

Malaysian Foreign Policy Orientation and Relations in the Post-Mahathir Years

# **Malaysian Foreign Policy Orientation and Relations in the Post-Mahathir Years**

by;

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## **Abstract**

Malaysian foreign policy under Mahathir (1981-2003) has been described as independent, active and pragmatic. Two decades of Mahathir's leadership have resulted in Malaysia becoming more internationally recognised as a model of stable, multicultural and developing country with a relatively impressive economy. Malaysia was also regarded as an exemplary progressive and moderate Islamic country. While the importance of trade and investment was evident as the basis of Malaysia's external ties with many countries (including the Commonwealth of Independence States – CIS), other factors which included religion (Islam) in the context of multiculturalism also became significant determinants. In effect, Malaysia's international image has, undoubtedly, been promoted and enhanced by many of Mahathir's bold and innovative policy initiatives. However, foreign policy under Abdullah Badawi was rather lacklustre due to preoccupation with domestic challenges such as intra-UMNO/ BN bickering (including the MCA) and the growing influence of the Opposition coalition led by Anwar Ibrahim. Despite the lack of focus, Abdullah succeeded in thawing relations with Singapore, and Malaysia attracted the attention of the US as a progressive Islamic nation with the *Islam Hadhari* brand. This paper argues the need for Malaysia to bolster its international image and standing through new foreign policy initiatives which are relevant and responsive to the changing dynamics of the domestic as well as the regional and global political economy. Set against the backdrop of a more demanding political scenario and recessionary global economy, the paper contends that Malaysia should reprioritise and reposition its foreign policy direction and initiatives to leverage on more focussed relations with key countries, namely the US and China (PRC). This should be part of Najib's strategy to reclaim political legitimacy and ensure economic transformation on the basis of his guiding philosophy of '1Malaysia, People First, Performance Now'.

## **Introduction**

This paper provides an overview of the foreign policy orientation and external relations of Malaysia in the post-Mahathir period. After more than two decades of assertive and dynamic foreign policy under former prime minister, Mahathir Mohamad (1981-2003), the vitality of Malaysian diplomacy seemed to have receded under his successor, Abdullah Ahmad Badawi (2003-2009). There is no doubt that the pursuit of what could be described as 'conventional' foreign relations initiatives of the Abdullah era contrasted with the identity of policy with person characteristic of Mahathir diplomatic adventures.

Notwithstanding, this paper argues that after more than a five-year hiatus in the foreign policy arena of the country, it is imperative for the leadership helmed by Najib Razak to examine the foreign policy priorities and direction of the country. As the new administration tries to grapple with many domestic challenges and problems emanating both from within the domestic as well as the external environment, the formulation of well thought-out and strategic foreign policy initiatives will help address some of these pressing issues.

This paper also contends that it is indeed imperative for Malaysia to review its relations with selected countries and regions of the world to meet-up the challenges from an increasingly volatile international political and economic environment. Malaysia under Najib needs to re-position itself as an active and serious regional and global actor. The time has come for Malaysia to revisit and prioritise its external relations in an increasingly volatile world. In effect, the pursuit of a pragmatic foreign policy by the Najib administration is crucial in helping to realise many of the domestic agendas of the country against the backdrop of a stronger Opposition and global economic uncertainties.

The paper is divided into three major parts. The first part provides a brief outline of Malaysian foreign policy initiatives and direction under the visionary leadership of Mahathir Mohamad. An assessment of the country's external relations with selected countries as well as within the context of multilateral arrangements under the Abdullah administration will soon follow. The final part of the paper provides some suggestions on the foreign policy priorities and direction of prime minister Najib Razak which are instrumental in providing legitimacy and stability to the government of the day.

### **Mahathir's Achievement in Foreign Policy Arena: A Brief Overview**

Much has been said about the foreign policy orientation and external relations of Malaysia under the leadership of the country's fourth prime minister, Mahathir Mohamad (1981-2003).<sup>1</sup> Mahathir has left an almost inimitable legacy in Malaysia's foreign policy arena. In addition to the domestic considerations, Malaysia's external conduct was very much influenced by the strong personality of Mahathir. There is no doubt that Malaysia had benefited tremendously from its active participation and growing prominence in the international arena during more than 20 years of Mahathir's leadership.

- ***'Look East' Policy and Mahathir's Developmental Agenda***

One significant development in Malaysian foreign policy orientation under the Mahathir leadership was the country's close relations with Northeast Asia, namely Japan and South Korea, as manifested in the implementation of 'Look East' policy.<sup>2</sup> Mahathir's deep personal admiration for the 'miraculous' economic achievement of post-World War II Japan has been discussed at length by many local as well as international scholars.<sup>3</sup> The decision of the Mahathir administration to launch the 'Look East' policy after only a few months in office were mainly to encourage Malaysians to emulate the Japanese work ethics, business management techniques and technology and also to acquire Japanese expertise and capital, through aid and investment and trade cooperation.<sup>4</sup> As announced by Mahathir:

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<sup>1</sup> Saravanamuttu, J. (1980). *Malaysia's Foreign Policy 1957-1980*; and (1997); and 'ASEAN in Malaysian Foreign Policy Discourse and Practice (1967-1997),' *Asian Journal of Political Science*, Vol. 5, No. 1. See also Camroux, D. (1994). "'Looking East' ... Inwards: Internal Factors in Malaysian Foreign Relations during the Mahathir Era, 1981-1994," *Papers No. 72*, Griffith University Centre for the Study of Australia-Asia Relations-Australia-Asia.

<sup>2</sup> Khadijah Md. Khalid. (1999). *Malaysia-Japan Relations: Explaining the Root Causes of the Pro-Japan Orientation of Malaysia in the Post-1981 Period* (unpublished PhD thesis, School of Oriental and African Studies). See also Khadijah Md. Khalid & Lee, P. P. (2003). *Whither the Look East Policy?* UKM Press.

<sup>3</sup> See, for example, Jomo K. Sundaram. (Ed.). (1985). *The Sun Also Sets: Lessons in Looking East* and (1994). *Japan and Malaysia: In the Shadow of the Rising Sun*; Grace, E. K. P. (1990). "Looking for a Way Out by 'Looking East': An Analysis of Malaysia's Look East Policy." *Kajian Malaysia*, Vol. VIII, No. 2.; Fujio, Hara. (1993). 'Japan and the Malaysian Economy: An Analysis of the Relations Started with Reparations after the End of World War II.' In Fujio, Hara (Ed.). *Formation and Restructuring of Business in Malaysia*. Tokyo Institute of Developing Economies; Lee, P. P. (1984). 'Changing Perceptions of Japan.' In Morrison, C. E. (Ed.). *Presence and Perceptions: The Underpinnings of ASEAN-Japan Relations*. Japan Center for International Exchange, (1988). *The Japanese Model and Southeast Asia with Particular Reference to Malaysia*. 'Kajian Malaysia', Vol. VI.

<sup>4</sup> See Khadijah (1999). *Op. cit.*

*'You may be aware that lately I have been exhorting Malaysians to emulate the Japanese, particularly in work ethics and ethical values. This re-orientation is crucial at this juncture in the development of the country ..... We have for a long time been looking for the West, as did Japan in the early days of her development. But the West is no longer a suitable model. They have lost the drive.'*<sup>5</sup>

It has to be stated that Mahathir's decision to re-orient Malaysia's focus in bilateral relations with Japan stemmed from his personal admiration and experience when visiting the latter in 1961. He was deeply impressed with the rapid pace of physical development of Japan alongside the ease with which the switch from production of low- quality to high quality goods at competitive prices within a short span in the aftermath of the Second World War.<sup>6</sup> Such an account provides an interesting corroboration of the personal nature of Mahathir's foreign policy. In short, the 'Look East' policy was seen as a radical departure from Malaysia's conservative foreign policy stance that is from pro-Western, namely pro-British to a pro-Japanese. Under the Mahathir leadership, Malaysia had taken a bold step to reduce her dependence on her former colonial master.

Mahathir's 'Look East' policy was further expressed in the idea of an 'East Asia Economic Grouping' (or EAEG) and later renamed, 'East Asia Economic Caucus' (EAEC). The formation of NAFTA, among others, gave Tun Dr. Mahathir the impetus to develop the EAEC. The EAEC was conceived to promote the regional economy.<sup>7</sup> However, its protectionist connotations would have been unacceptable to some ASEAN countries. Singapore, for example, depends heavily on a very open economy.<sup>8</sup> Moreover, Mahathir's exclusivist approach in positing the EAEC as a rival to the major trading blocs was unacceptable not least in that Australia, New Zealand and the US were regarded as outsiders. This exclusiveness reflected Mahathir's defensive

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<sup>5</sup> Speech by Mahathir Mohamad at the 5<sup>th</sup> Joint Annual Conference of MAJECA/JAMECA, Kuala Lumpur, 8 February 1982; reproduced in Koleksi Ucapan Mahathir, Vol. 4, 1992:34-35, as quoted in *ibid. Malaysia-Japan Relations: Explaining the Root Causes of the Pro-Japan Orientation of Malaysia in the Post-1981 Period*. Chapter One, Part III, page 12.

