

THE JOURNAL OF DIPLOMACY AND FOREIGN RELATIONS

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CONTENTS

- A Narrative of Renewal – The Remaking of Malaysian Foreign Policy 1
AZHARI-KARIM
- Maritime Territorial Dispute in the South China Sea: 15
Realism (Power) Vs Liberalism (International Law) and the Choice
ARUJUNAN NARAYANAN
- The Sino-US Trade War 41
China: Winner or a Game Changer?
ANIS H. BAJREKTAREVIĆ
- Japan's Grand Strategy Towards Southeast Asia 55
MOHD IKBAL MOHD HUDA &
ABZARUL AZLIN SYAMSIAH ABDULLAH
- The Effectiveness of Free Trade Agreements on Malaysia's 69
International Competitiveness: Case Study on Malaysia-Japan
Economic Partnership Agreement (MJEPA)
ZETTY NOOR AKMAR & SUSEELA DEVI CHANDRAN
- Plague-d by an Invisible Threat: 85
Reviewing Bioterrorism Readiness in Malaysia
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A Narrative of Renewal – The Remaking of Malaysian Foreign Policy

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ABSTRACT

Questions have emerged that seemed to invite discussion among countries on the future of South East and East Asia. From the perspective of the new Government in Malaysia, the remaking of Malaysian Foreign Policy has been given a high priority. It recently launched a *New Framework for the Foreign Policy of the New Malaysia*. Malaysia is leading the ASEAN member-countries to assume the mantle of regional leadership. Between the two superpowers, the United States has assumed the posture of making a comeback to counter China's intentions in the area directly or through proxies. Together with the United States and China, Malaysia and ASEAN are involved in a narrative of renewal. For Malaysia the key element in the process is the application of data-harnessing in foreign policy decision-making.

Keywords: Foreign Policy, Malaysia, regional leadership, new framework, data-harnessing

INTRODUCTION

There exists a new approach adopted by countries in today's ever-changing environment of international diplomacy that is marked by non-reliance on past experiences as precedents and a penchant for taking 'unconventional' and 'unorthodox' methods of global problem-solving.

A third variant of diplomacy has also appeared next to democracy and

communism, and it is that of the growing pull of economics for countries.

On 18 September 2019, the Prime Minister of Malaysia launched a document providing details of the country's *New Framework for the Foreign Policy of the New Malaysia*. It is a significant effort as it helps to clarify several foreign policy positions announced by the new Government since taking Office in May 2018.

With its theme of *Change in Continuity* the document also recognises in strategic terms that the world is really witnessing its biggest change in world politics ever. Simply described it involves the big two, the United States and China, in a global exercise to determine who among them will triumph in the end.

To understand what is going on, let us look at how the big two above are managing the situation and how a small country like Malaysia survives the current changes in world politics: United States 'looking inwards'; and China 'rising'.

In these days besides managing its foreign policy based on domestic factors, Malaysia also has to consider the development emanating from the external environment particularly in trade, finance and economic matters. At the same time, Malaysia's involvement in conflict-resolution negotiations in Southern Thailand and Southern Philippines, handling the plight of Rohingya refugees fleeing the 'ethnic-cleansing' practised by the government in Myanmar, seeking 'statehood' for the displaced Palestinians, fostering the unity of the Islamic Community and keeping up with the advances in technology that impact on diplomacy will be some of the challenges facing the New Government in the coming months and years.

If ASEAN has earned the right to take the lead in the region's affairs, the same could not be said for the United States and China. What gives these two countries the rationale to push ahead with their agendas? We can look at history to justify the assumption of leadership of regional affairs yet again by these two powerful countries.

China has always been vying for the leadership of the region. Only China has the strength, both politically and economically, to take the lead provided

she could solve the 'history problem'. This has to do with China's historical experience at the hands of the 'colonial masters' that has lingered on until today. The success of the 'Chinese Dream' pursued by the present Government hopefully will help in this process.

China will put her claims of sovereignty over the islands in the South China Sea to rest. China is intent upon using her economic might and material to try and reduce tensions from developing into a crisis.

For the United States, despite President Trump's unmaking of the country at home, its intention in Asia has remained unchanged. It sees itself as a Pacific power that brought an end to the Pacific War led by Japan, restored Democracy in South Korea, stopped the advance of Communism into Southeast Asia, and in the Philippines, became its colonial ruler for a long time having succeeded the Spanish authorities in an earlier period there.

To remain relevant in this active regional environment, Malaysia and ASEAN need to hold on to its success and effectively apply its leadership and statecraft capacities towards building new and viable relationships between countries in the wider geographical context of East Asia and Southeast Asia.

AMERICA UNHINGED FROM THE REST OF THE WORLD

Powered by the 'Trumpian Mystique', America's President Trump is putting American interests first. The world is thus left wondering whether the rest of the world would matter anymore. Remarkably inside the country the pull of the 'Trumpian Mystique' has been gaining unbelievable support from his base.

Global reactions to such an 'un-American like' behaviour from an American President have ranged from utter frustrations, disbelief and awe to silent admiration and sheer rationalisations. An analysis of what had developed follows.

Very early in his first one hundred days in Office, President Trump had begun to un hinge the United States from the rest of the world. The President decided to end the country's commitments to the North American Free Trade Agreement (NAFTA) entered by the country with Canada and Mexico. This was followed by the United States opting out of the Paris Climate Change Accord and unilaterally terminating the country's involvement in the Multi-

country Nuclear Agreement with Iran. Recently the President also decided to impose new sanctions on Iran.

In quick succession President Trump issued Executive Orders to stop entry for citizens from several Muslim countries in Africa and the Middle East. He also called for a border wall to be built between the United States and Mexico, to be paid for by the latter country to keep away 'criminals' and 'drug-peddlers' from crossing over.

In responding to his campaign promises, he raised the profile of the domestic economy to provide more jobs for American industry. President Trump openly challenged American industries to relocate back home. In what has been regarded throughout the world as a protectionist move, he launched a series of trade tariffs for import of goods coming in from Canada, Mexico, the European Union and China. The President also exerted efforts to stop American Allies in Europe, the Middle East and Asia from 'free-riding' on the United States' economy and to stop making the United States a 'piggy-bank'. He called upon these countries to play their part by meeting their financial commitments' contribution. The message was clearly conveyed by the President himself at his attendance in several meetings of the European Union (EU) and the North American Treaty Organisation (NATO). Even at the United Nations, President Trump raised the issue of a possible cutting-down on future funding from the United States.

The response from the rest of the world has been both measured and 'wait-and-see'. Initially old Allies such as Japan, Germany, France and the United Kingdom rushed over to pay their respects to the US President. Others had merely welcomed Trump's appointment as a choice democratically made by Americans and therefore would have to be tolerated and accommodated. To others, Trump's frivolities and uncouth nature have not gone down well with 'established' Governments around the world particularly in Asia. Many thought Trump is too mercurial and erratic to endure serious rounds of diplomatic parlance and negotiations for any length of time.

In a general way, the 'Trumpian Mystique' and its impact upon the world could be understood from two perspectives. The most commonly heard is one that describes Trump as moving back and forth from the two levels of 'reality': the reality of make-believe and the reality of the real.

Throughout his life, Trump has been said to always give in to the idea of triumphing from the former case. The well-received TV show, *The Apprentice*, has him scripting, directing and fixing the programme and the individuals acting in the various episodes from beginning to end. The focus has him being in the position to decide the fate of the players of the show.

In the same context it has also been mentioned that Trump has got to where he is right now purely by selling the Trump name as the 'brand' and so we have for example, the 'Trump Tower' and the 'Trump Hotel' in many locations.

In the latter case Trump has been described as not living in the reality of make-believe anymore but rather that of 'relishing' or making the real as the 'only' reality. In this role Trump enjoys playing host to world leaders, beauty-queens, heroes and talk-show anchors. He has gone the extra mile to meet up with the North Korean leader in Singapore and had a meeting with the Russian President, Putin. He loves to invite accolades and be showered with adoration by people everywhere.

As a final thought, in philosophical terms we can aptly explain Trump's 'Trumpian Mystique' as being a product of Cartesian, Lockean and Kantian logic in which one's idea or belief in one's reality is the only thing that matters.

IS THE AMERICAN DREAM FAST FADING? – A MALAYSIAN PERSPECTIVE

For a great many of us Malaysians, the American Dream has epitomised what is special for us about the United States of America. It is the land of Freedom and Opportunity. It is the first to put a man on the Moon. Its Statue of Liberty outside New York welcomes all to its shores. Sadly, we do not feel the same way now. We examine below some possible explanations.

From a great distance we have been enjoying the best and the brightest that the American Dream could offer. In every level of human endeavour: education, economics, sciences, human relations, technology and security, the United States have led the world. Nations have continued to survive and prosper guided by the so-called American ideal.

In school we were made to follow the *Adventures of Huckleberry Finn*, *Tom Sawyer* and the *Last of the Mohicans*. In the University, the American Literature class spent quite a while learning about how the American Pioneers would jump

happily every time the American Cavalry on horses come to save them from the Red Indians.

At work, I got to know the Americans better. I was fortunate to serve in the Malaysian Diplomatic Service for a good twenty-four years from 1970 to 1994. During a stint in the Embassy in Washington, D.C. and several visits later under generous grants from the Asia Foundation and the Fulbright Scholars Programme, I could observe first-hand how a Democracy functions. Most fascinating was the division of responsibilities among the Congress, Judiciary and the President. The working atmosphere of open access and communications between the Government and the public allowed me the freedom to meet and mingle with Americans from all walks of life and interests.

Policy-wise I got to know about how the Congress would run its affairs of State. I was also able to make an opinion on things American in various seminars, forums and talks before different audiences on topics that ranged from United States' foreign policy and diplomacy, security and defence matters, refugees and migrants, trade and finance, and cultural diplomacy. I picked up quite a bit about Grand Alliances, Security Pacts and Trade Relations.

I realised now how important issues in these areas have come to seriously affect the country's international relations with other countries. Americans came to regard themselves as the Master of the World and the Number One Superpower. It has the economic resources, the military and nuclear might, and the system of Alliances dotted around the world to spread its might.

Looking back signs of American Supremacy have begun to recede into the background. Just what is happening to the so-called American Dream that we have come to know so much about?

For a long while many outside the United States have been holding on to the promise of the American Dream. At least for my generation we had placed very high hopes that one day we, our children and our children's children would step foot on the American continent to satisfy their own curiosity.

Talk to Americans nowadays and they will tell you that under their present President many things have changed and even the idea of the American Dream is being challenged. They are saying the country's President has gone

against the normal run of things. Briefly described, he has been self-promoting himself, preferring to start from zero and not to continue relying on history and common practices in Government. He has chosen to push aside the norms and regulations of state affairs and assumed a 'non-conventional posture' at home and abroad.

To me there is now a visible divide in public opinion on whether he must adopt the characteristics of the New Game in America as stated above or that of the Old Game more familiar to us

Now lecturing in a Government-linked Training Institute, I am adopting a more open attitude to the change mentioned above. After a long while America is undergoing a massive change yet unthinkable in our times in this ever-changing world around us.

In coming to terms with the changes to come, our response like the Americans must be one of, "See no evil, Hear no evil and Do no evil".

SURVIVING THE CHALLENGE FROM CHINA

China is currently leading the world in the efforts to gain as much from economic diplomacy. This appears to be the new ideology under President Xi Jing-ping and is marked by a greater involvement of countries in the global economy and helping to restructure the financial architecture in ways that can benefit more countries.

Opening and engaging the country in the emerging markets and tapping opportunities overseas had been adopted by China as responses to the perceptions that the United States would be making a retreat from world affairs and that Russia (the successor state to the Soviet Union) would be positioning itself to return to the global stage once again.

China's rebirth in the world economy took on a global reach distinguished by projects such as its 'Belt and Road' Initiative (BRI) comprising the revived old Silk Route from East to West and a maritime component by which the Chinese could encircle its hold on regions from Asia to Europe as it once did in the 15th century.

China's success at using globalisation raised warning signs worldwide. Many

feared that China is about to repeat the mistakes she once did in Africa some years ago. This had been then regarded as a one-sided deal with all the returns going back to China. With China's recent move to encircle almost the entire Eastern Hemisphere, as discussed earlier, the Chinese intention could only be understood as the country's sincere effort to adhere to the 'Globalisation' argument.

It could also be suggested here that China would not be prepared to lose out on opportunities abroad were the country to remain 100 per cent ideologically Communist. Saying this however does not rule out the fact that the Government had also been faced very much earlier on with a religious and an ethnic problem in the north-west and in the south-west of the country. In confronting this problem China did not choose to withdraw from the world but rather stayed on to complete the so-called 'export' of its wealth and people to all parts of the world as part of meeting its 'Globalisation' goals.

FORTY-FIVE YEARS OF MALAYSIA-CHINA RELATIONS – A MALAYSIAN PERSPECTIVE

Contacts between Malaysia and China have gone through several cycles of up-swings and down-swings over the years. The experience had prepared the Governments and the people of both countries to look back at a tumultuous past and enabled them to survive the present with eager caution. This will also move them forward with anxious anticipation of the future.

