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## **More Nuanced than Just “Hedging”: Malaysia and the South China Sea Disputes**

*By Oh Ei Sun*

### **Synopsis**

*As ASEAN Chairman this year Malaysia has to tackle the South China Seas disputes. Malaysia’s supposed “hedging” stance should be viewed more comprehensively.*

### **Commentary**

2015 SEES Malaysia stepping up to the rotating chairmanship of ASEAN, just as the ten member states are poised to embrace the much anticipated ASEAN Economic Community (AEC). Amidst the continued global economic slowdown, it is perhaps understandable that much attention has been focused on AEC as yet another impetus to spur regional economic growth, and by extension on Malaysia’s hopefully adroit skill in ASEAN’s driver’s seat.

Nevertheless, the disputes over the territorial and maritime sovereignty of a large part of the South China Sea, although apparently quietened down late last year, continued to be a latent challenge for all regional parties concerned. How skilfully Malaysia, both as a claimant party as well as ASEAN chair, handles the South China Sea disputes in relation to its three ASEAN co-claimants as well as China is crucial to regional peace and security.

### **Priority for economic cooperation**

Recently, some researchers characterised Malaysia’s management of its South China Sea dispute with China as a “hedging” one, balancing its national interest of maintaining close economic relations with Beijing with the “regional” interest of ASEAN solidarity vis-a-vis China. While this “hedging” label on Malaysia may be partially accurate, it begs a more comprehensive and nuanced view of Malaysia’s international role as well as a more realistic regional outlook.

Firstly, for hundreds of years, Malaysia (and its preceding constituent states) has been a vibrant regional trading hub. This is especially so when the country undertook rapid industrialisation in the last half century, albeit with the vital assistance of foreign investments. The prevalent Malaysian national psyche, including and especially that of the ruling elite, thus exhibits a strong natural predilection toward economic concerns such as improved trade and investment, as opposed to overly ideological and nationalistic concerns.

Malaysia's trade volume with China is indeed tremendous, surpassing US\$100 billion annually over the last few years, making China its largest overall trading partner, and Malaysia China's largest trading partner in Southeast Asia. These fruitful and escalating bilateral economic ties thus understandably overshadow the intermittent South China Sea disputes, which do not show any immediate or even medium-term resolution.

Malaysia's non-adoption of the more confrontational approaches of Vietnam and the Philippines in the South China Sea disputes is therefore not surprising. Vietnam unfortunately experienced protracted and traumatic armed conflicts in its road towards nation-building, and its arguably more nationalistic attitude can thus be somewhat understood. The Philippines for obvious domestic reasons was not endowed with the massive economic development (and the resulting preference for trade) seen in the case of Malaysia.

### **Regional solidarity**

But even if the term "hedging" were to describe Malaysia's handling of the South China Sea disputes, it should at least be construed in a wider context. It is widely known that in addition to maintaining fertile trading relations with China, Malaysia, not unlike its many Southeast Asian neighbours, also welcomes the United States to continue playing a constructive role in regional security matters. Joint exercises (including maritime ones in or near the disputed waters), port calls and anti-terror efforts, to name but a few, continue to be cornerstones of US-Malaysia security cooperation.

Malaysia's US-friendly stance, at least in security-related aspects, thus does not differ substantially from that exhibited by either Vietnam or the Philippines. It is perhaps also interesting to note that Malaysia and China will reportedly hold their first-ever joint military field exercise later this year.

Indeed, Malaysia certainly did not abandon regional solidarity with its neighbours when it comes to the South China Sea disputes. Malaysia remains committed and is proactively pushing for eventual region-wide solutions to the disputes. Malaysia is also equally comfortable with China's preference for bilateral dealings over the South China Sea issue.

But whether bilaterally or multilaterally, Malaysia is flexible in terms of the ways and means – direct negotiation, mediation, joint development, arbitration, adjudication or otherwise – for resolving the disputes. Most of these have been successfully employed to conclusively settle its territorial disputes with neighbours such as Thailand, Indonesia and Singapore.

Malaysia, in this respect, looks favourably toward the region-wide (including both China and Southeast Asian claimant states) adoption of the Code of Conduct (COC) on the South China Sea. Although the COC supposedly does not touch on sovereignty issues, it should provide a pragmatic framework for potentially managing, if not resolving, the South China Sea disputes. As ASEAN chairman Malaysia is likely to accord high priority to the adoption of the COC.

### **Confrontational benefits elusive**

More fundamentally, it could also be argued that the more aggressive approaches preferred by the Philippines and Vietnam in dealing with China on the South China Sea disputes did not quite produce the results that they would have desired. For example, in the aftermath of the Philippines' 2012 run-in with China over the Scarborough Shoal (which China calls Huangyan Island), Beijing assumes de facto control over access to the territory.

Similarly, despite Vietnam's repeated skirmishes with China over the Paracel Islands/Xisha, these remain firmly under Chinese administration. As such, other Southeast Asian claimants, Malaysia included, could not elicit positive lessons from such confrontational styles.

Even the Philippines and Vietnam did not always confront China resolutely over the South China Sea disputes. In the midst of the Scarborough Shoal standoff, the Philippines inaugurated a China-funded dam project. Vietnam, which shares similar ideological outlook with China, often sees its South China Sea conflicts with China tone down after high-level party-to-party visits between the two countries.

For all these reasons, and with the benefit of a more comprehensive grasp of regional and international power-play realities, Malaysia may be said to more than just “hedge” its way out of the South China Sea disputes. It hews to a more comprehensive approach towards the eventual peaceful resolution of these disputes.

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