<sup>6</sup> Mahathir Mohamad. (2004). *Achieving True Globalisation*. See Chapter 7, page 72. Pelanduk Publications.

<sup>7</sup> Mahathir (2004). Chapter 1, pages 4-5. *Op. cit.*

<sup>8</sup> Takashi Terada, "Constructing an 'East Asian' concept and growing regional identity: from EAEC to ASEAN+3," *The Pacific Review*, Vol. 16 No. 2 (2003).

attitude towards the West, and uncompromising stance regarding persisting imbalance in the international political economy.

- ***Malaysia and the West***

Much has been said about Mahathir's negative perception and attitude towards the West, as exemplified in his 'Buy British Last' campaign during the early months of his administration.<sup>9</sup> In fact, the pro-Japan orientation of Malaysia during most of the 1980s and 1990s had been linked to the perceived Mahathir's 'anti-West' stance which later included his strong criticism against the U.S political and economic domination in the international arena. However, to insist that Mahathir's attitude towards the West could easily be lumped together in an undifferentiated mode is simplistic and overlooks one important point. That is that the developmental politics which Mahathir inherited from previous prime ministers meant that Malaysia continued to be open to foreign direct investment (FDI) from the West.

It has been highlighted that as a visionary leader, Mahathir's heavy industrialisation policy played a vital part in influencing his foreign policy outlook. This demanded an investment policy which depends on high technology, not only from Japan and Northeast Asia but crucially the West too. Furthermore, the emphasis on infrastructural development as an engine of economic growth such as the Penang Bridge, Multimedia Super-Corridor (MSC), PETRONAS Twin Towers (also known as Kuala Lumpur City Centre - KLCC), Kuala Lumpur International Airport (KLIA) Putrajaya *etc.* popularised Malaysia on the world map. This boosted FDI as infrastructural development provided the requisite pre-conditions. However, the pro-FDI approach to fuel an export-oriented industrialisation (EOI) was coupled with strident anti-West rhetoric in the name of Asian values, *etc.*

Mahathir's anti-Western posture was mainly shaped by the need to counter-balance the inequitable relationship which still persists in another form in the post-colonial era. Thus, the dual attitude or bifurcation in the geo-political and geo-economic dimensions of Malaysia's foreign policy under Tun Dr. Mahathir was directed at the West or Northern hemisphere. However, he did not condemn the West for being rich and powerful; rather, he was against perceived hypocrisy and double-standards expressed especially in multilateral arrangements which were heavily biased against the rights and interests of the developing and less developing nations. Mahathir was also deeply mistrustful of the formally materialistic worldview of the West, which was contrary to what he called, 'Asian values' and the cultures of the East. Thus it is hardly surprising that his leadership style placed him at odds with the International

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<sup>9</sup> See Khadijah (1999). *Op. cit.*

Monetary Fund (IMF) and the 'Washington Consensus' at the height of the Asian Financial Crisis (1997).

- ***Malaysia's Growing Relations With the Muslim World***

Malaysia's relations with the Organisation of the Islamic Conference (OIC) were no less strong.<sup>10</sup> Mahathir's vitriol against the West on behalf of the worldwide Muslim community (*ummah*) has been legendary, and further promoted his image as an acerbic spokesperson of the South hemisphere.<sup>11</sup> The issue of Palestine figure strongly in Mahathir's representation of Malaysia's Islamic identity which was very much influenced by the increasing rise of *ummah* consciousness which promoted overt solidarity with the rest of the Muslim world.<sup>12</sup> The inter-locking of Malaysia's humanitarian responsibility with its foreign policy considerations was also aptly demonstrated in the case of Bosnia-Herzegovina during the 1992 war. Mahathir expressions of sympathy to fellow religionists in Bosnia-Herzegovina who were involved in an ethnic strife with the Serb majority took various forms. Apart from assuming a prominent stage in Malaysia foreign policy, the issue of Bosnian independence was also actively supported by the Mahathir administration.<sup>13</sup>

Trade and investment flourished between Malaysia and the rest of the OIC, although still fall short compared to ASEAN, US, Japan and the Europe. Mahathir pushed for greater economic cooperation and integration fostered by the investment role of Islamic Development Bank (IDB) based on the concept of *mudarabah*.<sup>14</sup> Mahathir was partly motivated by the desire to see a more resilient and advanced OIC in the making.<sup>15</sup> In the final analysis, the OIC was integral to Mahathir's agenda of boosting Malaysia's international profile and thereby to also strengthen his political legitimacy at home to counter the criticism and dissent from the Malay dimension of the Opposition.

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<sup>10</sup> See Khadijah (1999). *Op. cit.*

<sup>11</sup> For an analysis of Mahathir's political outbursts in the context of the OIC, see e.g. K.Gajendra Singh. (2003). 'OIC Summit, Mahathir's speech and post-OIC reverberations,' *South Asia Analysis Group* (SAAG). Source: [[http://www.saag.org/common/uploaded\\_files/paper823.html](http://www.saag.org/common/uploaded_files/paper823.html)].

<sup>12</sup> Consult, for example, Mahathir Mohamad & Hashim Makaruddin. (2001). *Islam & the Muslim Ummah: Selected Speeches of Dr. Mahathir Mohamad, Prime Minister of Malaysia*, Pelanduk Publications.

<sup>13</sup> W. S. W. Hassan, R. Dollah, R. Z. Idris, Z. Othman, Aizan A. M. Zain. 'A Brief Note on Malaysia's Responses to the Bosnian Conflict.' (Retrieved from a PDF document. Source undetermined).

<sup>14</sup> Khadijah Md. Khalid. (2004). 'Malaysia's Growing Economic Relations with the Muslim World,' *Kyoto Review of Southeast Asia*.

Source: [[http://kyotoreview.cseas.kyotou.ac.jp/issue/issue4/article\\_362.doc](http://kyotoreview.cseas.kyotou.ac.jp/issue/issue4/article_362.doc)].

<sup>15</sup> *Ibid.*

Under the Mahathir administration, Malaysia's economic and socio-cultural (for example, in higher education) relations with the Muslim world began to expand quite rapidly.<sup>16</sup> Tourists from the Middle East flock Malaysia in droves, particularly during the summer season, as the country is increasingly popularised as an attractive destination for fellow Muslims. The attention of Islamic countries from the Middle East towards Malaysia in the socio-cultural spheres was to intensify in the wake of the 911. Travel advice by Western governments, principally the US had adversely affected tourism in Malaysia. However, Malaysia was quick to capitalise on the opportunity offered by a stricter immigration control which bordered on racial/religious profiling and targeting *vis-à-vis* Muslims, especially the male gender.<sup>17</sup>

The growing economic relations and exchanges between Malaysia and selected OIC member-nations reflected the value placed by the Mahathir administration on the Middle East as constituting an important growth market, and emerging geo-political bloc capable of challenging Western assumptions and *status quo*.

- ***Malaysia's 'Expansion' into Central Asia***

The 'Look East' policy, however, did not prove to be restrictive of Mahathir's attention to other countries. Another striking example of his move to wean Malaysia from its historical pro-West orientation is seen in the quest to enhance relations with countries which were viewed unfavourably by the West, particularly the United States, such as the Sudan, Myanmar and Cuba. There is no doubt that Malaysia's favourable and positive image amongst the former Soviet republics in Central Asia most prominently Uzbekistan and Kazakhstan today could be attributed to the far-sighted foreign policy of the Mahathir administration towards the region as soon as they achieved independence from the Soviet Union in the early 1990s.<sup>18</sup> Malaysia was alert to the developments in Central Asia, and hastened bilateral relations with the former Soviet republics. Under a new political arrangement, they had - together with Russia as the ex-patron - become the Commonwealth of Independent States (CIS).

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<sup>16</sup> See Khadijah (2004). *Op. cit.*

<sup>17</sup> *Ibid.*

<sup>18</sup> Personal communication with several senior officials and former participants of the Malaysian Technical Cooperation Programme (MTCP) from Uzbekistan and Kazakhstan during the writer's visit to the two countries in November 2006. The writer was invited to join the one-week mission with the Economic Planning Unit (EPU) and Japan International Cooperation Agency (JICA).