Officially Malaysia and China began to have diplomatic relations with one another in 1974. But contacts between the two countries according to published records had started much earlier. A historical narrative of the main development follows below.

In the distant past, sometime during the 15th century at the height of the reign of the Melaka Sultanate, the then Ming Emperor had sent his favourite Admiral, Cheng He as the head of a large delegation to the Melaka Court. Also included was a senior woman of the Palace, Hang Li Po with the intention of marrying her off to the ruling Sultan.

In turn it has been told that Melaka's Admiral, Hang Tuah made a visit to China. Hang Tuah was very well received by the then Emperor who accorded him an audience at the Royal Palace. Now it has been told that during one of

his audiences with the Emperor, Hang Tuah really wanted to see the Emperor with his own eyes. He got this opportunity when during one of the audiences, while eating the noodles from his noodle-pot, it seemed he caught a glimpse of the Emperor!

Fast forward to the recent past, in the 19th century, when Malaya, as the country was known under the British Rule, had battled the Communists in an insurgency that lasted from 1948 to 1960. The Emergency as it was called, had involved the Malayan Communist Party, said to have received the backing of the Chinese Communist Party. This period was preceded by the Japanese Occupation from 1941 to 1945 and henceforth under the Colonial Period as such, the British had to bring in Chinese miners to work at the tin-mines. Tin and rubber became the cash-crops for the British Administration in their efforts to boost the country's fledging economy.

With Independence gained in 1957 and the Emergency ended in 1960, the country was well on the route to nation-building. It took its seat in the United Nations and played a proactive role in international and regional diplomacy.

Aware of the importance that peace and security must never take second place in the country's road to prosperity, Malaysia joined other like-minded countries in the region, five in all, and formed the Association of Southeast Asian Nations in 1967. This later became ten strong by the 1980s.

Together with the Declaration that the region would be a Zone of Peace, Freedom and Neutrality (ZOPFAN), ASEAN was able to signal to China that its 'neutrality' stance vis-à-vis the "United States and the former Soviet Union" diplomatic and ideological divide, had enabled it to welcome closer relations with the Communist Republic. Thus in 1974, Malaysia became the first of the ASEAN countries to set up a diplomatic presence in China's capital, Beijing.

Between the recent present and the immediate future, both Malaysia and China will see a more varied conduct of diplomatic relations between them in a global environment of continuing economic tensions, erratic behaviour of countries moved by nationalist tendencies and internal disruptions in both these countries.

The important milestones thus far in their relations are the following:

- Declaration on Code of Conduct in the South China Sea (1996, 2002);
- President Xi's visit to Malaysia in 2013 that saw an upgrade of relations between them;
- Prime Minister Mahathir's Visit to China in 2018 that gave Malaysia's endorsement of China's Belt and Road Initiative (BRI)

REASONS NECESSITATING A REVIEW OF FOREIGN POLICY

The reasons are many and several. There are three big reasons to necessitate this.

Firstly, a new Coalition Government, Pakatan Harapan, had taken over from the previous one having won the 14th General Election held in May 2018, on the promise of 'out with the old and in with the new'.

Secondly, Tun Mahathir Mohamad who was the country's Prime Minister for twenty-two years under the Barisan Nasional Government from 1981 to 2003, was chosen to lead once again as the country's seventh Prime Minister.

Thirdly, the new Prime Minister upon taking power, did not lose time but moved ahead to conduct the foreign policy of the country as he used to do when he was Prime Minister before.

As a country that had been through more than sixty years of independence since 1957, Malaysia's stability and prosperity have been the products of a democratic system of government, support for an open and free trade economic system, and the conduct of friendly relations with all. Over time, however, we found that to move forward, the country needs to keep up with the swift and fast changes that have been occurring all over the world. In time, with Anwar Ibrahim tipped to take over the reins of power from Mahathir, we can expect to see a review process being pushed through.

Looking forward, Malaysians have realised that a greater awareness of geography, history, culture and economics, particularly for the Malays, have enabled them to adopt new ways of doing things and adapt themselves fully to the new influences upon their values and qualities of life. In foreign policy terms, this could be translated into the country having a bigger need to survive

on the ideals of Independence and Development. There are other challenges they had to confront: Islam, Alignment, Neutrality, Globalisation, Middle Power and Smart Partnership.

Change has come through a visioning process and the politics of coalition-building with successive Governments under the leadership of the respective Prime Ministers successfully keeping pace with development within the global environment. At the same time, these global trends have impacted extensively on Malaysian foreign policy that have enabled it to move smoothly, facing up to the challenges of ideology, regionalism, liberalisation, multilateralisation, globalisation, digitalisation, e-Commerce and soon Artificial Intelligence.

If a foreign policy review is to be considered, we must look at where we were, where we are and where we want to be in the future. The old and present foreign policy templates may have to be revised. A comparison between the focus areas in the old, presented in Table 1 at the level of the respective Prime Ministers, and the present as well as the future, in Table 2 from the perspective of the new factors that are and will emerge, will make this clear.

Table 1: Foreign Policy Focus Areas – Past Prime Ministers

MALAYSIA'S PRIME MINISTERS	FOREIGN POLICY FOCUS AREAS
Tunku Abdul Rahman	Ideological
Tun Abdul Razak Hussein	Neutrality/Regionalism/Multilateralism
Tun Hussein Onn	Regionalism/Multilateralism
Tun Mahathir Mohamad	Globalisation
Tun Abdullah Ahmad Badawi	Liberalisation
Dato Seri Najib Abdul Razak	Liberalisation/Digitalisation/ e-Commerce

Table 2: Foreign Policy Focus Areas – New and Emerging Factors

FOREIGN POLICY FACTORS	FOREIGN POLICY FOCUS AREAS
Arcs of History	ASEAN, China and India
Nation Branding	Made-in-Malaysia, Made-in-USA, Made-in-China
Regional and International Logic	US in retreat, China rising, Russians are coming, Europe in decline, Crescent in crisis, Climate change, Migration and Terrorism
Strategic Partnership	China, India
Looking East	India, Saudi Arabia
Ummatic Unity	Arab and the Muslim World

HARNESSING BIG DATA IN FOREIGN POLICY DECISION-MAKING

An important requirement for the survival of a country's diplomacy today and to start the narrative of renewal process is to enhance the ability of its diplomats to comb data from various sources to benefit decision-making in foreign policy.

An e-Diplomacy platform, if implemented, will enable data access, assembly and analysis of issues and subjects of concern to Malaysian Foreign Policy, Malaysia and ASEAN and Malaysia and the World.

Initially there will be three main components of the platform which will include the following:

Table 3: Project Components Details

myDIPLOMAT	myASEAN	myWORLDDIPLOMACY
Fulfilling needs for change	Malaysia setting the scene for ASEAN 2.0	Dynamics of world diplomacy and Malaysia's responses to the current diplomatic realities, to include issues with bilateral, regional and multilateral focus and those on trade, economic, security, culture, humanitarian, technology, terrorism, migrants and international law, oil and SDG.
Data in Diplomacy training, research, workshops and forum	Taking on a leadership role	Application of Futures Studies and Scenario Planning Methodologies leading to development of Future Scenarios.
Data in Diplomacy Database	Scenarios for Future of ASEAN	World Power Matrix to map future development in context of BRI, Indo-Pacific, SCS, CPTPP, RCEP, Role of Big Powers, EU, Middle East Tensions, India, Japan, Canada and Australia as Middle Powers and ASEAN as regional power.

LOOKING AHEAD

Looking ahead, we can expect Malaysia to get ASEAN to be more assertive on regional issues, to pursue more aggressively to promote Malaysia's nation branding abroad, to pave the way for other state and non-state actors to take

on a more visible presence in international diplomacy in the national interest of the country, and to enable the country to gain from the digital revolution offered by the new technologies and the advances in social media, e-commerce and data-usage in diplomacy.

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Maritime Territorial Dispute in the South China Sea: Realism (Power) Vs Liberalism (International Law) and the Choice

Arujunan Narayanan

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ABSTRACT

The maritime territorial dispute in the South China Sea is a potential flashpoint involving China, Taiwan, Vietnam, the Philippines, Malaysia, Brunei and recently, Indonesia. However, China's more assertive military actions in the South China Sea and the construction of artificial islands with military facilities have changed the situation on two aspects. Firstly, the Southeast Asian claimant states found themselves helpless in opposing China. Secondly, the issue has assumed a different character in the context of the US-China rivalry in the Asia-Pacific where the US is challenging China's sovereignty by sending its military forces to those areas which China regards as its sovereign territories. With the increasing rivalry between the US and China, the Southeast Asian states, given their comparatively weak position, are hedging between these two great powers for their national survival. The US allies Japan, South Korea and Australia are dragged into it. Other states such as India, United Kingdom and France too might be pulled in.

We can see the reality of power politics. All the states are using both military power (realism) and diplomacy (liberalism) to protect and to promote their national interest. As history of International Relations shows, when the conflict becomes more serious, power dominates over diplomacy and that can be seen in the current power struggle in the South China Sea between the US and China. The small states with less power have become less significant. It looks as if the strong do what they can and the weak suffer what they must.

Keywords: Sovereignty, disputes, power, diplomacy, resolution

INTRODUCTION

The South China Sea (SCS) is a semi-enclosed sea with an area of some 648,000 square miles. It is bounded by China, Vietnam, the Philippines, Indonesia, Malaysia and Brunei. The area includes hundreds of small islands, reefs and rocks. Most of them are partially submerged features, little more than shipping hazards and are inhospitable. Most of these islands are not arable, do not support permanent crops, and have no meadows, pastures or forests.

It became an area of great importance for all these states when a UN-led survey concluded that oil reserves would likely be found in the East and South China Seas. With the need for energy for China's grandiose development and the drying up of its land-based oil resources, China moved to occupy the features in the SCS. Besides, the UNCLOS 1982 that provided for the sovereign territorial rights of the coastal states urged them to occupy the features in the SCS.¹ The race among these states for the occupation of those features has made the SCS a potential flashpoint in the 21st century.

THE SIGNIFICANCE OF THE SCS

The SCS is not only important for the coastal states but also for the economic and military powers in the Indo-Pacific region.

(i) Sea Lane of Communication

The SCS provides important maritime communication routes between the Indian and Pacific Oceans, most notably for the energy supply from the Gulf of Arabia to the economic powerhouses of Northeast Asia. An estimate of US\$5.3 trillion worth of global trade passes through the SCS annually.² Hence, many regional states want the SCS to remain as international waters.

(ii) Strategic Highway of the Regional Military Powers

It is also an important strategic waterway for all the major military powers that project their military power to protect their vital interest in the region. The US 7th Indo-Pacific Fleet passes through the SCS to go to the Indian Ocean. To promote this, several states, including the US, conduct "freedom of navigation" operations which are not well received by the PRC as it considers the SCS

¹Hathaway, O.A & Shapiro S.J. *The Internationalists and Their Plan to Outlaw War*, Allen Lane, UK, 2017. p. 361

²IISS Dossier, *Regional Security Assessment. The Militarization of South China Sea*. p. 9; p. Hathaway, A, & Shapiro, Scott J, *Ibid*. p. 358

within the nine-dashed line as its sovereign territory, and other countries must seek its approval before entering the SCS. This is not acceptable to the other powers as they feel it is contrary to what is provided in UNCLOS 1982.

(iii) Natural Resources

The SCS is rich in oil, natural gas, minerals and fishery. The oil and natural gas reserves in the Spratly region are estimated at 17.7 billion tons, even larger than Kuwait's reserves of 13 billion tons.³

MAIN ARCHIPELAGOES

There are five main island groups in the SCS, none of which is the natural geographic extension of any coastal state's continental shelf. These groups are the objects of serious jurisdiction contention between the coastal states.

(a) Pratas Islands

They are located in the northern part of the SCS. They are occupied by Taiwan and challenged by China on the ground of its legitimacy. It is not a serious security issue at the moment. In the event of a clash between China and Taiwan, the Pratas Islands will assume strategic significance.

(b) Macclesfield Bank

It is located north of the Spratly Islands, southeast of the Paracel Islands. It is permanently submerged and the issue of control has not yet arisen.

(c) Paracel Islands

The Paracel Islands are located in the north and they are currently occupied by the PRC after evicting Vietnam in 1974 following a military clash. Currently the PRC's occupation is contested by Vietnam and Taiwan. The issue between Taiwan and the PRC is a question of governmental legitimacy, not sovereignty, as both have a common stance on the Chinese demands on the territories vis-à-vis that of other claimant states.⁴

(d) Spratly Islands

This is the most contested archipelago. There are a total of 53 features comprising many islands, reefs, shoals and sand banks which spread from the

³<https://nationalinterest.org/feature/beijing-needs-the-south-china-sea-stay-top-17223>

⁴Liow, Joseph Chinyong, *Dictionary of Modern Politics of Southeast Asia*, Routledge, London, 2015. p. 347

very centre of the sea. There are six claimant states, namely, the PRC, Taiwan, Vietnam, the Philippines, Malaysia and Brunei.

