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## Malaysia's ASEAN Chairmanship in 2015: Perspectives and Prospects

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This year, Malaysia will assume the chairmanship of ASEAN and the responsibility of forging a stronger ASEAN community. Malaysia's leadership is crucial in a year that is geared towards integration and the achievement of an ASEAN Economic Community (AEC), as well as the management of tensions in the South China Sea. Expectations will be high given that Malaysia is one of the five founding members of ASEAN and has good relations with both China and the United States.

From a series of interviews conducted with academics and senior policy makers from key ASEAN states—Indonesia, Malaysia, the Philippines, Singapore and Vietnam—over the past two months, it is clear that two issues dominate the discussions on the Malaysian chairmanship of ASEAN: one, the territorial disputes in the South China Sea; and two, ASEAN centrality in the economic and security architectures.

### Territorial disputes in the South China Sea

Malaysia's chairmanship comes amid tensions in the South China Sea, particularly after the Haiyang Shiyou 981 standoff between China and Vietnam in the middle of last year. As one of the claimant states in the South China Sea and given its close relations with China, Malaysia seems to be most suited to push for the resolution of the code of conduct (CoC), as well as to urge China to exercise less assertive behavior. Since 2008, Malaysia has been China's top trading partner within ASEAN and two-way trade volume between both countries reached US\$106 billion in 2013. Chinese President Xi Jinping visited Malaysia in October 2013, and in a meeting in October last year, Malaysian Prime Minister Najib Razak and Chinese State Councilor Yang Jiechi pledged to enhance ties in all aspects.

Despite being seemingly well placed to facilitate a quicker resolution of the CoC, interlocutors from Southeast Asia noted that Malaysia is likely to continue its "low-profile" approach in addressing the maritime territorial disputes, rather than take a tough stance against China. Moreover, since China has thus far not been perceived to be overly aggressive against Malaysia over their territorial dispute, Malaysia was expected to continue managing its dispute with China through bilateral means, rather than adopt the Philippine and Vietnamese approach of internationalizing its claims. Notwithstanding Malaysia's frequent emphasis that it would strongly support any ASEAN-level resolution, it would not be in its interests to provoke a confrontation with China; instead it would be inclined to support informal initiatives such as the establishment of a forum to facilitate dialogue among all parties concerned. In this way, Malaysia could maintain its friendly relations with China even as it worked toward preserving ASEAN unity as the ASEAN Chair.

The interviewees also agreed that the issue of the South China Sea was ultimately in China's court and ASEAN countries would react in accordance to Beijing's maneuvers.

**Benjamin Ho, Bhubhindar Singh, and Sarah Teo, at the S. Rajaratnam School of International Studies (RSIS) in Singapore, explain that "As the ASEAN chair in a crucial year for the Association, Malaysia will need to manage two issues deemed important to the region—the territorial disputes in the South China Sea and ASEAN community building."**

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Most were doubtful that there would be much progress on the CoC this year as China was “dragging its feet” over the negotiations and had adopted mostly a “wait-and-see” attitude. Given that the chairmanship is only for a year, Malaysia is unlikely to harm ties with China in the longer term by unnecessarily putting pressure on China, even if pushed by other ASEAN countries.

### **Maintaining ASEAN centrality in the regional economic and security architectures**

The interviewees also highlighted the importance of Malaysia’s chairmanship in maintaining ASEAN centrality in both the regional economic and security architectures.

Much of the perceived success of ASEAN is due to its economic vibrancy and the consequent opportunities to improve the lives of people living in the member-countries. Successful economic integration providing equitable material benefits to the people of ASEAN is seen as key to the success of the overall ASEAN Community and a way to bridge the current divisions in the region. The fragmentation in ASEAN is perceived to arise from the dependence of some member-countries on certain extra-regional countries, rather than on others within ASEAN, for their domestic capacity building and economic growth. In this sense, if the AEC is able to provide material benefits and opportunities to all, member-countries were likely to gravitate closer to ASEAN, in turn strengthening the Association’s centrality in the region. Another way to maintain ASEAN centrality in the regional economic architecture is for ASEAN to continue economically engaging the major Asia-Pacific players namely, the United States, China, India, and Japan. With a stake in the success of the AEC, major powers would be more invested in a united and strong ASEAN.

In this context, the interviewees expressed hope that Malaysia would use its leadership to maintain the preferred ASEAN strategy of “collective hedging”, which would enable the ASEAN states greater leverage in their diplomatic relations with the big powers. Nevertheless, it was observed that ASEAN unity is still lacking, especially in geopolitical and security matters, as national security interests often trump regional ideals in decision-making. As member states cannot fully agree on what their regional interests entail, ASEAN centrality is more conceptual than practiced. Nevertheless, it was acknowledged that ASEAN remains the only actor that can convene the major powers through multilateral platforms, thus contributing to the process of trust building and communication that are preferable to conflict.

### **Malaysia’s regional leadership in ASEAN 2015**

As the ASEAN chair in a crucial year for the Association, Malaysia will need to manage two issues deemed important to the region—the territorial disputes in the South China Sea and ASEAN community building. On the one hand, it would enhance Malaysia’s image as a significant regional player if ASEAN achieved something tangible under its chairmanship. As several interviewees observed, Malaysia is viewed as a regional leader and possesses the capability to project that leadership.

On the other hand, given the complex and intractable nature of the issues facing the region, Malaysia was perceived as more likely to adopt a subtle approach in its regional diplomacy as the ASEAN chair. Taking into account its national interests and bilateral relations, Malaysia was expected not to push hard on politically sensitive issues such as the CoC. Instead, it was expected to focus more on advancing the less contentious agenda of ASEAN community building, as well as maintaining the notion of ASEAN centrality and importance in the region.

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