Mahathir was interested in the introduction of market reforms, for example, in Kazakhstan. Not only could trade and investment between the two countries be forged and expanded in the long-run, Malaysia could also be touted as a model of economic success for emulation.<sup>19</sup> It is this sphere of interest, particularly through transfer of developmental experience (usually hailed as South-South cooperation),<sup>20</sup> which would have suited Mahathir's personal inclination to reach out for political allies in the pursuit of a united alternative front to Western hegemonic interests.

- ***Malaysia and South-South Cooperation***

The other initiatives to harness the aspirations and interests of the developing world and provide them with a single voice could be seen in, for example, the formation D8 (or Developing Eight) which brought together Muslim majority countries with strong economic potential based on their rate of growth. The D8 was conceived to enable more focused multilateral relations within the developing world, whilst simultaneously maintaining and fostering ties with other fellow South-South nations.<sup>21</sup> The 'mobilisation' of the developing and less developing nations in advocacy and protection of their interests has been integral to Mahathir's foreign policy vision.

To foster networking capacities to especially promote the pooling of technology for development, Mahathir also took the initiative to propose the Langkawi International Dialogue (LID) which is based on the concept of 'Smart Partnership.'<sup>22</sup> The LID was to provide the nations in the less developing category with the leverage on technical expertise through capacity-building and other forms of cooperation.

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<sup>19</sup> Refer to speech by Mahathir Mohamad at the Kazakhstan-Malaysia Business Meeting in Almaty, Kazakhstan (19 July 1996). Source: [<http://www.pmo.gov.my/ucapan/?m=p&p=mahathir&id=1208>].

<sup>20</sup> Malaysia was one of the leading pioneers in the concept of technical cooperation amongst developing countries (TCDC) which aimed at sharing the country's competencies where it has the experience and expertise. See the homepage of the Malaysian Technical Cooperation Programme (MTCP) for further information. For an analysis of Malaysia's emerging relations with Central Asia, see Stark, J. (2006). "'Snow Leopard' meets Asian Tiger," *The Round Table: The Commonwealth Journal of International Affairs*, Vol. 95, Issue 385, pages 455-471.

<sup>21</sup> For a concrete account of the intra-D8 relations, see Stark, J. (2009). 'Malaysia-Pakistan Linkages: Searching for New Diversified Regional Contacts,' *The Round Table: The Commonwealth Journal of International Affairs*, Volume 98, Issue 401.

<sup>22</sup> See the LID website at [[http://www.kln.gov.my/lid2007/index.php?option=com\\_frontpage&Itemid=1](http://www.kln.gov.my/lid2007/index.php?option=com_frontpage&Itemid=1)].

Another aspect of Mahathir's personal charge of Malaysia's foreign policy was his authoritarian ('iconoclast') style.<sup>23</sup> This meant he could afford to transform Malay nationalism from the narrow confines of racial domination (or hegemony) and inter-ethnic rivalry to an international role. Thus, his foreign policy outlook has as its purpose consolidating and expanding Malay nationalist aspirations which transcended domestic politicking. In other words, Malay nationalism as an important domestic determinant under Mahathir's watch served his foreign policy agenda. As been already noted, Mahathir's approach is not unlike Sukarno's revolutionary vision of continuing the struggle against neo-imperialism. Malaysia's foreign policy stance also began to be much more economically-oriented than ever before.

In summary, the relatively stable Malaysian domestic politics and economy during most of the 1980s until the 1997-98 East Asian financial crises had contributed to the successful of Malaysian foreign policy conduct. The Mahathir leadership had succeeded in building the international reputation and image of Malaysia as a respectable regional as well as global player through its multiple roles in various multilateral arrangements while developing new strategic partnerships (at the bilateral level) with certain countries around the globe. Thus, whilst it cannot be denied while economic factors continued to be of decisive importance in Mahathir's foreign policy, this was aligned with 'symmetrical' factors such as religious and geographical solidarity. So much so that it could also be pointed out that economic and political determinants in Mahathir's foreign policy responsible for branding Malaysia on the world map were at times so inter-twined as to be hardly distinguishable.

### **Malaysia's Foreign Policy Orientation post-Mahathir: The Abdullah Years**

When the foreign policy of Abdullah Ahmad Badawi - who was prime minister from 2003 to 2009 - is compared to Mahathir's, there is marked or significant difference in style and emphasis. It could be argued that after years of active foreign relations and diplomacy under Mahathir, many who were directly involved in the policy implementation/execution were left proverbially exhausted. While many of Wisma Putra officials appreciated the soft and accommodating style of Abdullah, they had to deal with the perceived abrasiveness of the foreign minister, Syed Hamid Albar (1999-2008).<sup>24</sup>

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<sup>23</sup> See Saravanamuttu, J. (1996). 'Malaysia's foreign policy in the Mahathir period, 1981-1995: An iconoclast come to rule,' *Asian Journal of Political Science*, Vol. 4, No. 1.

<sup>24</sup> Personal communication with senior Wisma Putra officials and diplomats.

The foreign policy legacy left by Mahathir had posed an immense challenge Abdullah to ‘measure up,’ and perhaps even to exceed. Thus, it was perceived that Abdullah’s foreign policy could always be ‘eclipsed’ by Mahathir’s standing in the international community as a doughty defender of Third World and South-South rights/interests; and the architect of Malaysia’s entry into multilateral trade arrangements, and new markets. In reference to the foreign policy expectations of Abdullah, a prominent Malaysian scholar opined:

*‘Other policies include ... Mahathir’s clarion call for [reforms of the UN] ... I [do not] think the substance of foreign policy will change in any way. However, Abdullah’s style is going to impact upon his foreign policy, which means ... he will be less confrontational.’<sup>25</sup>*

Despite the impressive electoral performance of Abdullah in the March 2004 general elections only six months after taking over the premiership from Mahathir, his administration was soon criticised for being weak, lacking in focus and direction. Abdullah soon became pre-occupied with the domestic challenges emanating from within UMNO as well as the emerging Opposition coalition. And this was to impact on his foreign policy performance to an extent.

- ***Islam Hadhari and Malaysia’s Foreign Relations under the Abdullah administration***

The Abdullah administration had its own distinctive features amongst one of which was *Islam Hadhari* which emphasises universal values, personal piety, and mastery of scientific and technological knowledge. *Islam Hadhari* was to be his personal hallmark. According to Abdullah ...

*‘Islam Hadhari [is] the way to good governance, that is to say, the way in which the government hopes to administer to the well-*

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<sup>25</sup> Chandra Muzaffar. 2003. ‘Malaysian Politics: The Emerging Scenario under Abdullah Badawi.’ *Institute of Southeast Asia Studies* (Retrieved 12 August 2009 from <http://web.iseas.edu.sg.152003.pdf>).

*being of the country, and the welfare of its multi-religious and multi-racial population.*<sup>26</sup>

*Islam Hadhari* was integral to Abdullah's personal mission to build Malaysia towards excellence, glory, and distinction (*cemerlang, gemilang, dan terbilang*).<sup>27</sup> It had the political advantage in portraying the Islamic credentials of the Abdullah administration whilst simultaneously appealing to the non-Muslim electorate. This is set in the context of the on-going rivalry - which represents a carry-over from the Mahathir era - for the allegiance of the Malay heartlands and contestation over the political role of Islam in Malaysia.<sup>28</sup>

In the 1999 general elections, the opposition party and arch-rival, *Parti Islam Se-Malaysia* (PAS),<sup>29</sup> had made considerable inroads into the constituencies of the dominant partner in the ruling coalition, *i.e.* United Malays National Organisation (UMNO). Then, PAS gained 27 parliamentary seats and formed the state government in two key states of the Malay heartlands - Kelantan and Terengganu. The impressive electoral showing by PAS reflected the political ripples in the Malay community which had never been so polarised. The results represented a very high proportion of Malay voters rejecting UMNO, which diminished the party's traditional standing, including the claim to uphold Islam. Thus, *Islam Hadhari* owed its origins partially to the choice of Mahathir to pick a successor who had the appropriate Islamic appeal to woo back the lost votes.<sup>30</sup>

Although *Islam Hadhari* was to attract opprobrium and stringent criticism at home because of perceived implications for the religion in terms of its relevance, ironically it received positive response from the US as early as October 2003 when Abdullah took on the reins of leadership. The US Undersecretary for Public Diplomacy, Karen Hughes was reported to have praised *Islam Hadhari* as a 'powerful example' for all Muslims.<sup>31</sup> *Islam*

<sup>26</sup> Quoted from Hourdequin, P. (2008). 'Malaysia's 2005-2008 refugee stand-off with Thailand: A security analysis,' *International Relations of the Asia Pacific*, Volume 8.

<sup>27</sup> Ahmad Fauzi Abdul Hamid. (2009). 'The New Challenges of Political Islam in Malaysia,' *Asia Research Centre*, Working Paper No. 154. Paper presented at the Asia Research Centre Conference on *New Modes of Governance and Security Challenges in the Asia-Pacific*, Murdoch University, Perth, 12-13 February 2009. Source: [http://www.arc.murdoch.edu.au/wp/wp154.pdf].