(i) Vietnam

Vietnam claims all the features and it is based on its history as a former colony of France as well as a party to the UNCLOS 1982. Currently Vietnam occupies the largest number of features in the SCS – 6 islands and 27 reefs and banks: Southwest Cay, South Reef, Petley Reef, Sand Cay, Namyit Island, Discovery Great Reef, Sin Cowe Island, Sin Cowe East Island, Collins Reef, Landsdowne Reef, Pigeon Reef, Cornwallis South Reef, Alison Reef, East London Reef, West London Reef, Central London Reef, Pearson Reef, Spratly Island, Ladd Reef, Prince Wales Bank, Barque Canada Bank, Amboyna Cay, Bombay Castle, Alexandra Bank, Prince Consort Bank, Grainger Bank and Vanguard Bank.

(ii) People's Republic of China

PRC claims the whole archipelago and the claim is based on historical rights with the "Nine-Dashed Line".⁵

In 2014, China began to implement a master plan to expand and consolidate its presence in the SCS. Currently China occupies 8 reefs in the Spratly Islands: Subi Reef, Gaven Reef, South Johnston Reef, Mischief Reef, Fiery Cross Reef, Hughes Reef, Cuarteron Reef and Eldad Reef, and built artificial island fortresses in the international waters.⁶

(iii) The Philippines

The Philippines' claim is based on discovery and UNCLOS 1982. It occupies eight reefs and islands in the Spratlys – the North Danger Reef, Thitu Island, West York Island, Flat Island, Nanshan Island, Lankian Cay, Loaita Island and Second Thomas Shoal. The Philippines constructed support buildings on four features and cleared a road through Thitu Island in 2013.⁷

⁵Hathaway. *Op. cit.* p. 359

⁶Mandelbaum, Michael, *The New Containment. Handling Russia, China, and Iran, Foreign Affairs, March/April, 2019.* p. 123

⁷An IISS Dossier. *Op.cit.* p. 18

(iv) Malaysia

Malaysia's claim is based on its 1979 map and as a party to the UNCLOS 1982. It occupies eight features in the SCS: the Commadore Reef, Investigator Shoal, Erica Reef, Marveles Reef, Dallas Reef, Ardasier Reef, Swallow Reef and Louisa Reef. In the 1980s the Royal Malaysian Navy occupied the Swallow Reef and set up a naval station reportedly protected by anti-ship guns and *Starburst* surface-to-air missile. The reef had a 1.3 km concrete airstrip, hangars and an air-traffic-control tower.⁸

(v) Taiwan

In 1956 Taiwan occupied Itu Aba island, the largest feature and one smaller feature in the Spratly Islands and garrisoned it with hundreds of troops. It is administered by the Taiwan Coast Guard whose personnel replaced regular soldiers there in 2000. The island is protected by machine guns, 81mm and 210mm mortars, and 40mm anti-aircraft guns, and has a 1.1 km-long runway and limited port facilities. Taiwan installed solar rays on Itu Aba in 2013, and in 2014 began constructing a new pier and new buildings. On completion the island is to have a port capable of accommodating 3,000 tonne naval frigates as well as coast-guard cutters. The runway is also lengthened to allow its use by C-130 transport aircraft. According to Taipei, Itu Aba will continue to serve as a support base for Taiwanese deep-sea fishermen and marine and mineral research.⁹ To date, there is no military clash between China and Taiwan in the SCS.

(vi) Brunei

Brunei claims only the Exclusive Economic Zone (EEZ).

(e) Natuna Islands

The Natuna Islands are a group of 272 islands located in the SCS. It is one of the largest natural gas fields in the world and is believed to contain over 210 trillion cubic feet of natural gas with an estimated 46 trillion cubic feet of recoverable natural gas. Indonesian's sovereignty over the islands was unchallenged until 1993, when the PRC published a map containing the nine-dashed line.¹⁰

⁸An IISS, *Ibid*, p. 18

⁹An IISS, *Ibid*, p. 19

¹⁰Liow, Joseph Chinyong, *Dictionary of the Modern Politics of Southeast Asia*, Routledge, London. 1995. p. 272

INTERNATIONAL RELATIONS IN THE ASIA-PACIFIC

The rise of China as an economic power and military power with the potential to replace the US as the dominant power in the Asia-Pacific has led to a US policy of engagement and containment. The Obama Presidency adopted an economic isolation of China through the Trans-Pacific Partnership and the military containment through the 'pivot policy' under which the US redeployed its military forces to the Asia-Pacific. The US military allies in the Asia-Pacific region are Japan, Taiwan, South Korea, the Philippines, Australia and New Zealand. Singapore, Thailand, Malaysia, Indonesia, India and Australia are friendly countries. The US' encouragement for Japan to play a more effective defensive role in Northeast Asia, the deployment of THAAD Missiles to South Korea, the presence of US aircraft carriers and other naval crafts in the East China Sea and the joint naval military exercises with Australia, Japan, India and others have added more fear to China. China responded to this perceived threat with the expansion of its naval forces and other military capabilities including the militarisation of its islands in the SCS. China also came out with its two-chained defence of its maritime territories in the Asia-Pacific. Besides, it came with the Belt and Road Initiative (BRI). The giant state banks such as the Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank are involved in the BRI projects in countries along the core areas of the BRI. New financial institutions such as the Asian Infrastructure Investment Bank in Beijing with an authorised capital of US\$100 billion and the Silk Road Fund in Beijing with an investment of US\$40 billion from the State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank will be focusing on the investment opportunities along the BRI areas.¹¹ With these initiatives China is expanding its influence not only in the Asia-Pacific region but also in Central Asia, Africa, Europe, Latin America and South Pacific. The US looks upon China as a rising new power bent to replace it soon, leading to rivalry between the two military powers.

CHINA'S STRATEGY IN THE SOUTH CHINA SEA

An analysis of China's policy shows that it uses military power and diplomacy to solve problems and to promote its interest. From the very beginning China is very clear in its strategy towards the SCS. It had announced that the SCS

¹¹Macaes, Bruno, *Belt and Road: A Chinese World Order*, Hurst & Co., London, 2018, p. 48

is China's area of core interest along with Taiwan, Tibet and the Xinxiang provinces, and China is ready to go to war to protect its territories, if forced to.

In 1974, China seized the Paracel Islands from Vietnam. In 1979, China removed six Spratly atolls from Vietnam's possession. In 1988, the Chinese and the Vietnamese navies clashed at Johnson Reef in the Spratly Islands. Several Vietnamese boats were sunk and over 70 sailors were killed. In 1994, China and Vietnam had a naval confrontation over Vietnam's Tu Chinh oil exploration blocks 133, 134 and 135.

On two separate occasions in 2011, the Chinese government's vessels cut the cables of survey equipment operated by the Vietnamese ships within Vietnam's EEZ.¹² In 2012, China took control of the Scarborough Shoal from the Philippines¹³ In 2013, the People Liberation Army Navy (PLAN) vessel fired flares into a Vietnamese fishing boat, causing fire onboard. In 2014, the Chinese moved a floating oil-drilling platform into the waters near the Paracel Islands (claimed both by Vietnam and China), followed by Chinese vessels ramming the Vietnamese boats that gathered in protest, resulting in the sinking of one of them and damage to the others.¹⁴ On 4 April 2019, China had a confrontation with the Philippines on Thitu Island. The Chinese fishing fleets and Coast Guards were found in Malaysia's territorial waters and Malaysia was unable to do anything. Brunei is too small to face China and has no confrontation with China over its maritime rights in the SCS.

In 2014, China began to implement a master plan to expand and consolidate its presence in the SCS. It transformed the seven small rocks and low tide elevations that it occupied into artificial islands. In the space of 18 months, Chinese vessels dredged and pumped sand from the seabed and ripped corals out of nearby reefs until these features encompassed an area of 3,000 acres (12 square kilometres). For comparison, other claimants in the SCS – Malaysia, the Philippines, Taiwan and Vietnam – expanded the area of the features they

¹²Roy, Denny, Assertive China: Irredentism or Expansionism, *Survival*, Vol. 61 no. 1, February-March 2019. p. 53

¹³Kao, Shawn Shaw-fawn, Scarborough Shoal Dispute, China's Assertiveness, and Taiwan's South China Sea Policy, *International Journal of China Studies*, Vol. 5, No. 1, April 2014, pp. 153-178; Hawksley, Humphrey, *Asian Waters. The Struggle over the South China Sea and the Strategy of Chinese Expansion*, Duckworth Overlook, London, 2018. p. 31

¹⁴Roy, op.cit. p. 53

already occupied by only 100 acres (0.4 sq km) over 45 years.¹⁵

Within eight months during 2015, China transformed Fiery Cross Reef into a 2.65 sq km artificial island. It is now the largest feature in the Spratly Islands. The infrastructure on this reef include sea walls, concrete roads, military barracks, a multi-level tower, helipads, a harbour, an airfield and an early warning radar. The harbour can accommodate the PLAN's larger warships, such as Type-071 LPDs.

China also undertook major construction projects on features throughout the sea, building outposts on seven different features in the Spratly Islands. By June 2015, China had reclaimed more than 2,900 acres of land, compared to Vietnam's 80, Malaysia's 70, the Philippines' 14 and Taiwan's 8.¹⁶

UNITED STATES

Given the meteoric economic rise of China and its military modernization, the Obama Administration announced the policy of 'rebalancing' towards the Asia-Pacific. It deployed its military forces to Australia while mobilising its other military forces in the Asia-Pacific.

In May 2015, the US sent a surveillance aircraft over the Fiery Cross Reef. The American pilot ignored repeated demands by the Chinese forces for the aircraft to leave the area. China's Foreign Ministry called the confrontation "irresponsible and dangerous". Secretary of Defence Ashton Carter replied, "There should be no mistake about this: The United States will fly, sail and operate wherever international law allows, as we do all around the world".¹⁷

In the same month, the Secretary of Defence told reporters in Hawaii that the unilateral 'land reclamation and militarisation' was a new development and the US would oppose 'any further militarisation' of the disputed islands.

On 30 May, Carter during the IISS Shangri-La Dialogue said,

'The United States is deeply concerned about the pace and scope of land reclamation in the South China Sea, the prospect of further militarisation, as well as the potential for these activities to increase the risk of miscalculation or conflict among claimant states.'

¹⁵An IISS *op.cit*,

¹⁶Allison, Graham, *Destined for War. Can America and China Escape Thucydides's Trap?*, Houghton Mifflin Harcourt, Boston, 2017. p.127

¹⁷Hathaway *op.cit*, p. 359

As a Pacific nation, a trading and member of the international community, the United States has every right to be involved and concerned'.¹⁸

The US Navy has also forcefully asserted its right to freedom of navigation in the SCS, by sailing repeatedly close to the man-made islands.

Despite some claims that the Donald Trump presidency has relegated the SCS dispute to a lesser status compared to the Trade War and the North Korean nuclear issue, there was increasing military reaction to China in the SCS. In 2018, the US military significantly increased the frequency and intensity of its freedom of navigation operations (FONOPs) which is about once in every eight weeks on average within the 12 nautical miles where the Chinese stations are on islands and reefs of the Spratly Islands. They also often conducted high-speed manoeuvres, exercise trainings and other provocative activities. Besides, the US military also strengthened its provocations in the Paracel Islands. On 27 May, two US war ships, the *USS Antietam* and the *USS Higgins* entered China's territorial waters in the Paracel Islands and conducted large-scale manoeuvring near the Tree, Lincoln, Triton and Woody Islands. The US Indo-Pacific Command (USINDOPACOM) headquarters have had more freedom to conduct these operations. The US does not recognise the Chinese' title to the features, and it is not obliged to observe requirements of a theoretical territorial sea.

Besides the FONOPs, the US military has also significantly intensified its strategic deterrence and forward presence. In 2018, the US Navy sent four carrier strike groups, four amphibious ready groups, several nuclear attack submarines, and 30 sorties of B-52 bombers to conduct strategic deterrent activities in the SCS and surrounding areas. The F-22 and F-35 fighters, represented by fifth-generation jet fighters, were also deployed around the SCS.

In February 2018, Harry Binkley Harris, Jr., the then Commander of USINDOPACOM testified in the Congress that "Beijing's 'intent is crystal clear' to dominate the South China Sea and America must prepare for the possibility of war with China". On 26 April 2018, Philip Davidson, Harris's successor, stated at the review hearing of the Senate Armed Services Committee that "China is now capable of controlling the South China Sea in all scenarios short of war with the United States". On 6 February 2019, John M. Richardson, Chief of Naval Operations, noted in a speech at the Atlantic Council that the US may

¹⁸ISS. *op.cit.* p. 9

need to look for ways to impose consequences if the rules specified in the *Code of Unplanned Encounters at Sea* are not followed by China. In an atmosphere of war preparation and show of toughness, the US military will continue intensifying military operations in the SCS. In 2018, the Congress issued the SEC.1262 of National Defense Authorization Act for Fiscal Year 2019 requiring the Department of Defence (DoD) to provide regular briefing on any significant activity conducted by the PRC in the SCS, including reclamation, assertion of an excessive territorial claim, or militarisation activities such as significant military deployment or operation or infrastructure construction. SEC. 1259 stipulated that the DoD shall not enable or facilitate the participation of the PRC in any Rim of the Pacific (RIMPAC) naval exercises unless, "China has ceased all land reclamation activities in the South China Sea; removed all weapons from its land reclamation sites; and established a consistent four-year track record of taking actions toward stabilizing the region."

