mean we have to accept Chinese propaganda' (Facebook, Uyghur Freedom Movement, 27 June 2019). Quoting Mahathir's statement, another IKRAM leader, Shahrul Aman has stated that IKRAM is critical of China's policy on Uyghur and other Muslim minorities. But he disavows confrontation, worrying that it might jeopardise Malaysia-China relations and hurt the Malaysian economy, considering that China has been Malaysia's largest trading partner for 14 consecutive years.

Overall, the Malaysian government takes a cautious stand when handling Uyghur issues – it does not justify China's Xinjiang policies, yet it also avoids speaking up against China directly. Such a position reflects Malaysia's stand to remain neutral amidst US-China competition, as well as to balance the need to maintain good business relations with China while appeasing its Muslim population which sympathises with the Uyghurs.

Anwar Ibrahim's administration is likely to maintain such a middle position. Given that Anwar was ABIM president and committed to combating Islamophobia, there have been

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<sup>8</sup> <https://www.facebook.com/uyghurfreedommovement>

expectations that he might be more vocal. However, Anwar has chosen not to raise the Uyghur issue publicly or during his official visit to China. Pro-Uyghur activists argue that Anwar lets NGOs, especially ABIM, be the public voice of protest.

The Malaysian government has indeed allowed various Muslim NGOs, leaders, and activists to raise awareness and express their concerns. The issue has traction among Muslims across political divides. While competing in domestic politics, key Islamic organisations have voiced criticisms of China's mistreatment of Uyghurs.

Solidarity with oppressed Muslims overseas is not new. Speaking out against injustice towards Muslims at home and abroad may increase the popularity and credibility of Muslim politicians and activists among segments of Malaysian Muslims. Yet, they are also aware that their reactions should not jeopardise Malaysia's economic development. Finding the right balance of critical engagement with China is no easy matter.

## Chapter 9

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### Decolonising The Chinese Diaspora?: The Screening of “Revolution of Our Times” in Malaysia

*Andrew Loo Hong Chuang<sup>1</sup>, Tan Raan Hann<sup>2</sup>, Loh Yoke  
Ling<sup>3</sup>*

With the recent rise of China as a global power and increased US-China tensions, there has been a growing interest in what it means to be ethnic Chinese in Southeast Asia and how this transnational identity is being re-shaped and expressed in different contexts.

Although the interaction between China and present-day Southeast Asia started with trade centuries ago, it was only in the late 19th and early 20th centuries that Chinese migration to Southeast Asia became increasingly significant. The formation of Southeast Asia’s postcolonial nation states saw many ethnic Chinese settling and becoming citizens. Ethnic Chinese in many postcolonial Southeast Asian states, such as Malaysia, Singapore, and Indonesia, continues to be seen or included as part of the global Chinese diasporic community but remain quintessential “outsiders” by the indigenous majorities. China’s ascendance has prompted discussions about re-sinicization and “pro-China” sentiment among ethnic Chinese in Southeast Asia, especially as expressed on social media. The Chinese identity and

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ethnicity commonly understood and articulated today is an early 20<sup>th</sup> century creation.

Social scientists have long rejected the notion that ethnicity is an immutable property of groups, including the ethnic Chinese. Instead, ethnicity is a social construct, which decisive feature is not cultural differences between groups but contact between them. Ethnicity is best understood as an aspect of a relationship, not a property of a group.

What happens when increased social contact among ethnic Chinese within and beyond China actually leads to cultural localisation in which members of the “same” ethnic group see each other as culturally different from each other? The 2019 Hong Kong protests, as seen through the lens of ethnic Chinese in Malaysia, tell us something important and problematic are the concepts of Chineseness and Chinese diaspora.

Hong Kong was governed by a British colonial government until 1997. But it was considered by Beijing as part of Greater China, along with Taiwan and Macau, because the majority of its people are Han Chinese. Some academics and governments acknowledge Hong Kong’s historical and cultural ties with the Mainland China but also recognize Hong Kong’s unique status as a Special Administrative Region.

The term “Chinese diaspora” is frequently used to describe ethnic Chinese who reside outside of these locations. This includes former immigrants who are currently citizens of other nations. Since the 1970s, Hong Kong and Taiwan have served as two significant sources of “Chineseness” for ethnic Chinese in Malaysia through such popular media as films and television programs. Cultural ties and access to information make events and developments in Hong Kong,

Taiwan, and other Chinese-speaking regions of special interest to the Malaysian Chinese community.

### **Revolution of Our Times**

In April 2019, the passing of an extradition bill which allowed individuals alleged to have committed crimes to be extradited to mainland China brought hundreds of thousands of people in Hong Kong into the streets for a series of street protests that lasted six months. The protests, the brutal police response and the arrests were live-streamed by both citizens and independent journalists in Hong Kong on social media as well as international media.

These protests were captured in “Revolution of Our Times” (ROUT), a documentary film by Hong Kong film director Kiwi Chow working with an anonymous production team. ROUT was premiered unannounced until award ceremony day at the 2021 Cannes Film Festival. ROUT later won the best documentary film award at the Taipei Golden Horse Film Festival and Awards in November the same year.