<sup>28</sup> See Khadijah Md. Khalid. (2007). 'Voting for change: Islam and personalised politics in the 2004 general elections.' In Edmund Terence Gomez (Ed.), *Politics in Malaysia: The Malay Dimension*, Routledge.

<sup>29</sup> Pan-Malaysia Islamic Party - PMIP (English translation).

<sup>30</sup> Khadijah (2007). *Op. cit.*

<sup>31</sup> Gatsiounis, I. (2006) 'Islam Hadhari in Malaysia,' *Current Trends in Islamist Ideology*, Vol. 3. Source: [http://www.futureofmuslimworld.com/research/detail/islam-hadhari-in-malaysia].

*Hadhari*, therefore, could be said have been groomed and poised at its conceptualisation to be a crucial element in Abdullah's foreign policy as *Islam Hadhari* also stresses moderation and inter-civilisational dialogue.

On the economic front, Abdullah has been an ardent proponent of Malaysia as a leading *halal* hub and centre in all range of competencies and activities – accreditation and certification; manufacturing; supply chain, *etc.*<sup>32</sup> The *halal* industry is estimated to be worth USD3 trillion *per* year, and Abdullah wanted to position Malaysia to tap into the global market, especially as represented by the OIC. For Abdullah, the *halal* issue was linked to the agenda of reform in the OIC and empowerment of the *ummah* through trade and investment which at same time functions as a bridge between East and West.

Whereas Mahathir was keen to portray Malaysia as a leading a rapidly developing Muslim country with ostentatious display of impressive architectural and infrastructural icons - *tangible* features; Abdullah, on the other hand, preferred to accentuate the image of Malaysia as exhibiting progressive and moderate Islamic *ideals* as embodied in Islam Hadhari – *intangible* features. Once again, this aspect of different approaches to the role of Islam in nation-building, and by extension, foreign policy reflects the personal temperament of both figures. Mahathir was a 'doer' whereas in contrast, Abdullah's background is as an intellectual and Islamic scholar.<sup>33</sup>

- ***Malaysia's Relations with the United States of America (USA)***

A discernible trend in Malaysia's foreign policy under Abdullah was the advantage derived from leveraging his personality to build closer rapport with other leaders.<sup>34</sup> This included Malaysia's relationship with the US under President George W. Bush. Such a more cordial working relationship has been enhanced by the geo-political landscape of post-September 2001, where the US has become more accommodative of Malaysia's interests. This reflects Malaysia's role in the region as a valuable ally in the fight against terrorism.<sup>35</sup>

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<sup>32</sup> See, for example, the keynote address by Abdullah Ahmad Badawi at the *World Halal Forum* (2008), Kuala Lumpur Convention Centre (12 May 2008).

Source: [<http://www.worldhalalforum.org/download/speech/Speech08-PM.pdf>].

<sup>33</sup> For a highly astute biography of Mahathir Mohamad, see Khoo, B. T. (2003). *Paradoxes of Mahathirism: An Intellectual Biography of Mahathir Mohamad*, Oxford University Press (OUP). For Abdullah Ahmad Badawi, consult Syed Ali Tawfik Al-Attas, & Ng, T. C. (2005). *Abdullah Ahmad Badawi: Revivalist of an Intellectual Tradition*, Pelanduk Publications.

<sup>34</sup> Welsh (2005). *Op. cit.*

<sup>35</sup> Nesadurai, H. E. S. (2004). 'Rejecting Dominance, Embracing Engagement,' Working Paper No. 72, (formerly Institute of Defence and Strategic Studies) Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU).

In addition to the changing landscape brought by the event of the 911 terrorist attacks on American soil, Abdullah's non-controversial foreign policy also contributed greatly to the 'normalisation' in US-Malaysia ties. Interestingly enough, Abdullah's deputy, Najib Razak who was to succeed him as prime minister is also well-liked in the political and military circles of the US. For example, the Heritage Foundation, an avowed neo-conservative think-tank, welcomed Najib's speech in his capacity as Defence Minister in 2002 as echoing the sentiments of US, despite certain policy disagreements.<sup>36</sup>

Furthermore, Abdullah's impressive electoral performance in 2004 provided him with the confidence and legitimacy to resolve the Anwar issue which had soured US-Malaysia relations.<sup>37</sup> It is argued however, the Anwar issue is not a major factor in Abdullah's stature *vis-à-vis* the US. Abdullah's keenness in leveraging on Malaysia's important role as a mediator in conflict resolution efforts involving particularly the region such as Muslim separatist groups in the Philippines and Thailand was significant. For it enhanced Malaysia's profile as a moderate Muslim country and a reliable partner in bilateral cooperation for regional peace and security.<sup>38</sup> Malaysia's counter-terrorist collaboration included intelligence sharing, detention of suspected terrorists, and hosting training courses such as workshops and seminars.<sup>39</sup>

Intriguingly though, the Scomi scandal/affair which became an explosive issue for the Malaysian opposition parties to pile pressure on Abdullah, had initially seemed to cast doubt on the continuing viability of US-Malaysia relations.<sup>40</sup> Ironically, the issue encouraged the US to work more closely with Malaysia in combating terrorism in its various forms.<sup>41</sup> This is a reflection of the evolving

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<sup>36</sup> Sodhy, P. (2007). 'Malaysia-US Relations.' In Abdul Razak Baginda (Ed.). *Malaysia's Foreign Policy: Continuity and Change*. For an analysis of US-Malaysia relations pre- and post 'September 11,' see Khadijah Md. Khalid. (2003). "'September 11' and the changing dynamics of Malaysia-US relations," *Asian Review*.

<sup>37</sup> Anwar Ibrahim was the former deputy prime minister of Mahathir Mohamad before he was sacked in 1998 over allegations of sexual misconduct and abuse of power. His downfall sparked the *reformasi* movement in Malaysia which was unprecedented, and probably actually accelerated political changes in a country where political lines are marked by racial polarisation.

<sup>38</sup> Sodhy (2007). *Op. cit.*

<sup>39</sup> *Ibid.*

<sup>40</sup> Scomi Precision Engineering was accused of producing centrifuges for nuclear enrichment. The buyer country was said to have been Libya, a country then blacklisted as supporting terrorism abroad. One of Scomi's employees was alleged to be linked to the infamous A. Q. Khan of Pakistan, the father of the country's nuclear programme.

<sup>41</sup> Sodhy (2007). *Op. cit.*

nature of US-Malaysia relations given the dynamics of regional and global security.

- ***Malaysia's External Relations in the Context of Multilateral Organisations***

There is no doubt that Malaysia's international standing had been seriously affected by the lack of new initiatives and assertiveness in the country's foreign policy conduct under Abdullah. Nevertheless, his role as prime minister was actually welcomed by many quarters, particularly those serving in *Wisma Putra* after years of Mahathir's personal direction and micro-management of foreign policy.<sup>42</sup> It must be highlighted, however, that Abdullah's foreign policy directions were only a part of his wider reform agenda, and personal challenge of carving out a distinctive brand of leadership.<sup>43</sup> To do this, he had to distance himself from his predecessor and set a new tone.<sup>44</sup>

Abdullah built on his congenial personality to forge closer relationships with the leaders of inter-governmental organisations (IGOs) such as the Association of Southeast Asian Nations (ASEAN) and the Organisation of the Islamic Conference (OIC). In addition, Malaysia has had a long-standing history of active participation in the global citizenship forum of the United Nations and its agencies and subsidiaries such as World Health Organisation (WHO), Food and Agriculture Organisation (FAO), and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). During his time as prime minister, Malaysia was chairman of the ASEAN, OIC and NAM.<sup>45</sup>

A subtle or nuanced but striking contrast nonetheless is to be sought in Abdullah's 'principled foreign policy' approach in which multilateralism was rehabilitated as an inclusive concept from the ideologically-biased connotation it bore under Mahathir's tenure, which was based on the polarisation of the international community.<sup>46</sup> That is, for Abdullah there only ought to be in reality only 'uni-multilateralism,' not 'multi-multilateralism.' To elaborate, multilateralism in *practice* should embrace both the 'Northern' and 'Southern'

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<sup>42</sup> Personal communication with several senior *Wisma Putra* officials and diplomats.

<sup>43</sup> Welsh, Bridget. 2005. 'Malaysia in 2004: Out of Mahathir's Shadow?' *Asian Survey*, Vol. 45, No. 1, pages 153-160. Stable URL: [<http://www.jstor.org/stable/4497085>].