OTHER EXTERNAL POWERS

With the involvement of the US in this dispute, other US allies and friendly states with their interest in the SCS will be dragged into the conflict. Japan, Australia, UK, India and the US have been involved in joint military exercises in the SCS. The involvement of Australia will activate the ANZUS military alliance which will bring in the involvement of New Zealand. In August 2018, a British war ship carried out freedom of navigation patrol near the Paracel Islands. French Navy ships conducted patrol in May near the Spratly Islands.¹⁹ Some have extended military assistance to the claimant states. The involvement of Britain and France along with the US, in the event of an attack on any of them, will bring in the North Atlantic Treaty Organisation (NATO). Japan has provided naval vessels to Vietnam and the Philippines. India has sold military weapons to Vietnam. The US has lifted the sale of military weapons to Vietnam.

The UK has shown interest in the SCS with stronger presence and it recently sent an aircraft carrier and there were reports that it may establish a military base in Southeast Asia.²⁰ The Asia Reassurance Initiative Act of 2018, formulated by the US Senate Committee on Foreign Relations and passed in

¹⁹Korean warships sails by the disputed South China Sea islands, <https://asia.nikkei.com/Politics/International-relations/South-Korea-3/22/2019>

²⁰Bo H, Lin L, & Pei T., *South China Sea Situations: Retrospect & Prospect*, SCSP, Institute of Ocean Research, Peking University, 2019. P. 1

December 2018, specified that in the future, the US shall strengthen joint maritime military training and FON plans with allies and partners in the Indo-Pacific region, including the South China Sea and East China Sea. The US military has conducted thousands of close reconnaissance and hundreds of military exercises, with a steady US presence in the region for more than 700 ship days every year. A total of 70 per cent of military strength of the Pacific Fleet has been engaged in various kinds of exercises in the SCS, and this proportion will grow in the future.²¹

THE DILEMMA OF SOUTHEAST ASIAN STATES

The small Southeast Asian states are caught in the US-China power politics to dominate the Asia-Pacific. The Southeast Asian countries, both the claimants states such as Vietnam, the Philippines, Malaysia, Indonesia and Brunei and the non-claimant states including Myanmar, Laos and Cambodia are not only no match to China's military and economic power but they are at its mercy. They are heavily reliant on China for their economic growth and find themselves in a dilemma when it comes to the territorial conflict with China. They look upon the US as a deterrent against China but they are not in a position to antagonise China. Hence they are adopting a hedging policy between the two great powers to protect their national interest.

Given its dominance China can determine the nature of their relationship not only in the bilateral relations but also in the multilateral relations. China is insistent that the SCS dispute could only be resolved by bilateral negotiation with other claimant states.

(i) Vietnam

Despite its bitter experience with the PRC historically as well as with regards to the SCS, it has no choice but to maintain good economic relations with China. Economically Vietnam is dependent on China and still maintains good relations with China despite its animosity in the SCS. The US has developed its relation with Vietnam. It has lifted the arms ban and now Vietnam could purchase military equipment from the US. A US aircraft carrier also recently visited Da Nang. Japan has supplied Vietnam with some naval vessels and India has sold some military products.

²¹Bo, *Ibid*, pp. 4-7.

(ii) The Philippines

The Philippines is another Southeast Asian country that depends on China for its economic growth. At the time of the Scarborough Shoal incident, China stopped buying fruits and vegetables from the Philippines and stopped sending tourists to the country. During his visit to China a few months ago, President Rodrigo Duterte set aside its previously confrontational stance on China's claims in the hope of getting trade and investment from China. He even talked about starting a new foreign policy and distancing the US.

According to the Philippine' military, in the first three months of this year, at least 245 Chinese fishing and coast guard vessels were sighted near the disputed Thitu Island that the Philippines has claimed. The Department of Foreign Affairs said that the presence of the Chinese vessels were illegal and a clear violation of Philippine' sovereignty. The Philippines believes that the presence of the large number of Chinese vessels is an effort to pressure the Philippines over infrastructure work it is doing there.²²

Upon becoming the President of the Philippines, Duterte paid an official visit to China to establish better relations and mentioned that both countries can manage the maritime territorial dispute peacefully. He even criticised the defence relation with the US. Later when China occupied the Scarborough Shoal, Duterte warned Beijing of possible military action if China refused to leave the island. He warned China for ordering the soldiers living on the island to conduct suicide mission on the Chinese vessels. But he admitted that the war against China would be futile and that the Philippines would lose and suffer heavily.²³

In the past, the US announced that the US-Philippine's Defence Arrangement would not be guaranteed in the event of any clash over the disputed territories in the SCS. Recently it changed its stance and announced that the US will come to the aid and defence of the Philippines in case of possible Chinese aggression over the SCS dispute.²⁴

²²THE STAR, *Friday, 5 April, 2019*

²³THE STAR, *Saturday, 6 April, 2019*

²⁴Anthony, Mely Caballero, *Regional Security in Southeast Asia. Beyond the ASEAN Way*, Institute of Southeast Asian Studies, Singapore, 2005. p. 29

(iii) Malaysia

Malaysia has been maintaining good relations with China since 1970. It was the first ASEAN country to start diplomatic relations with China. China is its largest trading partner and Malaysia has recently started closer defence relations involving military exercises and the purchase of a few naval vessels from China. From time to time, Chinese fishing vessels and Coast Guards encroach Malaysia's territorial waters but Malaysia adopt a 'don't know' attitude. Malaysia is still a member of the Five-Power Defence Arrangements (FPDA) with UK, Australia, New Zealand and Singapore as the member states. The FPDA may not come to Malaysia's assistance in the event of a conflict over a disputed territory in the SCS, especially with a country like China. But it could be possible with the pressure from the US, linking with the Australia, New Zealand, United States Security Treaty (ANZUS) and North Atlantic Treaty Organisation (NATO).

(iv) Brunei

Brunei maintains a very cordial relations with China cooperating in the petroleum industry. It is too tiny to make any difference.

(v) Indonesia

In the past, Indonesia announced that it was not a claimant in the SCS dispute and often took a stance of an "honest" broker. However, China's unilaterally declared the nine-dashed line which overlaps with Indonesia's exclusive economic zone near Natuna Islands. China claims it as its traditional fishing water. Recently when the Chinese fishing vessels encroached the waters of the Natuna Islands, the Indonesian naval forces burnt down some of the vessels.

NON-CLAIMANT STATES

Cambodia, Laos, Singapore, Thailand and Myanmar are ASEAN states that have no territorial disputes in the SCS.

Cambodia

Cambodia benefits financially from China in terms of trade, aid and investment. Hence it has backed China over the dispute in ASEAN meetings, preventing consensus over unified ASEAN action. There is also a strong anti-Vietnam sentiment in Cambodia which favours the PRC.

Laos

Laos is another state that is heavily dependent on China. It has supported China by refusing to accept the Permanent Court of Arbitration ruling on China's sovereignty claims in the SCS.

Singapore

Singapore maintains a close defence relations with the US and provides logistic support to the US Navy. It has offered to play a neutral role in being a constructive conduit for dialogue among the claimant states. However, Singapore hopes that China will obey international laws.

Thailand

Thailand is neutral and is open to hearing both sides and will not push for consensus. It has good bilateral relations with both China and the US.

Myanmar

Myanmar maintains good economic relations with China and the US.

ASEAN

China made it very clear that the maritime territorial disputes in the SCS is a bilateral issue between China and the individual claimant state. There was a view that the SCS dispute must be presented as an ASEAN issue to China. This is not workable as Myanmar, Laos, Cambodia, Singapore and Thailand have no territorial claims in the SCS and it is not in their interest to present the issue as an ASEAN issue. Besides it is not in their interest to go against China. This is well reflected at the ASEAN Meeting in Cambodia in 2018 where it was not possible to issue a joint communiqué as it involved the SCS dispute. It is obvious that it was China's economic and military power that enable China to dictate the terms.

SIX CLAIMANT STATES

The six claimant states are fully aware that China will not entertain any joint approach by them. They accepted the Chinese demand that the matter must be done bilaterally and it is in their national interest as well to handle the matter bilaterally with China.

LIBERALISM

Association of South East Asian Nations

Liberalism emphasises on cooperation among states to manage and resolve conflicts. On 22 July 1992, the ASEAN Foreign Ministers' Meeting in Manila and China issued a joint Declaration on the Conduct of Parties in the South China Sea which called upon the contending claimants to resolve issues of sovereignty without resorting to force and also urged the parties to exercise restraint with a view to creating a positive climate for the eventual resolution of all the disputes.²⁵

ASEAN Regional Forum

It is an institution for multilateral security dialogue with the participation of 27 states which was established at the initiative of ASEAN during the ASEAN Foreign Ministers' Meeting held in Singapore in July 1993. Its prime function is confidence-building and conventional defence cooperation dialogue. The South China Sea Dispute was discussed in the ASEAN Foreign Ministers' Meeting in Phnom Penh in 2018. Due to China's pressure on Cambodia, ASEAN was unable to issue a joint communiqué on SCS.

DECLARATION ON THE CONDUCT OF PARTIES IN THE SOUTH CHINA SEA (DCPSCS) AND THE CODE OF CONDUCT (COC)

The ASEAN Foreign Ministers' Meeting in Manila on 20 July 1992 agreed on the Declaration on the South China Sea. It emphasised the necessity to resolve all sovereignty and jurisdictional issues pertaining to the SCS by peaceful means, without resort to force and urged all parties concerned to exercise restraint with a view to creating a positive climate for the eventual resolution of all disputes. China responded more equivocally and subsequently seized an additional reef in the Spratly Islands. In March 1995, the ASEAN governments invoked the declaration in response to China's maritime assertiveness but it had no effect. In 1996, ASEAN endorsed the idea of a COC.

On 4 November 2002 following the ASEAN Foreign Ministers' Meeting, ASEAN countries and China signed DCPSCS pledging to find a peaceful and durable solution to the SCS disputes in accordance with universally recognised principles of international law and the UN Convention on the Law of the Sea

²⁵Liow, Joseph Chinyong, *Dictionary of the Modern Politics of Southeast Asia*, Routledge, Oxon, 1995. pp. 138-140; 308-309;333

1982 (UNCLOS). In 2005, the first draft of the guidelines to implement the DCPSCS was drawn up but it was not accepted until 2011. While a significant step forward for ASEAN-China relations, the DCPSCS was a non-binding interim political agreement falling short of the COC ASEAN had sought for years which has legal binding. The provisions provided in the DCPSCS were violated on several occasions. In May 2009, Malaysia and Vietnam made separate and joint submission to the UN Commission on the Limits of Continental Shelf and China protested and reacted by tabling the 'nine-dashed line' map outlining the claims to almost the whole of the SCS. Since then China increased its capacity to exercise control over the SCS by expanding the number of vessels active in the area. China insisted that the disputes be settled by bilateral negotiation and not with the involvement of non-claimant states. ASEAN argued the legitimacy of outside powers as stakeholders as the escalation of the dispute will affect stability, security and freedom of navigation. It was agreed that 2012 was the target date for the adoption of the COC on the occasion of Cambodia's chairmanship of ASEAN. During the ASEAN Summit in Phnom Penh in April 2012, the issue became serious as there were naval clashes between China and the Philippines in Scarborough Shoal. There was also the issue of whether to include China from the beginning in the drafting of the COC or to bring in China after ASEAN has formulated a common position. During the meeting, there was tension between Cambodia on one side, and Vietnam and the Philippines on the other. One week prior to the meeting the Chinese president Hu Jintao made a surprise visit to Phnom Penh. In April 2012, three months prior to the ASEAN Ministerial Meeting in Phnom Penh in July 2012, there was a stand-off between China and the Philippines gunboats at the Scarborough Shoal. In July 2012, Beijing announced the formation of a new government administration, Sansha City, a part of Hainan Province. The "city" government has jurisdiction over expansive Chinese claims in the SCS to the Spratly Islands, Parcel Islands and Macclesfield Bank.

At the Phnom Penh meeting, the ASEAN Foreign Ministers were not able to come to a consensus on the joint statement over the issue. Cambodia which received much Chinese investments refused Vietnamese and the Philippines' requests to include references to their individual disputes with China in the communiqué or alternative drafts from other members. Cambodia chose to echo China's position that the issue must be handled by bilateral and not multilateral diplomacy. There was a disagreement between the Cambodian and Philippine

Foreign Ministers that led to ASEAN's inability to release a joint communiqué.

The shuttle diplomacy of the Indonesian Foreign Minister Marty Natalegawa to all the ASEAN capitals led to the release of a statement on the 'Six-Point Principles on the SCS' which reaffirmed ASEAN's commitments to a peaceful resolution of the dispute. China agreed to continue working with ASEAN towards the eventual adoption of COC but no firm timetable was fixed. ASEAN agreed to come up with a COC but to date there is no substantial progress as China did not show seriousness.