Before the announcement of a worldwide online release of ROUT on 1 June 2022, eight screenings were held in six private venues across five different states in Malaysia in early April after a few Malaysian individuals responded to a worldwide special release project initiated by the film’s distributor in March 2022. With the help of the Malaysian organising team, we recruited 13 participants who volunteered to share their responses to the film, their personal experiences witnessing the protests in Hong Kong online and via the mainstream media, as well as their experiences after viewing ROUT. All interviews were conducted online.

12 of the 13 participants had received formal Chinese education in Mandarin either at the elementary or secondary



level in either the national or independent schooling systems. None reported that their ethnicity and cultural proximity through common understanding and use of the Chinese language have been determining factors drawing them to take interest in the protests. Rather it was the connection with Hong Kong through their professional work and personal life that had been a main driving factor.

YJ and Sally are in their early 30s and financially independent. They had been active volunteers in an international not-for-profit organisation focusing on youth development during their university years. Through the volunteer work, both met and became close friends with volunteers from Hong Kong active in the 2019 protests.

YJ, lived in Kuala Lumpur but watched ROUT in Kuching, Sarawak because tickets were sold out. She had flown to Hong Kong four times in 2019 and two out of the four visits were to participate in the protests. YJ worked for a transnational company in Singapore and have Hong Kong colleagues. Having close friends from Hong Kong during college and at work, who participated in the protests, gave YJ a personal window into the experiences of protesters, which were different from what was shown in the mainstream media in Singapore.

CT, a freelancer in his late 30s, became interested in Hong Kong during his university years through urban literature. After graduation, CT visited Hong Kong for books and research because of affordable tickets offered by low-cost airlines. It was there that he witnessed the Occupy Central with Love and Peace movement in 2014. He compared the protests to the *Bersih* movements in Malaysia and also witnessed how protesters in three different Hong Kong locations (Admiralty, Mongkok, and Causeway Bay) operated differently.

For 11 out of the 13 participants, especially those under 40s, it was witnessing and being involved in the Malaysian civil and democratisation movements since the mid-2000s that had sparked their interests in the mass protests in Hong Kong. Wendy, a science student who was an avid newspaper reader and whose family openly discussed local politics and government policies, had helped to coordinate buses for the Bersih protest in her hometown during university holidays. She later participated in the Bersih 4 protest in 2015.

Sally, cannot read Chinese but is a Cantonese toplect, had been actively involved in the Bersih protest since Bersih 2.0 in 2011. Joyce, a mother of two from Johor in her 40s, was an active member of social movements in the Southern Malay Peninsula. Her involvement started in 2011 when she and her peers in Johor responded to a movement in Kuala Lumpur in which people were encouraged to appear at shopping malls wearing yellow shirts for solidarity. Local police and intimidation by the mall's security guards further fuelled the bond among the participants to organise more social movements in Johor that have lasted for 11 years.

Beijing's policies on overseas Chinese affairs are said by some to increasingly blur the distinction between *huaqiao* (华侨, Chinese nationals who are overseas) and *huaren* (华人, foreign nationals of Chinese descent) to harness the economic, social, and cultural potential of the overseas Chinese people for China's interests and influence on the global stage. This approach has implications for how ethnic identities are understood and expressed in the Southeast Asian region. In Malaysia, the Belt and Road Initiative (BRI) projects and a potential influx of new Chinese migrants became political issues during election campaigns.

The concept of a Chinese Diaspora hinges on an assumed and unbroken bond between China and the people of Chinese ancestry who live outside of China even years after migration. The US and other like-minded countries may indeed consider engaging with the Chinese diaspora to promote their respective visions of the Indo-Pacific construct. Nonetheless, being a member of the Chinese diaspora or having Chinese ancestry does not automatically imply a particular political stance or alignment with the current Chinese government's policies. For instance, Ambassador Katherine Tai, the United States Trade Representative, consistently aligns herself with her home country and holds a critical stance towards China.

Rather than operating as a homogenous entity with a shared set of experiences, identities, and cultures, through the screening of and response to ROUT in Malaysia the Malaysian Chinese in this study reveal that it was their personal connections coupled with the greater involvement in local democratic movements that led to interests and support for the mass protests in Hong Kong. When identity is constructed, it is also contestable.

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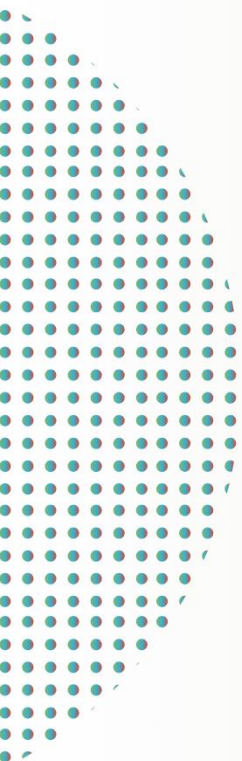
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