<sup>44</sup> *Ibid.*

<sup>45</sup> Abdullah was chairman of ASEAN from 2005-2006 before relinquishing the post to Singapore's Lee Hsien Loong.

<sup>46</sup> Consult Abdullah's keynote address to the 15<sup>th</sup> Pacific Economic Cooperation Council General Meeting in Brunei Darussalam on 3 September 2003. Source: [<http://www.pecc.org/PECCXV/keynote-address-abdullah-badawi.doc>].

hemispheres, 'East' and 'West', *etc.* in concerted action and with both considered as inside the *same* circle of cooperation and alignment.<sup>47</sup> Thus, Malaysia's foreign policy attitude was to be more measured in expressing the national interests. In April 2004 at a meeting of senior diplomats, Abdullah articulated his approach in the following quote:

*'... Malaysia's foreign policy should not be a static doctrine ... It must always be a dynamic instrument ... [and] an enlightened policy ... so as to make Malaysia an acceptable and reliable partner in inter-state affairs.'*<sup>48</sup>

### **a) Malaysia and the Non-Alignment Movement (NAM)**

Under Mahathir, Malaysia had heightened its leading role in the Non-Aligned Movement (NAM) by becoming a vocal critic of Western 'hegemony'. During Abdullah's tenure as Chairman of NAM, Malaysia continued to press for reform of the international economic order, though in a more moderate tone. This could be demonstrated in his statement to the Second Doha Summit on 15 June 2005 which called for 'constructive dialogue' and finding 'common ground' with the North.<sup>49</sup> Abdullah was also concerned about ensuring the continuing relevance and effectiveness of NAM. Towards this end, Malaysia under the Abdullah administration had pushed forward the revitalisation process of NAM, as set out by the Kuala Lumpur Declaration which provides the course of action for structural reforms.<sup>50</sup>

### **b) Malaysia and the Association of Southeast Asian Nations (ASEAN)**

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<sup>47</sup> Compare Mahathir's proposed East Asia Economic Caucus (EAEC) with the current East Asia Summit (EAS) in which the former proposal had intended to exclude the US, Australia and New Zealand, *i.e.* non-Asian countries. For detailed analysis of the EAEC, see Saravanamuttu, J. (1996). 'Malaysia's foreign policy in the Mahathir period, 1981–1995: An iconoclast come to rule,' *Asian Journal of Political Science*, Volume 4, Issue 1, 1-16; Yang, J. (year unknown) 'East Asian Community: Surmounting the History Issue,' *New Zealand International Review*; Milner, A., & Johnson, D. (2004). 'The Idea of Asia,' *Faculty of Asian Studies*, Australian National University (ANU), *etc.* See also M. G. G. Pillai. (1993). 'APEC: Cultural Chasm,' *Economic and Political Weekly* (Vol. 28, No. 52). Stable URL: [<http://www.jstor.org/stable/4400588>].

<sup>48</sup> Cited from Ahmad Mokhtar Selat. (2006). 'New Directions in Malaysia's Foreign Policy: From Tunku to Abdullah Badawi.' In *Malaysia's Foreign Relations*, University of Malaya Press (UMP).

<sup>49</sup> Source: [<http://www.g77.org/southsummit2/speeches/malaysia.pdf>].

<sup>50</sup> Syed Hamid Albar. (2005) *Selected Foreign Policy Speeches*. Institute of Diplomacy and Foreign Affairs (IDFR). See 'Post-NAM Summit: What Next?,' Chapter 36, page 292-294.



ASEAN has always been a cornerstone of Malaysia's foreign policy. Mahathir had accorded ASEAN renewed emphasis as one of the four main pillars in his foreign policy.<sup>51</sup> As highlighted, Mahathir was keen for ASEAN to take the initiative in East Asian supra-regional integration. However, it fell to Abdullah to move forward with the need to further develop the regional body's engagement with China, Japan and South Korea as part of a larger community-building process in East Asia.<sup>52</sup> The ultimate ambition is to create an economic bloc and gargantuan common market known as the East Asian Community (EAC). At the first East Asia Summit in 2005, India, Australia and New Zealand were incorporated as additional members. Abdullah's ASEAN external initiatives were widely seen as an attempt to revive Mahathir's EAEC debacle in a repackaged form which is more inclusive and palatable to Japan. The momentum would still come from the region *via* the 'ASEAN Plus 3' cooperation,<sup>53</sup> which also provides the nucleus for the larger inclusion. To move towards the goal of an EAC, the idea of an East Asian Summit (EAS) was mooted based on the 'Final Report' (2002) of the East Asian Study Group (EASG) specially set up to study the feasibility of greater regional integration. The first East Asia Summit (EAS) was convened on 14 December 2005 in Kuala Lumpur when Abdullah was chairman of ASEAN.<sup>54</sup>

In his capacity as chairman of ASEAN, Abdullah oversaw several related policy recommendations such as that arising from the 3<sup>rd</sup> Meeting of Network of East Asia Think Tank (NEAT) in August 2005 (Tokyo) entitled 'Towards an East Asia Community' and the 3<sup>rd</sup> East Asia Forum held in October 2005 (Beijing). Other region-wide policy developments included the Asian Bond Market Initiative (ABMI) and the Chiang Mai Initiative (CMI), which formed important contributions to the monetary and financial stability of ASEAN. One of the fundamental purposes is to recycle foreign exchange surpluses back into the region in the form of infrastructural investment to boost economic development. Such investments have been conceived made with the view of facilitating *inter*-regional exchanges in the border areas such as the Greater Mekong Sub-Region (GMS) economic development scheme.<sup>55</sup>

• ***Malaysia's Bilateral Relations with Selected ASEAN Countries***

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<sup>51</sup> Khadijah (1999). *Op. cit.* page 11.

<sup>52</sup> See his post-prime ministerial reflection in a keynote address delivered at opening of the *Third IDFR-MIAF Joint-Round Table* on 'East Asia Community Building: The Role of ASEAN,' 12 August 2009.

<sup>53</sup> The 3 countries are China, Japan and South Korea.

<sup>54</sup> See the Final Report of the East Asia Study Group (EAEG) at [<http://www.mofa.go.jp/region/asia-paci/asean/pmv0211/report.pdf>].

<sup>55</sup> For more information, see [<http://www.adb.org/GMS>].

**a) Malaysia-Thai Relations**

Malaysia's bilateral relations with certain ASEAN countries were affected by the 'soft' personality and perceived indecisiveness of prime minister Abdullah. It was argued that the then Thai prime minister, Thaksin Shinawatra who had already developed personal admiration for and rapport with Mahathir did not have high regard for his successor, Abdullah Ahmad Badawi.<sup>56</sup>

Malaysia-Thai relations during the Abdullah administration were also adversely affected by the perceived arrogance of Thaksin when he insisted that Malaysia was harbouring the militant separatists and also for the escalation of violence in the four Thai southern provinces.<sup>57</sup> The situation only improved when Thaksin was removed from power by a *coup d'état*. This allowed for better Thai-Malaysia relations under Thaksin's successor, General Surayud Chulanont who served as the interim prime minister. A bridge linking Bukit Bunga (Kelantan, Malaysia) and Ban Buketa (Narathiwat, Thailand) jointly constructed by Malaysia and Thailand under the Joint Development Strategy for Border Areas enhance the facilitation of cross-border trade marked an important milestone in the 50 years of Thai-Malaysia relations.<sup>58</sup> It revived the *political* trust and confidence on both sides which were marred when Thaksin was prime minister of Thailand.

Surayud's successor, Samak Sundaravej of the People Power Party (PPP) - successor to the Thai Rak Thai party of the ousted Thaksin - was on cordial terms with Abdullah. The circumstances at the time were more shaped by global events. Primarily, the unprecedented rise in the price of staple consumption, amongst which was rice, compelled Malaysia place the commodity as a crucial element in bilateral discussions, including an increase in demand from Thailand.<sup>59</sup>

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<sup>56</sup> Personal communication with several Thai scholars, media and also public officials in Bangkok, October 2008.

<sup>57</sup> Storey, I. (2007). 'Malaysia's Role in Thailand's Southern Insurgency,' *Terrorism Monitor* Volume: 5 Issue: 5. Source: [http://www.jamestown.org/single/?no\_cache=1&tx\_ttnews%5Btt\_news%5D=1043]. In September of 2005, Malaysia-Thailand relations were stressed by an incident in which 131 Thai Muslims fled across the Southern Thai border to seek refuge in Malaysia. The Malaysian Government initially refused to return these 'asylum seekers,' and eventually chose to internationalise the situation by calling on the United Nations High Commission on Refugees (UNHCR). Malaysia's decision to internationalise the issue points to potential instability in Malaysia-Thailand bilateral relations and reflects several internal political problems faced by the ruling party, United Malays National Organisation (UMNO).