Since late 2016, consultations between China and ASEAN on the COC have gained new momentum. On 2 August 2018 it was announced that both sides have reached agreement on a single draft negotiating text for the COC. There seem to be significant hurdles, especially the geographic scope, potential dispute settlement mechanisms and details of resource exploration and development. For the first time in many years, an effective diplomatic mechanism to manage the SCS disputes seems possible. But to achieve that goal, all parties will need to show a great deal of creativity and political will.

UNCLOS 1982

All the claimants of the SCS are parties to the UNCLOS 1982. China ratified the UNCLOS 1982 on 7 June 1996. The Philippines ratified it on 8 May 1984. In international law, a sovereign state must consent to become a party to an international treaty. The legal principle *pacta sur servenda* expects the parties to the international law to adhere to the commitments of that law. When a majority of the states in the international system become parties to an international law, it assumes the status of customary international law and will be binding on all states, including those who are not a party to the treaty. Sometimes powerful states will choose not to obey the judgements of international judicial bodies when the judgements do not favour them.

The Philippines took the SCS maritime dispute with China to the Arbitration Tribunal in Hague. On 12 July 2016, the Tribunal gave the judgement based on the UNCLOS 1982 that China has no legal basis for its claims in the SCS²⁶. China did not accept the judgement.

²⁶Frankopan, Peter, *The New Silk Road. The Present and Future of the World*, Bloomsbury Publishing, London, 2018. p. 109

All these shows that when a powerful state encounters a challenge to its fundamental national interest from a legal judgement, it can choose to ignore that judgement and no one will be able to enforce the law. If the state is a weak state, then the powerful states may take action against the state to obey the law.

FUTURE OF SCS AND REGIONAL SECURITY

Any conflict in the SCS between the PRC and the US will have serious regional economic, political and security implications. It has all the potential to develop into a regional international conflict that will involve all the major powers and their allies – the US, China, Russia, Japan, North Korea, South Korea, Australia, India and the ASEAN states. The nature and the consequences of the war will be beyond imagination. Given that the modern war is a war of advanced military technology, there will be no winners but only losers. Therefore, it is vital to avoid a war in the SCS at all cost.

WILL THE SCS DISPUTE LEAD TO WAR?

According to Paul Goodman, there are eight reasons for war, namely, economic gain, territorial gain, religion, nationalism, revenge, civil war, revolutionary war and defensive war. Out of the eight, four seems to be found in the SCS – economic gain, territorial gain, nationalism and revenge.²⁷ With the current situation all the countries involved in the dispute are trading partners, hence there is interdependence. For instance, China may be a political and military rival or threat but it is also a crucial economic partner for all of them. The US depends on China to finance its deficits. There are many US business corporations doing business in China. For China the US is the most important export market.²⁸ If China were able to get control of the territories within the nine-dashed line, then China will benefit tremendously vis-à-vis all other states that have a stake in the SCS. This may spark a conflict that would lead to a serious war not only with the claimant states but may even drag external powers such as the US, Japan and Australia into the conflict. At the moment such outcome is not in the scene. Among the claimant states nationalism has some influence in relations to the SCS. It is strong in China and Vietnam. In the Philippines, it is in the making while it is very minimal in Malaysia and almost none in Brunei. The element of revenge could be ascribed to China in terms of

²⁷Goodman, Paul, *The 8 Main Reasons for War*, <https://owlcation.com/social-science/The-Main-Reasons-For-War,4/5/2019>

²⁸P. 126 Mandelbaum, *Op.cit*, p. 126

its hundred years of humiliation or Vietnam due to its bitter experience with China in its history and the defeat in the SCS in Paracel Islands and the Spratly Islands at the hands of China. But for Vietnam which is a small state compared to China, revenge will not be a factor that could lead to war.

T.V. Paul accounts for four situations that could lead to war, namely, changing capabilities, changing alliances, changing neighbours and whose side time is on.²⁹ In terms of changing capabilities, we could see it is taking place among all the major stakeholders in the SCS dispute. There is no change with the US alliances in the Indo-Pacific. The PRC has no alliance but could rely on Russia and North Korea in the event of a war with the US and its allies. In terms of changing neighbours, despite some states getting closer to China for economic reason, there is still no clear changing of neighbours in the region. On the idea of whose side time is on, it appears as if it is on the side of China at the moment on the economic dimension. However, this may change in due course as China is spending more on military, having more people of old age, whether the BRI will be successful, whether US, EU and Japan will be resilient, India will rise more and other unknown factors. On whose side time is on is difficult to predict.

Despite this some scholars support the argument that war between China and the US is likely to take place. Michael Pillsbury in his book, *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower* gives the picture that war may occur between the US and China. Graham Allison in his well-known book, *Destined for War: Can America and China Escape Thucydides's Trap?* says that "war between the US and China in the decades ahead is not just possible but much more likely than currently recognised".³⁰

If war were to occur between China and the US, the types of war, its nature, its geographical space and the destruction that is likely to result need to be looked into as they have serious consequences. Will that be a conventional war with weapons of the latest military technology? Will that lead to a nuclear war? Will there be a war in space? Will that be a limited war or a total war? Will that be a war in the SCS only involving the claimant states, a regional war in East Asia involving regional powers such as the US, Japan, South Korea, Tai-

²⁹Paul, T.V. Soft Balancing vs. Hard Clashes. The Risks of War over the South China Sea, in *Global Asia*

³⁰*The Economist, The new battlegrounds, Special Report. The Future of War, January 27th 2018. p. 6.*

wan, Australia, India, North Korea, Russia or will that become World War III involving European states, Russia and their allies in the different regions, with extreme consequences for the world? It may encompass war in space, cyber war and anti-satellite, tactical anti-aircraft and anti-submarine warfare.

WHAT IS THE CHOICE?

The only choice that we have is to avoid a war at all cost. We can learn from the experience of the Cuban Missile Crisis when the world was at the edge of a nuclear war but saved by the wisdom of John F. Kennedy of the US and Nikita Khrushchev of the Soviet Union. The leaders of the major powers in the Indo-Pacific such as Donald Trump, Xi Jinping, Vladimir Putin, Shinzo Abe, Narendra Modi and the Secretary General of the United Nations and other regional intergovernmental organisations must work together to prevent the problem from becoming a conflagration. The most important countries that will make a significant contribution to avoid war will be China and the US. China will be the country that must make the most adjustment to determine whom the SCS belong to. It has to prove to the world that its rise as an economic power is a peaceful rise. The US must not adopt a containment policy against China as it will only lead to arms race and security dilemma not only between the two but also among other regional states, making the region more volatile. In the event both powers and other stakeholders refuse to make the much-needed adjustments, it is obvious we are on the path to a dangerous war in which there are no winners but all losers and millions of victims and extreme destruction.

CONCLUSION

Given it is the globalised world, the SCS maritime territorial dispute needs the careful attention of all the major powers, the claimant states, intergovernmental organisations and the leaders of the major powers. It has the inherent potential to develop into World War III with unimaginable destruction in terms of human life and serious danger to human civilisation. It is the responsibility of the United Nations, especially the leaders of the UN Security Council, to avoid a conflict in the SCS as it may harm the whole world.

"Let China sleep, for when China wakes, she will shake the world"

Napoleon Bonaparte

"While the strong do what they can and the weak suffer what they must"

Melian Dialogue, Thucydides, *The Peloponnesian War*

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The Sino-US Trade War China: Winner or a Game Changer?

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ABSTRACT

On the eastern, ascendant flank of the Eurasian continent, the Chinese vertigo economy is overheated and too well-integrated in the petrodollar system. Beijing, presently, cannot contemplate or afford to allocate any resources in a search for an alternative. (The Sino economy is a low-wage- and labour intensive- centred one. Chinese revenues are heavily dependent on exports and Chinese reserves are predominantly a mix of the USD and US Treasury bonds.) To sustain itself as a single socio-political and formidably performing economic entity, the People's Republic requires more energy and less external dependency. Domestically, the demographic-migratory pressures are huge, regional demands are high, and expectations are brewing. China is a challenger that (for the time being) wishes to preserve the status quo, while the US is a status quo power that wants to challenge the system by decoupling. What will be the end game; yet another winner or a game changer?

Keywords: US, China, trade, international system, history of currencies

INTRODUCTION

Does our history only appear overheated, while it is essentially calmly predetermined? Is it directional or conceivable, dialectic and eclectic or cyclical, and therefore cynical? Surely, our history warns. Does it also provide for hope? Hence, what is in front of us: destiny or future?

Theory loves to teach us that extensive debates on what kind of economic

system is most conducive to human wellbeing is what consumed most of our civilisational vertical. However, our history has a different say: It seems that the manipulation of the global political economy – far more than the introduction of ideologies – is the dominant and arguably more durable way that human elites usually conspired to build or break civilisations, as planned projects. Somewhere down the process, it deceived us, becoming self-entrapment. How?

One of the biggest (nearly schizophrenic) dilemmas of liberalism, ever since David Hume and Adam Smith, was an insight into reality: Whether the world is essentially *Hobbesian* or *Kantian*. As postulated, the main task of any liberal state is to enable and maintain wealth of its nation, which of course rests upon wealthy individuals inhabiting the particular state. That imperative brought about another dilemma: if wealthy individual, the state will rob you, but in absence of it, the pauperized masses will mob you.

The *invisible hand* of Smith's followers have found the satisfactory answer – sovereign debt. That 'invention' meant: relatively strong central government of the state. Instead of popular control through the democratic checks and balances mechanism, such a state should be rather heavily indebted. Debt – firstly to local merchants, then to foreigners – is a far more powerful deterrent as it resides outside the popular check domain.

With such a *mixed blessing*, no empire can easily demonetise its legitimacy and abandon its hierarchical but invisible and unconstitutional controls. This is how a debtor empire was born. A blessing or totalitarian curse? Let us briefly examine it.

The Soviet Union – much as (the pre-Deng's) China itself – was far more of a classic continental military empire (overtly brutal; rigid, authoritative, anti-individual, apparent, secretive), while the US was more a financial-trading empire (covertly coercive; hierarchical, yet asocial, exploitive, pervasive, polarizing). On opposite sides of the globe and cognition, to each other they remained enigmatic, mysterious and incalculable: *Bear* of permafrost vs. *Fish* of the warm seas. Sparta vs. Athens. Rome vs. Phoenicia... However, common for both (as much as for China today) was a super-appetite for omnipresence. Along with the price to pay for it.

Consequently, the Soviets went bankrupt by mid 1980s – they cracked

under their own weight, imperially overstretched. So did the Americans – the ‘white man burden’ fractured them already by the Vietnam war, with the *Nixon shock* only officialising it. However, the US imperium managed to survive and to outlive the Soviets. How?

The United States, with its financial capital (or an outfoxing illusion of it), evolved into a debtor empire through the Wall Street guaranties. Titanium-made *Sputnik* vs. gold mine of printed-paper... Nothing epitomizes this better than the words of the longest-serving US Federal Reserve’s boss, Alan Greenspan, who famously quoted J.B. Connally to then French President Jacques Chirac: “True, the dollar is our currency, but your problem”. Hegemony vs. hegemony.

HOUSE OF CARDS

Conventional economic theory teaches us that money is a universal equivalent to all goods. Historically, currencies were space and time-related, to say locality-dependent. However, like no currency ever before, the US dollar became – past the WWII – the universal equivalent to all other moneys of the world. According to history of currencies, the core component of the non-precious metals’ money is a so-called promissory note – intangible belief that, by any given point in the future, a particular shiny paper (self-styled as money) will be smoothly exchanged for real goods.

Thus, roughly speaking, money is nothing else but a civilisational construct about imagined/projected tomorrow – that the next day (which nobody has ever seen in the history of humankind, but everybody operates with) definitely comes (i), and that this tomorrow will certainly be a better day than our yesterday or even our today (ii).

This and similar types of collective constructs (horizontal and vertical) over our social contracts hold society together as much as its economy keeps it alive and evolving. Hence, it is money that powers economy, but it is our blind faith in constructed (imagined) tomorrows and its alleged certainty that empowers money.

Clearly, the universal equivalent of all equivalents – the US dollar – follows the same pattern: Bold and widely-accepted promise. What does the US dollar promise when there is no gold cover attached to it ever since the time of the Nixon shock of 1971?

Pentagon promises that the oceanic sea-lanes will remain opened (read: controlled by the US Navy), pathways unhindered, and that the most traded world's commodity – oil, will be delivered. So, it is not a crude or its delivery that is a cover to the US dollar – it is a promise that oil of tomorrow will be deliverable. That is a real might of the US dollar, which in return finances Pentagon's massive expenditures and shoulders its supremacy.

Admired and feared, Pentagon further fans our planetary belief in tomorrow's deliverability – if we only keep our faith in dollar (and hydrocarbons' energized economy), and so on and on in perpetuated circle of mutual reinforcements.

These two pillars of the US might from the East coast (the US Treasury/Wall Street and Pentagon) together with the two pillars of the West coast – both financed and amplified by the US dollar, and spread through the open sea-routes (Silicon Valley and Hollywood), are essence of the US posture.