<sup>58</sup> 'Second Malaysia-Thailand Bridge Opened,' *Bernama* (21 December 2007).

<sup>59</sup> 'Samak, Abdullah to discuss rice import,' *New Straits Times* (24 April 2004); 'Food tops agenda in talks between Thailand and Malaysia,' *The Star* (25 April 2008); and Imran Imtiaz Shah Yacob. (23 April 2008) 'PM Samak's Malaysia Visit and Rice Diplomacy,' *Malaysia Today*.

Source: [http://mt.m2day.org/2008/content/view/6490/84].

***b) Malaysia-Singapore Relations***

During Mahathir's premiership, Malaysia-Singapore relations were characterised by ambivalence and irregular eruptions of underlying tensions.<sup>60</sup> Although both Mahathir and Lee Kuan Yew were seen as strongmen, respectively, the former came under much pressure not to give the impression of making too many concessions to the latter. Contentious issues revolved around the sale of water and sand to Singapore, the remaining plot of land owned by Keretapi Tanah Melayu (KTM) in Tanjong Pagar, near Keppel harbour, land reclamation projects along the Straits of Johor, violation of Malaysia's airspace by the Republic of Singapore Air Force (RSAF), *etc.* The Points of Agreement (POA) signed in 1990 between the two countries continue to be a sore point in bilateral relations because of disagreements over the interpretation.<sup>61</sup> Expressions of contempt were exchanged surfaced from time to time as reported in the mass media.

The Abdullah administration, thus, was touted as successful in 'thawing' the frosty relations which existed hitherto. Malaysia-Singapore ties improved quite significantly as soon as Abdullah took over the premiership from Mahathir<sup>62</sup>. Abdullah was rather successful in 'co-opting' the participation of Singapore into the Iskandar Malaysia project in south Johor<sup>63</sup> which envisage an area twice the size of the island republic as an international hub for manufacturing, processing, medical and agro-tourism, education, *etc.*<sup>64</sup>

Courting Singaporean investment in the Iskandar Malaysia project has been regarded as crucial in the foreign policy calculation of the Abdullah administration. Iskandar Malaysia had been conceptualised to be Shenzhen with Singapore as Hong Kong. Lee Hsien Loong, Singapore current prime minister, has promised to make 'iconic investment.'<sup>65</sup> As in the case of

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<sup>60</sup> For a political and economic analysis of Malaysia-Singapore bilateral relations, see Mahani Zainal Abidin (2008). 'Malaysia-Singapore Economic Relations: Once Partners, Now Rivals. What Next?' In Takashi Shiraishi (Ed.) *Across the Causeway: A Multi-Dimensional Study of Malaysia-Singapore Relations*, Pelanduk Publications.

<sup>61</sup> Nathan K.S. (2002). 'Malaysia-Singapore Relations: Retrospect and Prospect,' *Contemporary Southeast Asia*, Vol. 24.

<sup>62</sup> For a comprehensive review see, Saw, S. H., & K. Kesavapany. (2006). *Singapore-Malaysia relations under Abdullah Ahmad Badawi*, Institute of Southeast Asian Studies (ISEAS).

<sup>63</sup> Johor is Malaysia's most southernmost state located in West Malaysia.

<sup>64</sup> For more details on Iskandar Malaysia, log on to [<http://www.irda.com.my/content.aspx?mid=3&smID=51&title=What%20is%20Iskandar%20Malaysia?>].

<sup>65</sup> See *The Star*, 24 November 2008, "S'pore to make 'iconic investment' in Iskandar M'sia: Najib." Source:

Singapore *vis-à-vis* the Iskandar Malaysia project, bilateral ties with the two neighbouring countries have produced tangible results.

***c) Malaysia-Indonesia Relations***

One of Malaysia's most important bilateral relations has been with its neighbour, Indonesia. It has been argued that Malaysia experienced relatively good relations with Indonesia when both Mahathir and Suharto were leaders of their respective countries. The fall of Suharto and the reformasi movement, had to certain extent affected Indonesia's ties with Malaysia, particularly after the arrest of Anwar Ibrahim who had a large following amongst many Muslims in Southeast Asia. Indonesia's ties with post-Mahathir Malaysia had somewhat improved but soon bilateral relations were influenced by a series of events/episodes, mainly involving the mistreatment or abuse of Indonesian migrant workers, territorial disputes such as the case of Ambalat and other issues which had been sensationalised by the 'free' post-Suharto Indonesian media.

Abdullah's term as prime minister coincided with the appointment of Susilo Bambang Yudhoyono as the country's president, succeeding Megawati Sukarnoputri, who had developed warm relations with Malaysia towards the end of Mahathir's term. It is interesting to note that quite a number of members of the Indonesian academia, media and government officials have acknowledged the similarities in the personality and style of Susilo and Abdullah. Both leaders have been perceived by their people as slow, indecisive and less effective.<sup>66</sup>

However, Malaysia's relations with Indonesia were seen to be moving towards the right direction in the last year or two of Abdullah's premiership. Both sides were seen committed to resolve some of the major issues in their bilateral ties. The formation of the Eminent Persons' Group (EPG) on Malaysia-Indonesia bilateral relations in 2008<sup>67</sup> could be regarded as a manifestation of the commitment of the leadership of both countries to seek

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(<http://thestar.com.my/news/story.asp?file=/2008/11/24/nation/20081124081835&sec=nation>)

. It has to be highlighted that Mahathir strongly opposes the Iskandar Malaysia project. He sees it as 'sell-out' of Malaysia's sovereignty to Singapore. Mahathir also believes that this is inimical to the interests of the Malays.

<sup>66</sup> However, it may be concluded that the perception of Susilo Bambang Yudhoyono as a weak and ineffective leader has changed over the years. Despite his military background, Susilo was initially viewed as someone slow, weak and ineffective – similar personality traits attributed to Abdullah.

<sup>67</sup> 'Eminent persons to tackle issues,' *New Straits Times* (12 January 2008); and 'Joint advisory body set up,' *The Star* (8 July 2008).

solution to some of the ongoing irritants that have troubled relations between the two 'siblings'.<sup>68</sup>

### **Malaysia's Foreign Policy Orientations under Najib: Some General Observations and Future Trends**

Najib Tun Razak, succeeded Abdullah Ahmad Badawi as the country's sixth prime minister on April 3, 2009, at the time when the country was experiencing serious political challenges as well as economic uncertainties. Najib inherited a fractious and squabbling UMNO and also a dispirited Barisan Nasional. In addition, Najib has to deal with the rise of a stronger Opposition, bent to win and take over the government in the next General Election which is due in 2013.

In the ensuing five months, Najib has already displayed a political determination to make foreign policy as a priority. This could be interpreted as an attempt to boost foreign policy and simultaneously provide it with more 'depth' than previously. This comes after a period of a 'hiatus' in foreign policy under Najib's predecessor, Abdullah Ahmad Badawi. Then it seemed that foreign policy 'revolved' around Islam Hadhari as the focal point. Foreign policy thus was projected with the intention of promoting Malaysia as a progressive and moderate Islamic nation.

Hence, the linkage between foreign policy and Islam Hadhari was accorded prominence under Abdullah. In this, there was a semblance of continuity with the previous prime minister, Mahathir Mohamad who stressed Malaysia's relations with the Organisation of the Islamic Conference (OIC). However, unlike Mahathir who emphasised the *unity* of the *ummah*, Abdullah tended towards a distinctive brand of Islam. This necessarily resulted in a collision of agenda and conflict of interests within the OIC. Nonetheless, in the period between the Mahathir and Najib era, Malaysian foreign policy was rather lacklustre comparatively. That is, it did not acquire the stature associated with the visionary leadership of Mahathir who conceived foreign policy in strategic terms.

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<sup>68</sup> Refer also to Khadijah Md Khalid & Shakila Yacob. (2009). 'The Dynamics of Malaysia-Indonesia Relations Post-Mahathir Years.' Paper presented at the annual meeting of the *Midwest Political Science Association 67<sup>th</sup> Annual National Conference*, Chicago, Illinois.

Hence, Najib's foreign policy initiatives have been widely interpreted as a vital measure to 'reactivate' Malaysia's foreign policy, after what has been perceived as 13 months of 'attention deficit' since the March 2008 general elections.<sup>69</sup> This involves reasserting Malaysia's strategic interests and perhaps revisiting certain assumptions or attitudes held by the previous (*i.e.* Abdullah) administration.<sup>70</sup> Some of the 'tell-tale' signs emerging are such as his explicit commitment to reshaping and adjusting foreign policy priorities 'to meet the changing world order.'<sup>71</sup> Concretely, this will take the form of, for example, 'deepening and broadening' long-standing relations with China.<sup>72</sup>

It has to be noted that the re-orientation in policy would be reflective of Najib's personal involvement. This would be reminiscent of the Mahathir era when foreign policy was micro-managed and effectively helmed by the prime minister even though there was a foreign minister to fulfil the role.<sup>73</sup> Such an approach, however, would be consonant with Najib's style of leadership and governance, which has been associated with 'Mahathirism.' It is therefore plausible that foreign policy is set to make its mark as a distinctive feature of Najib's premiership. He clearly spoke of foreign policy as coming under the domain of the theme, '1Malaysia, People First, Performance Now,' which was introduced in conjunction with his appointment as prime minister. In a keynote address at the 7th Heads of Mission Conference, 'Malaysian Foreign Policy: Future Direction for 2009-2015' to diplomats, Najib said this:

*"When I became Prime Minister ... I said our government would focus on performance for the people, and I spoke of my hope that our nation would move forward under the theme of '1Malaysia, People First, Performance Now.' I have emphasized these principles at home, and they are also the principles that will shape our foreign policy (emphasis author's) ... [W]e must ... reshape and adjust our domestic and foreign*

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<sup>69</sup> 'Glimpses of Najib's diplomatic touch,' Opinion (page 16), *New Straits Times* (11 July 2009).

<sup>70</sup> At this stage, it is still premature to ascertain definitively what the assumptions or approaches are, or the concrete direction which will take form.

<sup>71</sup> See also Najib's keynote address at the 7th Heads of Mission Conference, Putrajaya International Convention Centre, 'Malaysian Foreign Policy: Future Direction for 2009-2015' (22 June 2009). Source: [<http://www.pmo.gov.my>].

<sup>72</sup> *Ibid.*

<sup>73</sup> Consult also Najib's keynote address at the 'Investment Malaysia Conference,' *Invest Malaysia* in Kuala Lumpur, 29 June 2009.

*policy priorities to meet the changing world order.*"<sup>74</sup>

How 1Malaysia will be the guiding philosophy for foreign policy remains to be seen in its thorough extent. Nevertheless, the need to re-forge the country's economy again on the same continuing basis of political stability and social harmony has been Najib's constant emphasis.<sup>75</sup> Najib certainly believes that the start of his premiership come at a time when Malaysia is at a crossroads of economic development. It is certain that to pursue 1Malaysia, *etc.* in foreign policy entails that the nation can no longer afford to remain 'stuck' at the middle-income 'trap,' but must move forward on an *extensive* economic growth which will further boost the living standards and income of the people.

### **Economics as a Primary Determinant in Malaysia's Foreign Relations and Diplomacy**

- ***New Economic Model (NEM)***

In order for an economic transformation to take place, Malaysia's globalisation pace must accelerate. This interdependence with the rest of the world is given explicit recognition in Najib's policy speeches.<sup>76</sup> The openness to FDI remains vital for Malaysia's development<sup>77</sup>; and also impacts on its bilateral relations.<sup>78</sup> What is being (re)emphasised as the paradigm is globalisation as a changing force. This mean openness to FDI and removing trade barriers, *etc.* are not only the means but the goal of economic development.

In his speech at the 'Investment Malaysia Conference,' organised by *Invest Malaysia*, Najib reiterated his commitment to sustaining nation's reputation as a 'diversified and broad-based' capital market in Asia, and the world's largest *syariah*-compliant bond market. The Capital Market Master Plan of the government entails 'greater internationalisation.' The Master Plan seeks to

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<sup>74</sup> Najib (2009). *Op. cit.*

<sup>75</sup> *Ibid.*

<sup>76</sup> Najib (2009), *Invest Malaysia. Op. cit.*

<sup>77</sup> Malaysia's attitudinal consistency in economic porous-ness has been extensive commented on by Mohamed Ariff in his 2007's *Economic Openness, Volatility and Resilience: Malaysian Perspectives*. Malaysian Institute of Economic Research (MIER).

<sup>78</sup> For a scholarly and interesting essay on this issue, see Hassan Ali. (2007). 'Economic Factors in Malaysia's Foreign Policy.' In Abdul Razak Baginda (Ed.). *Malaysia's Foreign Policy: Continuity and Change*.

(re)position Malaysia's capital market to enable 'wider participation by foreign investors.'

Najib's foreign policy is, therefore, attuned towards portraying Malaysia's business-friendly credentials, especially in trying to tap into sovereign wealth funds from China and East Asia - trading surplus nations. This was precisely alluded to by Najib in his banquet speech in Beijing to the Chinese business community.<sup>79</sup> Thus foreign capital has always been crucial to sustaining Malaysia's model of economic success.<sup>80</sup> A good bilateral relation would pave the way for deeper trade and investment links with attendant reciprocal benefits.

By extension, participation in multilateral frameworks supported by rational foreign policy orientation enhances economic cooperation and exchanges.<sup>81</sup> In this regard, it is important to realise that Malaysia like many countries rely on the leadership of the world's economic powers to be the driving force of growth regionally as well as internationally.<sup>82</sup>

- ***Political Legitimacy and Regime Stability through Pragmatic Foreign Policy Initiatives and Diplomacy***

As mentioned earlier, Najib has inherited a much weakened UMNO and Barisan Nasional. The next three years before the next (13th) general elections remain a challenge to the Najib leadership as many ordinary Malaysians from both the urban and rural areas have been seriously affected by the rising inflation and the overall decline in their standard of living and quality of life. In addition to the economic challenges, non-economic issues such as those pertaining to human rights, growing crime rates, corruption, poor health services, environmental degradation, racial/religious polarisation and other related socio-economic problems have posed a real test to the government of the day.

Subsequently, the Najib administration has to be more open and responsive to the growing needs and demands of the people, many of whom had decided to vote for the Opposition in the 2008 General Election. Thus, the next electoral performance of the BN government will be assessed by how well the Najib

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<sup>79</sup> See 'Speech at the Business Forum organised by the Government of Malaysia in Beijing,' 4 June 2009. Source:

[[http://pmo.gov.my/?menu=speech&page=1676&news\\_id=127&speech\\_cat=2](http://pmo.gov.my/?menu=speech&page=1676&news_id=127&speech_cat=2)].

<sup>80</sup> Abdul Razak (2007). *Op. cit.*

<sup>81</sup> *Ibid.*

<sup>82</sup> Syed Hamid (2005). *Op. cit.*



leadership responses to the long list of demands of many diverse groups and individuals whose quality of lives have been seriously affected by the current global economic uncertainties

In its effort to win back the trust and confidence of the people, it is thus critical for the BN government to formulate policies and programmes which could win the 'hearts and minds' of ordinary Malaysians. Sound and pragmatic policies and actions by the Najib administration must address current major challenges faced by the country, mainly in economics and those pertaining to social justice and national unity. By extension, foreign policy initiatives and diplomacy of the country under Najib must serve the socioeconomic needs and interests of the people. In effect, the legitimacy and regime stability of the Najib administration is very much linked to the successful implementation of sound public policies and programmes, including those pertaining to foreign relations and diplomacy.

• ***Economic Recovery and Transformation***

The seeming revival of Malaysia's foreign policy from relative lull could point to a renewed outlook in which it is being repositioned to pave the way for economic transformation. In other words, for Najib it is vital that 'recovery' in foreign policy can lead or contribute to economic recovery. Since Q4<sup>83</sup> of 2008, export performance in Malaysia has slumped considerably, due to decline in demand from the US in particular which is affected by the financial crisis.<sup>84</sup> In turn, the financial crisis was triggered by a 'credit crunch' and an economic bust. The US has historically been the largest source of the FDI<sup>85</sup> to Malaysia, especially in the manufacturing sector<sup>86</sup> and also the most important trade partner for Malaysia (see Table 1 for growth in US FDI in Malaysia). Bilateral trade amounted to some USD46 billion (= RM163 billion) in 2007.<sup>87</sup> The US alone accounted for more than one-tenth of the country's exports in 2008 (see Table 2), which is significant given Malaysia's trade connectivity with the rest of the world.

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<sup>83</sup> Q4 = fourth quarter of the year.

<sup>84</sup> Source: [<http://www.statistics.gov.my>].

<sup>85</sup> See also [<http://www.statistics.gov.my/eng/images/stories/files/journalDOSM/ArticleIVol12008.pdf>]

<sup>86</sup> US FDI in Malaysia was USD15.7 billion (= RM56 billion) in 2007, a 25 percent increase from 2006. Information derived from the Office of the US Trade Representative (USTR).

Source: [<http://www.ustr.gov/countries-regions/southeast-asia-pacific/Malaysia>].

See also [<http://www.statistics.gov.my/eng/images/stories/files/journalDOSM/ArticleIVol12008.pdf>]

<sup>87</sup> 'Malaysia still an attractive US FDI destination, says envoy,' *Bernama* (17 February 2009).