This very nature of power explains why the Americans have missed taking mankind into completely another direction; towards the non-confrontational, decarbonised, de-monetised/de-financialised and de-psychologised, the self-realising and green humankind. In short, to turn history into a moral success story. They had such a chance when, past the Gorbachev's unconditional surrender of the Soviet bloc, and the Deng's Copernicus-shift of China, the US – unconstrained as a *lonely superpower* – solely dictated terms of reference; our common destiny and direction/s to our future/s.

WINNER IS RARELY A GAME CHANGER

Sadly enough, that was not the first missed opportunity for the US to soften and delay its forthcoming, imminent multidimensional imperial retreat. The very epilogue of the WWII meant a full security guaranty for the US: geoeconomically – 54 per cent of anything manufactured in the world was carrying the *Made in USA* label, and geostrategically – the US had uninterruptedly enjoyed nearly a decade of the 'nuclear monopoly'. Up to this very day, the US scores the biggest number of N-tests conducted, the largest stockpile of nuclear weaponry, and it represents the only power ever deploying this 'ultimate weapon' on another nation. To complete the irony, Americans enjoy geographic advantage like no other empire before. Save the US, as Ikenberry notes: "... every major power in the world lives in a crowded geopolitical neighborhood

where shifts in power routinely provoke counterbalancing". Look at the map, at Russia or China and their packed surroundings. The US is blessed with its insular position, by neighbouring oceans. All that should harbour tranquility, peace and prosperity, foresightedness.

Why the lonely might, an *empire by invitation* did not evolve into an **empire of relaxation**, a generator of harmony? Why does it hold (extra-judicially) captive more political prisoners on Cuban soil than the badmouthed Cuban regime has ever had? Why does it remain obsessed with armament for at home and abroad? Why existential anxieties for at home and security challenges for abroad? E.g. 78 per cent of all weaponry at disposal in the wider MENA theatre is manufactured in the US, while domestically Americans – only for their civilian purpose – have 120 small arms pieces on 100 inhabitants.

Why the fall of Berlin Wall 30 years ago marked a beginning of decades of stagnant or failing incomes in the US (and elsewhere in the OECD world) coupled with alarming inequalities? What are we talking about here; the inadequate intensity of our tireless confrontational push or about the false course of our civilisational direction?

Indeed, no successful and enduring empire merely rely on coercion, be it abroad or at home. The grand design of every empire in the past rested on a skillful calibration between obedience and initiative – at home, and between bandwagoning and engagement – abroad. In the XXI century, one wins when one convinces, not when one coerces. Hence, if unable to escape its inner logics and deeply-rooted appeal of *confrontational nostalgia*, the prevailing archrival is only a winner, rarely a game changer.

To sum up; after the collapse of the Soviet Union, Americans accelerated expansion while waiting for (real or imagined) adversaries to further decline, 'liberalize' and bandwagon behind the US. *Expansion is the path to security* dictatum only exacerbated the problems afflicting the *Pax Americana*. That is how the capability of the US to maintain its order started to erode faster than the capacity of its opponents to challenge it. A classical imperial self-entrapment!

The repeated failure to notice and recalibrate its imperial retreat brought the painful hangovers to Washington, most noticeably, by the last presidential elections. Inability to manage the rising costs of sustaining the imperial order

only increased the domestic popular revolt and political pressure to abandon its 'mission' altogether. Perfectly hitting the target to miss everything else ...

Hence, Americans are not fixing the world anymore. They are only managing its decline. Look at their footprint in former Yugoslavia, Afghanistan, Iraq, Pakistan, Libya, Syria or Yemen – to mention but a few.

When the Soviets lost their own indigenous ideological matrix and maverick confrontational stance, and when the US-dominated West missed to triumph although they won the Cold War, how to expect the imitator to score the lasting moral or even a momentary economic victory?

Neither more confrontation and more carbons nor more weaponised trade and traded weapons will save our day. It failed in the past, it will fail again at any given day.

Interestingly, China opposed the I World, left the II in rift, and ever since Bandung of 1955, it neither won over nor (truly) joined the III Way. Today, many see it as a main contestant. But where is the lasting success?

The Belt and Road Initiative (BRI) is what most attribute as an instrument of the Chinese planetary posture. Chinese leaders promised massive infrastructure projects all around by burning trillions of dollars. Still, numbers are more moderate. As the recent *The II BRI Summit* has shown, so far, Chinese companies has invested USD90 billion worldwide. Seems neither People's Republic is as rich as many (wish to) think nor will it be able to finance its promised projects without seeking a global private capital. Such a capital – if ever – will not flow without conditionalities. The Asian Infrastructure Investment Bank (AIIB) and the BRICS or 'New Development' Bank have some USD150 billion at hand, and the Silk Road Infrastructure Fund (SRIF) has up to USD40 billion. Chinese state and semi-private companies can access – according to the OECD estimates – just another USD600 billion (much of it tight) from the home, state-controlled financial sector. That means that China runs short on the BRI deliveries worldwide. Ergo, either bad news to the (BRI) world or the conditionality-constrained China.

How to behave in a world in which economy is made to service trade, while trade increasingly constitutes a significant part of the big power's national

security strategy? And how to define (and measure) the existential threat: by inferiority of ideological narrative – like during the Cold War; or when lagging in total manufacturing output – like in the Cold War aftermath? Or maybe we need a completely new, third way approach?

Greening international relations along with a greening of economy – geopolitical and environmental understanding, de-acidification and relaxation is that missing, third way for tomorrow.

That necessitates both at once: less confrontation over the art-of-day technology and their monopolies' redistribution (as preached by the Sino-American high priests of globalisation) as well as the resolute work on the so-called Tesla-ian implosive/fusion-holistic systems (including free-energy technologies; carbon-sequestration; antigravity and self-navigational solutions; bioinformatics and nanorobotics). More of initiative than of obedience (including more public control over data hoovering). More effort to excellence (creation) than a struggle for preeminence (partition).

Finally, no global leader in history has ever emerged from a shaky and distrustful neighborhood, or by offering a little bit more of the same in lieu of an innovative technological advancement. (e.g. many see the Chinese 5G as an illiberal innovation, which may end up servicing authoritarianism, anywhere. And indeed, the AI deep learning inspired by biological neurons (neural science) including its three methods: supervised, unsupervised and reinforced learning can end up used for the digital authoritarianism, predictive policing and manufactured social governance based on the bonus-malus behavioural social credits.)

Ergo, it all starts from within, from at home. Without support from a home base (including that of Hong Kong, Xinjiang and Tibet), there is no game changer. China's home is Asia. Its size and its centrality along with its impressive output is constraining it enough.

Hence, it is not only a new, non-imitative, turn of technology that is needed. Without truly and sincerely embracing mechanisms such as the NAM, ASEAN and SAARC (eventually even the OSCE) and the main champions of multilateralism in Asia, those being from India, Malaysia to Japan first of all, China has no future of what is planetary awaited – the third force, a game changer, lasting visionary and trusted global leader.

JAPAN AND CHINA – À LA CARTE

As the recent maritime contests in both the South and the East China Sea have shown, Beijing underestimated an emotional charge that the territorial disputes carry along, as well as the convenience given to the neighbours to escalate these frictions in order to divert public attention from their own pressing domestic socio-economic and political issues. A costly, spiral and dangerous game of the reinvigorated nationalistic rhetoric, it presently instigates a climate that could easily hijack the next Asian decade as a whole.

Speculations over the alleged bipolar world of tomorrow (the so-called G-2, China vs. the US) should not be an Asian dilemma. It is primarily a concern of the West that, after all, overheated China in the first place with its (outsourcing) investments. Hence, despite a (cacophony of voices, actually of a) distortive noise about the possible future G-2 world, the central security problem of Asia remains the same: an absence of any pan-continental multilateral setting on the world's largest continent.

On the eastern, ascendant flank of the Eurasian continent, the Chinese vertigo economy is overheated and too well integrated into the petrodollar system. Beijing, presently, cannot contemplate or afford to allocate any resources in a search for an alternative. (The Sino economy is a low-wage- and labour intensive- centred one. Chinese revenues are heavily dependent on exports and Chinese reserves are predominantly a mix of the USD and US Treasury bonds.) To sustain itself as a single socio-political and formidably performing economic entity, the People's Republic requires more energy and less external dependency.¹ Domestically, the demographic-migratory pressures are huge, regional demands are high, and expectations are brewing.

Considering its best external energy dependency equaliser (and inner cohesion solidifier), China seems to be turning to its military upgrade rather than towards the resolute alternative energy/Green Tech investments – as it has no time, plan or resources to do both at once. Inattentive of the broader picture, Beijing (probably falsely) believes that a lasting containment, especially

¹Most of China's economic growth is attributed to outsourced manufacturing. The US, the EU, Japan, Taiwan, Korea, Singapore, and other Asian and non-Asian OECD countries predominantly take advantage of China's coastal areas as their own industrial suburbia. It remains an open question how much this externally dictated growth of China has a destabilizing effect on the inner compact of the Sino nation.

in the South China Sea, is unbearable, and that – at the same time – fossil-fuels are available (e.g., in Africa and the Gulf) and even cheaper with the help of battleships.²

In effect, the forthcoming Chinese military buildup will only strengthen the existing, and open up new, bilateral security deals of neighbouring countries³, primarily with the US – as nowadays in Asia, no one wants to be a passive downloader.

Ultimately, it may create a politico-military isolation (and financial burden) for China that would consequently justify and (politically and financially) cheapen the bolder reinforced American military presence in the Asia-Pacific, especially in the South and the East China Sea. It perfectly adds up to the intensified demonization of China in parts of influential Western media.⁴

Hence, the Chinese grab for fossil fuels or its military competition for naval control is not a challenge but rather a boost for the US Asia-Pacific – even its global – posture. Calibrating the contraction of its overseas projection and commitments – some would call it managing the decline of an empire – the US does not fail to note that nowadays, half of the world's merchant tonnage passes through the South China Sea. Therefore, the US will exploit any regional territorial dispute and other frictions to its own security benefit, including the cost-sharing of its military presence with the local partners, as to maintain pivotal on the maritime edge of Asia that arches from the Persian Gulf to the Indian Ocean, Malacca, the South and East China Sea up to the northwest-central Pacific.

²Since the glorious Treasury Fleets of Admiral Zhèng Hé have been dismantled by the order of the Mandarin bureaucracy in 1433, China has never recovered its pivotal naval status in the Asia-Pacific.

³More bilateralism (triggered by unilateralism) is not only less multilateralism – essentially, it is a setback for any eventual emancipation of the continent.

⁴In 2012, China put its first aircraft carrier (the Liaoning) into service with a lot of parade domestically and huge anxiety in its neighbourhood. However, the media underreported three important details: (i) this Soviet-constructed vessel is over 20 years old (bought from Ukraine in 1998); (ii) its runway deck cannot support any aircraft landing; (iii) China's best tactical jetfighter J-8 (a copycat of the Soviet MIG 23s, 30-year-old technology) is not designed for landing on any aircraft carrier. From the military technology point of view, China is still well behind where e.g. the Imperial Japan was some 80 years ago – as the Liaoning carrier is neither home-made nor of any practical use for either the Sino Navy or its Air Force.

IS CHINA CURRENTLY ACTING AS A DE FACTO FUNDRAISER FOR THE US?

A real challenge is always to optimise the (moral, political and financial) costs in meeting the national strategic objectives. In this case, it would be a resolute Beijing's turn towards green technology, coupled with the firm buildup of the Asian multilateralism. Without a grand rapprochement to the champions of multilateralism in Asia, which are Indonesia, India and Japan, there is no environment for China to seriously evolve and emerge as a formidable, lasting and trusted global leader.⁵

Consequently, what China needs in Asia is not a naval race of 1908 but the Helsinki process of 1975. In return, what Asia needs (from China and Japan) is an ASEAN-ization, not a Pakistan-ization of its continent.

Opting for either strategic choice will reverberate in the dynamic Asia-Pacific theatre.⁶

However, the messages are diametrical: An assertive military – alienates, new technology – attracts neighbours. Finally, armies conquer (and spend) while technology builds (and accumulates)! At this point, any eventual accelerated armament in the Asia-Pacific theatre would only strengthen the hydrocarbon status quo, and would implicitly further help a well-orchestrated global silencing of consumers' sensitivity over the record-high oil price.

With its present configuration, it is hard to imagine that anybody can outplay the US in the petro-security, petro-financial and petro-military global playground in the decades to come. Given the planetary petro-financial-media-tech-military causal constellations, this type of confrontation is so well-mastered by and would only further benefit the US and the closest of

⁵More on the pan-Asian security architectures and preventive diplomacy in: Bajrektarević, A. (2011) *No Asian century without the pan-Asian Institution*, GHIR (Geopolitics, History, and Intl. Relations) 3 (2) 2011, Addleton Publishers NY

⁶Historically, both Europe and Asia had a weak centre with the continent's peripheries traditionally pressing on a soft centre. With the strengthening of 19th century Germany (Bismarck's Greater Prussia), and of late 20th century's Deng's China, the centre started pressing on its peripheries for the first time in modern history. One of the central security dilemmas between Bismarck and Helsinki times was 'how many Germanys' Europe should have to preserve its inner balance and peace. Europe and the world have paid an enormous price in two world wars to figure it out. With the bitter memories of Nazism still residing in the body and soul of the continent, the recent unification of Germany was only possible within Helsinki's tranquilized Europe.

its allies. China's defence complex is over-ideologised, under-capitalised, technologically outdated and innovation-inert, while the US' is largely privatised, highly efficient, deployable and prime innovative. Thus, even in security domain, China's main problem is not a naval or overall military parity but the disproportionate technological gap. After all, China's army was not meant (by Mao) and maintained (by Deng and his successors) to serve the external projection purpose. It was and still remains an ideological enterprise of cohesion, an essential centrifugal force to preserve territorial integrity of this land-colossus.