**Table 1**

**FDI POSITION BY COMPONENT, MALAYSIA, 2001- 2007 (IN RM BILLION)**

<i>Component</i>	2001	2002	2003	2004	2005	2006	2007
<i>FDI in Malaysia</i>	129.1	142.7	156.5	163.6	168.1	190.1	253.8
<i>Equity Capital</i>	63.2	67.6	77.6	81.5	81.9	101.7	135.7
<i>Reinvested Earnings</i>	49.9	59.0	64.1	69.5	74.4	79.8	107.1
<i>Other Capital</i>	16.0	16.1	14.7	12.5	11.8	8.6	11.0

Increasing FDI inflows, including technology transfer, to Malaysia (as a net recipient) and effectuating a move up the 'value chain,' means that in Najib's foreign policy there must be a balance between the dual necessities of priority and reality. At present, the priority is economic recovery, which accounts for Najib's timely visit to China. The grounds of the significant visit for Najib's premiership are the historic establishment of diplomatic ties thirty years ago and the unhindered rise of China as the emerging and rival superpower to the US. Najib's own 'Look East' policy is also propitious not least because of a fundamental re-alignment in US foreign policy under President Barack Obama. This scenario invites the consideration of Malaysia's foreign policy in an age of non-polarity/multi-polarity.

**Table 2**

<b>COUNTRY</b>	<b>2008 (RM Billion)<sup>88</sup></b>	<b>Share (%)</b>
<i>Singapore</i>	97.78	14.7
<i>United States Of America</i>	80.47	12.1
<i>Japan</i>	71.80	10.8
<i>China</i>	63.21	9.5
<i>Thailand</i>	31.73	4.8
<i>Hong Kong (Special Administrative Region - SAR)</i>	28.32	4.3
<i>South Korea</i>	25.89	3.9
<i>India</i>	24.73	3.7
<i>Australia</i>	24.40	3.7
<i>Netherlands</i>	23.44	3.5
<i>Others</i>	191.71	28.9
<b>TOTAL EXPORTS</b>	663.49	100.0

Najib realises that in the push to climb out of the ‘middle-income trap,’ Malaysia needs to leverage on technological transfer from the US and new investments from China. So that even if Najib looks to China as a ‘co-leader’ in the world’s economy, China in turn will continue to look to the US as the world’s largest consumer nation, as providing the driving force of global demand for manufactured goods. That, it is submitted, the reality for the foreseeable future at least. The inflow of foreign capital from US and China can be conceptualised from the perspective of Najib’s foreign policy as complementary, and to have distinct roles in relation to the Malaysian

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<sup>88</sup> RM = Ringgit Malaysia.

economy. Thus, the influence of China and US in Malaysia's foreign policy 'balances' each other, consonant with a non- or multi-polar environment.

- ***Malaysia Foreign Policy in an Age of Non-Polarity/Multi-Polarity***

Much has been articulated and argued about the emerging new international *political* order caused by the gradual decline of US *economic* hegemony. It is envisaged that Najib's foreign policy in its 'post-Mahathir phase' would correspond to the new 'soft power' outlook of the US under Obama, in which Malaysia will once again re-assume an important role as a Southeast Asian ally in, for example, regional security.

Even though the 'equilibrium' or balancing act in sourcing US technology and Chinese investment is integral to Najib's foreign policy calculation, it is argued that such a scenario might not last indeterminately. In preserving the 'system' of state capitalism which is allied to ethnic-based politics, the investment climate in Malaysia remains unfavourable to many US investors. Current joint-ventures (JVs) may have either outgrown their usefulness in terms of the level or sophistication of the technology or incapable of contributing to Malaysia's elevation to a high-income nation. Then Malaysia would become increasingly dependent upon Chinese technological expertise. To compensate for the decline in US private investment, Malaysia may have to rely more on strategic alliances through 'non-economic' investments in *e.g.* armaments and aerospace industry. Thus, regional security - which affects the free movement of people, resources and services, and therefore, economic stability - can play a vital role in Najib's foreign policy calculations in relation to the US.

Coming from the background of a former Defence Minister who has more than a decade's experience, Najib might be predisposed to re-affirm Malaysia's commitment to ensuring the security of Straits of Malacca, one of the world's strategic sea lines of communication, in re-adjusting economic directions *via* foreign policy.

### **Some Preliminary Observations and Future Trends – Foreign Policy Orientations and Relations under Najib**

The Najib administration must be able to revisit and re-prioritise Malaysia's foreign policy objectives and direction since many of the pressing domestic political and socio-economic interests of the country could be served by

having viable and pragmatic foreign policy initiatives, particularly those pertaining to economics, namely trade and investment.

Problems caused by the current global economic uncertainties have had enormous impact on the country's domestic economy. As many workers particularly those working with private companies have either been retrenched or received less salary, the government is pressured to come out with sound policies and programmes which could help stimulate the economic growth and development. The development of Iskandar Malaysia is one example where the domestic political as well as economic needs of the country are very much linked to the receptivity of other countries, namely the international business community or investors, to Malaysia's pro-investment and liberal economic policies. Thus, it is the argument here that Malaysia's foreign policy priorities and direction in the years to come would have to take into account the current domestic political and economic limitations and challenges.

These constraints would also have a decisive impact on the foreign policy options for Malaysia against the backdrop of an increasingly demanding electorate whose economic livelihood have been affected by the turbulent global economy. As Malaysia's foreign relations will be much more influenced and constrained by domestic considerations, it is thus imperative for the Najib government to re-prioritise the country's external conduct. Since Malaysia is no longer in the strong position as it was back in the days of the Mahathir years (where Malaysia pursued an active and also adventurous external relations with so many countries in the world), re-prioritisation of the country's foreign policy is indeed crucial to ensure that at the end of the day they do serve the national interests of its people.

In conducting its external relations, Malaysia under Najib needs to re-examine its foreign policy priorities in such a way that they serve the best interests of the country, particularly against the backdrop of recessionary global economy. Malaysia's economic relations with the US and China will remain important in the long haul. Malaysia must be pragmatic enough to explore new areas of cooperation with the US - motivated by the existing geo-political reality albeit given a new perspective in a multi-/non-polar framework - as many countries are vying for the US 'attention,' including many of its ASEAN neighbours.

### **Concluding Remarks**

For now, Najib has to convince the people that his leadership is actually very responsive to the needs and demands of the people who have been affected by the global economic downturn in the last two years or so through the '1Malaysia, People First, Performance Now' philosophy. Pragmatic foreign policy initiatives, namely those that could help stimulate growth and economic recovery, are very much desired so that the socioeconomic welfare of the people will be adequately addressed and fulfilled. For example, the Najib leadership must be able to allay fear amongst the local people, for example those residing in Iskandar or Nusajaya, Johor that his pro-business policies which had succeeded in attracting foreign investors from neighbouring Singapore as well as many from the Middle East and the United States, would not be detrimental to their interests and welfare.

While one acknowledges the importance of strong foreign economic relations in reviving the domestic economy of the country, the Najib administration has to ensure that policies are implemented with the interests of the larger public at heart. But Malaysia's foreign policy under Najib should not be overly ambitious. Foreign relations ought to be pursued on the basis of realistic prospects combined with visionary objectives which promote the interests of the people.

While one cannot deny the importance of Malaysia's membership and role in multilateral arrangements such as the UN, OIC and NAM in helping to serve the country's national interests, the Najib leadership should not attempt to overstretch the limited resources and administrative capacity of the Ministry of Foreign Affairs Malaysia (MOFA) in managing the activities related to these organisations.

The leadership of the country must be pragmatic and realistic that Malaysia might never 'revert' to the era of an active and assertive diplomacy of the Mahathir years where the country was bent on extending its influence geo-strategically in all four corners of the globe. Closely related to this is the need for Malaysia to focus more on the bilateral relations with selected countries which are deemed to be most crucial to Malaysia's national interests, namely big powers like the US, China, India and Japan. To elaborate further, Malaysia should not focus so much attention to multilateral frameworks such as the OIC and NAM but rather invest and leverage more on improving bilateral ties with

key individual member-states so as to extract maximal advantages and benefits afforded in such arrangements.<sup>89</sup>

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<sup>89</sup> A good example can be gleaned from the 'Avoidance of Double Taxation' agreements which are now a common feature in bilateral relations. These agreements involve both governments refraining from imposing tax on the same proceeds or revenue of firms which are located overseas (*i.e.* host country) whilst the headquarters is in the country of origin. Malaysia is a signatory of the 'Avoidance of Double Taxation' agreements (limited or otherwise) with some sixty countries. See [[http://www.mida.gov.my/en\\_v2/index.php?page=double-taxation](http://www.mida.gov.my/en_v2/index.php?page=double-taxation)] for more information.