Within the OECD/IEA grouping, or closely: the G-8 (the states with resources, infrastructure, tradition and know-how to advance the fundamental technological breakthroughs), it is only Japan that may seriously consider a Green/Renewable-tech U-turn. Tokyo's external energy dependencies are stark and long-lasting. Past the recent nuclear trauma, Japan will need yet more years to (psychologically and economically) absorb the shock – but it is learning its lesson. For such an impressive economy and considerable demography, situated on a small land-mass which is repeatedly brutalised by devastating natural catastrophes (and dependent on yet another disruptive external influence – Arab oil), it might be that a decisive shift towards green energy is the only way to survive, revive and eventually emancipate.

An important part of the US-Japan security treaty is the US energy supply lines security guarantee, given to (the post-WWII demilitarized) Tokyo. After the recent earthquake-tsunami-radiation armageddon, as well as witnessing the current Chinese military/naval noise, (the cabinet of the recently reconfirmed PM and any other subsequent government of) Japan will inevitably rethink and revisit its energy policy, as well as the composition of its primary energy mix.

Tokyo is well aware that the Asian geostrategic myopias are strong and lasting, as many Asian states are either locked up in their narrow regionalisms or/and entrenched in their economic egoisms. Finally, Japan is the only Asian country that has clearly learned from its own modern history, all about the limits of hard power projection and the strong repulsive forces that come in aftermath from the neighbours. Their own pre-modern and modern history does not offer a similar experience to the other two Asian heavyweights, China and India.

This indicates the Far East as a probable zone of the Green-tech excellence (as much as ASEAN might be the gravity centre of the consolidated diplomatic and socio-political action) and a place of attraction for many Asians in the decade to come.

Post Scriptum:

To varying degrees, but all throughout a pre-modern and modern history, nearly every world's major foreign policy originator was dependent (and still depends) on what happens in, and to, Russia. It is not only the size but also the centrality of Russia that matters. It is as much (if not even more) as it is an omnipresence of the US and as it is a hyper-production of China. Ergo, it is an uninterrupted flow of manufactured goods to the whole world, it is the balancing of the oversized and centrally positioned one, and it is the ability to controllably destruct the way in and insert itself to the peripheral one. The oscillatory interplay of these three is what characterises our days.

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Japan's Grand Strategy Towards Southeast Asia

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ABSTRACT

The epoch of World War II that lasted for six years witnessed the aggressive and brutal rise of Japan as the greatest military power and land conqueror across the North and Southeast Asian region. Japan became the sole non-Western nation that had control over the region. After its devastating loss in the war in 1945 Japan was tied to the United States of America's (herein referred to as US) influences in its Constitution and the Japan-US Security Treaty. Japan lost much (if not all) of its power and influence in the region. The so-called 'peace' Constitution and the US nuclear umbrella both prevented Japan from having its own standing military power and from rising into an aggressive nation once again. Hence, it left Japan with no other option but to strengthen itself and gain back its prestige via economic and diplomatic means. Previously conquered nations had formed a cynical and pessimistic perception towards Japan's efforts to improve its image. Due to this, the idea of a Japan Grand Strategy had slowly been formulated. This grand strategy is Japan's tactics, diplomacy and foreign policy using various mechanisms and mediums other than military towards other nations especially those small states to gain back its international legitimacy and to improve its image. Therefore, this article will try to scrutinise the factors that changed Japan's foreign policy towards Southeast Asia, what strategies it

takes to accommodate this change, as well as the challenges and opportunities in utilising those strategies.

Keywords: Japan, grand strategy, Southeast Asia, diplomacy, foreign policy

INTRODUCTION

Less than 20 years after the end of World War II, Japan successfully emerged as the second largest world's economy after the US and the top in the East Asian region. This had qualified Japan to lead the region with its economic miracle. However, despite enjoying lavish economic growth and improvement in many areas, Japan is an 'abnormal' state. Abnormal in the sense that it is unable to protect its own territory and people from external threats. This country is highly dependent on its ally, the US, for security guarantee from any external threats mainly from neighbouring countries such as China and North Korea.

With the 'controversial' Peace Constitution that was drafted in 1945 as well as under the protection of US nuclear umbrella since 1959, Japan had agreed to employ a minimalist defence policy, focusing on economic restructuring and limited involvement in external military strategic affairs. Thus, for the last 60 years, Japan had fallen under the 'entrapment' of this security ties with the US where each policy made and taken should not compromise the interest of its 'guarantor'. Moreover, falling into the "long-lost decade" after the burst of the 'bubble economy' that jeopardised its economic dynamism has worsened the situation for Japan.

Moreover, Japan's recession was compounded by the reduction of the US' hegemonic power in the East Asian region post 9/11. The US' focus on its 'war of terror' policy towards the Middle East had created a sort of power vacuum that was seized by China. China had taken this opportunity to foster its own vision of multipolarity. This had enabled China to portray itself as an indispensable nation in Asia with its 'status quo' image and 'peaceful rise' strategy. Thus, the growing economic power and influence of China had threatened Japan.

Hence, Japan has become vulnerable economically and has less of a security guarantee particularly with the impulsive US administration under a different leadership and China's rapid rise. Since Japan has lost its economic dynamism, it has no choice but to take advantage of its fast-growing neighbours, Southeast

Asia. Japan cannot ignore the significance of the Southeast Asian region if it does not want to be left out from the regional integration process and prevent China from becoming the sole regional power.

However, Japan's economic stagnation had undermined its economic and leadership influences. It was the Hashimoto Doctrine in 1997, accentuated with prior doctrines such as the Fukuda Doctrine 1977 and the Takeshita Doctrine 1987, that marked a departure of Japan's approach towards Southeast Asia (Sudo, 2009). Since then, Japan has been very consistent towards its policy for Southeast Asia. Hitherto, this foreign policy towards Southeast Asia has been one of the priorities in formulating Japan's foreign policy. It has significantly strengthened Japan's diplomatic leadership in the region. Instead of hedging or bandwagoning with bigger, more powerful states, Japan started its engagement with the smaller states which it viewed will give enough leverage for Japan in the long run.

FACTORS LEADING TO THE SHIFT IN JAPAN'S POLICY TOWARDS SOUTHEAST ASIA

There were several factors leading to the shift in Japan's foreign policy towards Southeast Asia. First, Japan needed to recover its economic and political influences for international recognition and legitimisation. Memories of Japanese aggression in the WWII coupled with the question of Japan's legitimacy under the Japan-US Security Treaty had somehow undermined Japan's credibility and efforts approaching the south. The situation was further tainted post Plaza Accord in 1985 that had caused Japan to revalue the Yen which later increased the production costs in Japan. This was followed by the burst of the 'bubble economy' in 1986 which worsened Japan's state of affairs (Drifte, 1996). Therefore, Japan needed to gain legitimacy by leading and gaining recognition from its partners and neighbours.

Second was the economic importance of Southeast Asia. After the 1997 Asian Financial Crisis, Southeast Asian countries began economic and structural reforms to attract Foreign Direct Investment (FDI) with the aim to overcome the crisis (Stuchlikova, 2008). The flooding of FDI that swept the region in the early 2000 had attracted other regional powers to associate themselves with ASEAN and this included China and Japan. Since Japan lost its economic dynamism, internal pressure from both dominant political party and the opposition left it

with no choice but to take advantage of its fast-growing neighbours (Wakatabe, 2012). Japan saw this opportunity to continue its interest by investing in Asia. This caused a greater shift in its global investment pattern to cope with the appreciation of the Yen after the Plaza Accord and the rising production costs in Japan (Drifte, 1996). Indeed, Japan's limited military approach had paved the route for its economic integration with Southeast Asia.

Third and final, China's rise as the second largest economic power surpassing Japan triggered the attention of many especially Japan and its ally, the US. China had also overtaken the role of Japan as one of the top trading partners with the Southeast Asian region. As an emerging power, China had been actively consolidating its political, economic and military power within the region. With its slogan of "Asia for Asians", it had promoted its multipolarity vision and captured the 'heart and mind' of the region. The most significant strategies taken by China in expanding its wealth and strengthening its influence were by introducing the Belt and Road Initiative (BRI), the Asian Infrastructure Investment Bank (AIIB) and most recently, the China-led Regional Comprehensive Economic Partnership (RCEP) that most argued was meant to replace the Trans-Pacific Partnership (TPP). In the South China Sea (SCS), China has become more aggressive and assertive. It showed the same aggressiveness on its claim over Senkaku/Diaoyu Island with Japan. China's economic expansion into Southeast Asia and the growth of its military spending have become a threat to Japan.

A study done by the Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy over the past four decades says that Japan was 3.2 times more important as a growth engine than China was to Southeast Asia during the 1980-1989 period; but it fell to 1.4 times between 1990 and 1999. Between 2000 and 2010, it worsened to only half as important compared to China. Unless a strategic shift is made, it is projected that Japan's significance as a growth engine in the region will be reduced further to a fifth that of China between 2011 and 2020 (Giap & Yi, 2019). Therefore, Japan must carefully formulate its strategies towards Southeast Asia, and this has continued even under different leaderships. These strategies can be considered as Japan's Grand Strategy towards Southeast Asia as it has become an important diplomatic and economic hedge for Japan.

JAPAN'S GRAND STRATEGY TOWARDS SOUTHEAST ASIA



Figure 1: Factors leading to the formulation of Japan's Grand Strategy towards Southeast Asia

A grand strategy is the ultimate form of national policymaking which emphasises the use of all instruments of power available to achieve a long-term objective. It is a strategy that goes beyond military means to include diplomatic, financial, economic, informational or any other means. It is the purview of statesmen to combine all national resources to pursue a specific long-term goal which involves long-term planning. Therefore, Japan's changed policy and approach towards Southeast Asia can be considered as Japan's Grand Strategy because it has been a continuity from one leader to another and possess the same long-term objective which is to ensure Japan's reliability in the region as well as to contain China.

Professor Ippei Yamazawa (2004) referred to Japan's shift in foreign policy towards Southeast Asia as 'competitive liberalisation', where a nation fears it would be discriminated or left out from a certain integration process. Thus, the process of competitive liberalisation has been the main catalyst for further expanding Japan's Grand Strategy towards the Southeast Asian region. It was also adopted to materialise Japan's own aspirations, at the same time countering the opponent's rise, in this case China, and to strengthen its position in the race for influence in Asia.

As illustrated in Figure 1 above and discussed in the previous subtopic, various main and intervening factors have played an important role in influencing the formulation of Japan's Grand Strategy. Japan's strategy is more inclined to proactive soft diplomacy and is defensive in nature. Japan's 'soft diplomacy' is strongly oriented in expanding financial aid and economic cooperation,

sustainable growth, security and community-building in the region (Tanaka, 2009). It was found that these three mechanisms have been used by Japan for a long time as apparatuses in strengthening its presence in the region. Those three are:

Economic Power

Competing with China for regional influence, Japan is Asia's second top export partner after China. Its manufacturing sector is the largest force for attracting FDI in Asia as Japan's largest exports are automobiles and parts, steel products and semiconductors. Japan is also one of the top investors in the world in artificial intelligence research, automation and robotics technology which it utilises to maintain productivity due to its shrinking population. Thus, this globalisation era has helped Japan maintain its export and investment relevancy in Asia. By maintaining its economic 'power' and influence in Asia, Japan believes it will be able to overcome historical resentment through economic interactions. Since the war ended, Japan has effortlessly expanded its economic relations and aid throughout Southeast Asia in the pursuit of improving its image, so that the perception of Japanese as "samurai in business suits" weakens (Garby & Bullock, 1994). In 1976, Japan's role as the only non-Western and the sole representative for other Asian countries in the Group of Seven (G7) had elevated its status as an Asian power and suitable trading partner for Southeast Asian neighbours (Bobowski, 2014).

Another way of disseminating soft diplomacy through economic power was through the expansion of Japanese Multinational Corporations (MNCs) scattered throughout the region. In Malaysia alone, there were over 100 Japanese MNCs in various industries. Southeast Asia is a big market with cheap labour cost and abundant natural resources especially in emerging economies such as Vietnam, Myanmar, Cambodia and Laos. Thus, this region is a very attractive market for MNCs from major economic powers including Japan (Giap & Yi, 2019). Japanese MNCs' FDI (JFDI) by country shows a remarkable investment increase in Indonesia and Malaysia during the second half of 2017 and in Thailand during the first half of 2018. However, in recent years, Cambodia, Laos and Myanmar have been drawing attention as new investment destinations in Southeast Asia due to their relatively low labour cost. Among these three countries, Myanmar had received the highest JFDI since 2014 through public-private partnership in the development of industrial park, steel and agriculture (Sako, 2018).

Japanese MNCs have a strong presence in the region generating employment and providing excellent on-the-job training as well as technical and technology transfer. These assistances are much needed by the Southeast Asian countries as this region lacks skills and expertise. Furthermore, given the current intense US-China trade war, it is the perfect time for Japanese MNCs to take advantage of this opportunity to fill in the gap left by the rivalry. At the same time, these MNCs is helping the Japanese government to promote its cultural values and spread its good intentions and goals. This has enabled Japan to secure its markets and concurrently strengthen its presence and legitimacy as one of the major powers in the region. The MNCs themselves strongly support the Japanese government in relocating their market towards the Southeast Asia region. Nobuyuki Idei, former Chairman of Sony and current chief executive officer of Quantum Leaps Corporation, argued that, 'instead of leaning on either the US or China, Japan should chart its own course to become a mature country on which Asian countries can rely'.

Official Development Assistance

As mentioned earlier, Japan's 'soft diplomacy' is regarded as the guiding parameter in formulating its foreign policy and implementing development. Each year this concept is given a special place in the Japanese Diplomatic Bluebook. It is permanently associated with Japan's Official Development Assistance (ODA) under one of Japan's Foreign Policy objectives which is to "Promote National and Global Interest".

Japan's strength is illustrated by its status as the fourth biggest donor globally and top in Asia which gives it considerable influence. Japan's ODA is divided into three forms, which are: (i) grant aid, namely, bilateral fund donations, loan aid for development in developing regions; (ii) technical cooperation; and (iii) donations or contributions to international organisations. Asia remains the largest ODA recipient since 1970. (Ministry of Foreign Affairs of Japan, 2016).

In 2016, approximately 52.3 per cent of the total bilateral ODA of Japan went to the Asian region with a big portion provided to support member states of ASEAN (Ministry of Foreign Affairs of Japan, 2018). Japan's support mainly emphasised on the building of infrastructure and training human resources so that regional connectivity can be strengthened and sustained. In 2015, as an act of balancing China's BRI, Prime Minister Shinzo Abe announced the Partnership for Quality Infrastructure (PQI) as part of Japan's ODA in line with its effort to

build infrastructure and strengthen connectivity. It collaborated with the Asian Development Bank (ADB) to promote 'quality infrastructure investment' with other countries and international organisations including with the Southeast Asian countries. The gap between infrastructure demands and infrastructure investment in Asia amounting up to USD293 billion in 2015 made it a worthwhile investment. Through this investment, besides for profit, it will also elevate Japan's status and presence in Asia. Developing resilient infrastructure in Asia is essential for world economic growth as well as the Japanese economy. Since 2015 approximately USD110 billion had been provided both by PQI and ADB for infrastructure projects across Asia (Izumi, 2017).

The PQI is based on the needs of the partner country and is approved on the basis that it will contribute to enhance the connectivity among Asian countries, creating jobs for local people, increasing local skills and improving people's lives. For example, as the agriculture sector is the main contributor for Myanmar's GDP, its development is tremendously important in order to improve the lives of its people. For that reason, Japan has been supporting Myanmar by providing experts since 2017 as part of its technical assistance to the sector. Meanwhile in the Philippines, the PQI involves a large-scale project of 240 billion Yen on the North South Commuter Railway Project for about 38 km connecting Metro Manila and the outlying areas.

Japan has also been actively providing support for maritime security through its ODA to Vietnam and the Philippines, aimed at containing China's assertiveness in the South China Sea (SCS) through naval assistance to help with maritime surveillance (The Economist, 2013). Besides that, Japan's ODA also provides aid and support to eradicate domestic and regional inequality, technical support and training for disaster risk reduction, environment and climate change, and energy for the creation of a sustainable society.

Japan has also contributed over USD40 billion for peacekeeping purposes, be it within the region or outside. Japan's contribution to the Peacekeeping operations is not something new and has given Japan greater impact on forging new military and political roles in the international arena. This began in 1992 when the Diet enacted the "International Peace Cooperation Law" enabling the Self-Defence Forces (SDF) to widen its function outside Japan through its participation in the UN peacekeeping mission in the Gulf War.

Humanitarian Assistance

Japan's humanitarian assistance dates back to 1953 when the government began funding United Nations (UN) relief work for Palestinian refugees. Since then Japan has played an active role in humanitarian assistance throughout the region such as supporting peace-making efforts in Cambodia and Aceh, peacebuilding efforts in East Timor, Aceh and Mindanao, financial assistance for Southeast Asian region during the struck of SARS as well as dispatching the largest troops of humanitarian assistance to Aceh after the 2005 tsunami. This has allowed Japan to play an active political role while diminishing its image as an aggressive military power as claimed by its international critics.

In 1987 Japan introduced 'The Law Concerning the Dispatch of Japan Disaster Relief Teams' (JDR Law) which limited its roles only to international disaster relief and the scope of its assistance is restricted to natural disasters and man-made disasters except those arising from conflict. After the Gulf War in 1991, the 'Law Concerning Cooperation for United Nations Peacekeeping Operations' (PKO Law) was enacted in 1992, which allowed Japan to engage more fully in UN peacekeeping and international humanitarian relief operations, including the dispatch of Self-Defence Force (SDF) units (Watanabe, 2004).

Japan serves as a member of the UN Human Rights Council for the fourth term from 2017 to 2019. Thus, it plays an important role in offering human rights assistance including in the Southeast Asian region. For instance, in September 2017 Japan managed to bring about a consensus from the UN Human Rights Council to adopt the resolution on "Advisory Services and Technical Assistance for Cambodia" aimed to give support for further efforts by the Government of Cambodia to improve human rights situation in the country (Ministry of Foreign Affairs of Japan, 2018). Myanmar that was under the Junta Military government before had never allowed any international humanitarian organisations to enter its territory but had surprisingly allowing Japan into Myanmar's borders and thus, indirectly helped improving human rights condition in Myanmar. As a result, Myanmar which was once in the China camp has now become closer to the West and its Asian allies particularly Japan.

In the issue of refugees, Japan was the first Asia country to accept resettled refugees. The effort was praised by the international community for being proactive in addressing the issue. Japan began to accept Myanmar refugees temporarily residing in Thailand in 2010 and in Malaysia in 2015 under

resettlement programmes. From 2010 to 2017, approximately 152 refugees from 39 families have come to Japan under this resettlement programme (Ministry of Foreign Affairs of Japan, 2018). Japan's efforts and its willingness for burden-sharing with its ASEAN neighbours on addressing the refugee issue shows how important the region is to Japan.

CHALLENGES AND OPPORTUNITIES

Although it plays an important role in helping Southeast Asia achieving sustainable growth and development, Japan's Grand Strategy is still defensive and reactive as it faces pressure from many sides especially from its own domestic politics, pressure from interest groups, the demographic challenges of an aging society and its long strategic security tie with the US.

Due to its aging society, it is doubtful whether Japan could maintain its influence in Southeast Asia with its shrinking labour force. Japan will find it hard to maintain the sustainable economic growth and development with its reduced human capital as demography has an important implication in determining the GDP and GNP growth. An aging society will lose its economic vitality. Although technologies or Artificial Intelligence (AI) may substitute manpower, it is questionable as to what extent AI can be used as a substitute especially in diplomatic concerns.

Even though its international influence has strengthened over the years, the iron triangle embedded in the political arrangements of Japan's domestic politics still exist and has become a gridlock that is preventing the country from taking a proactive approach towards deep integration with Southeast Asia. Each decision or policy taken by Japan's leadership should not override its domestic politics and public voices as they will pose a threat for the current ruling party to maintain power.

Japan's strong alliance with the US has also become a stumbling block for Japan towards building a stronger appearance in the region (Stubbs, 2002). This proves to be a dilemma for Japan: whether to sacrifice its relationship with the US or to fully devote itself for deeper integration with Southeast Asia. However, it also cannot tolerate China gaining leadership in the region (Pan, 2007). Professor Emeritus Takashi Inoguchi pointed out that Japan's position is "unwittingly half-hearted and soft unless it was blessed by the US".

Nevertheless, there are still opportunities for Japan in the region. Japan has displayed leadership role in the region when it took the lead in the Lower Mekong Initiative (LMI) under the "Japan-Mekong Connectivity Initiative 2016". Prior to that, 750 billion Yen had been channelled over three years through ODA for that purpose. In return, Japan had received the trust of ASEAN governments to assume the lead for the LMI, replacing the US. ASEAN governments have little faith in the US particularly under the impulsive Trump administration, which had reduced its focus on strengthening multilateral negotiations including that with ASEAN, preferring bilateral negotiations instead. If the LMI is to be a successful project, they (ASEAN) believe Japan will be eligible to take the leadership role (Dalpino, 2017).

Lastly, Japan under the current Prime Minister Shinzo Abe is proactively seeking to strengthen its economic and security relations in the region in order to counteract China's rising influence and the fear of a declining US influence. Abe's administration is based on "proactive peace diplomacy", abandoning its previous policy that he sees as a "passive diplomacy". Abe's 2017 trip to several countries in Southeast Asia supports the growing Japanese strategic concerns in Southeast Asia and the opportunity for Japan to play a more proactive regional role. Without a doubt, Japan's options are limited due to its security tie with the US but recent US' impulsive actions have provided Japan with new opportunities. US' withdrawal from the TPP has given Japan the leverage and trust from other countries for it to lead the new version of the TPP known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan has also recently been actively supporting the Free-Open Indo-Pacific Strategy (FOIP). After the withdrawal of the US from TPP, the remaining ten members have faith in Japan's leadership to lead the partnership.

CONCLUSION

Japan's continuous development assistance towards this region had given it the prestige and special place among the Southeast Asian states. Even though power is a prerequisite in the race for regional leader between Japan, China and the US but for Japan, legitimacy should also be counted and acquired first especially in today's states' competition by which it is not simply competition over power but also subtle competition over legitimacy which will determine how states will use their accumulated power in future undertakings.

Fortunately, all of Japan's efforts have been fruitful as several surveys showed that ASEAN countries have high confidence in Japan to help develop sustainable socio-economic growth of states in the region. According to a 2014 Asahi Shimbun survey, 32 per cent of the Japanese public anticipated that the most important relationship for Japan's economy from that year onward will be that with Southeast Asia. This is higher than those who voted for the US, 30 per cent, or China, 27 per cent (Dalpino, 2017). A recent survey conducted by the ISEAS-Yusof Ishak Institute (ISEAS) this year found that ASEAN countries considered Japan as the most honest, reliable and most welcomed country to the region compared to other major economic powers.

Despite its seemingly glorified status, Japan's power is still limited. It lacks military power due to its security ties with the US and its peaceful constitution, but it still wants to regain its right as one of the major powers in Asia while containing the rise of China. Japan still needs to face both internal and external obstacles that are impossible to ignore. Thus, in order to achieve its goal in containing China and staying relevant in international community, Japan has no choice but to further continue its grand strategy towards SEA. This is because for now, it seems that that is the only strength Japan possesses. Unless something could be done with the arrangement of its domestic politics and the security ties, then the future of Japan being as 'normal state' would be different and tangible.

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The Effectiveness of Free Trade Agreements on Malaysia's International Competitiveness: Case Study on Malaysia-Japan Economic Partnership Agreement (MJEPA)

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ABSTRACT

Free Trade Agreements (FTA) are part of globalisation that facilitates and strengthens trade between FTA partners. Malaysia needs to maintain the economic momentum and compete with Singapore, Indonesia, Thailand and Vietnam in the foreign markets. By having same trading partners such as ASEAN Free Trade Area and producing similar products – like palm oil and electronic products, Malaysia needs to find ways in minimising the gap by signing FTAs with its trading partners. The effectiveness of FTAs on Malaysia's International Trade Competitiveness was analysed by identifying the purpose and benefits of each Malaysia's bilateral and regional FTA, export competitiveness as well as the challenges in competitiveness against other ASEAN countries. The objective of this article is to examine the effectiveness of FTAs on Malaysia's international trade competitiveness by assessing Malaysia's economic performance in the Malaysia-Japan Economic Partnership Agreement (MJEPA). This article provides a brief discussion on the purpose of FTAs and how MJEPA has benefited Malaysia. The article also explains the differences between the old and new FTAs. This article concludes by arguing that in order to maintain trade

competitiveness against other regional member states, Malaysia needs clear policy direction and increased investment in human capital as well as more transparency on the information of the FTAs to the traders and the public.

Keywords: Free Trade Agreement (FTA), international competitiveness, Malaysia-Japan, economy, bilateral relations

INTRODUCTION

In the world today, international trade has been highly political and many have realised the importance of having trade agreements, either bilaterally, multilaterally or regionally. The length of the negotiation for Free Trade Agreements (FTA) to conclude can vary depending on the progress of the negotiations and the parties involved. Some FTAs took only a few months to conclude, for example the China-Macao FTA, while some FTAs took over two years to conclude, such as the Korea-Chile FTA (Dent, 2006). Sometimes, negotiations can stall for a certain period of time before it continues. FTAs like the North American Free Trade Agreement (NAFTA) between United States, Canada and Mexico can increase the pressure of the international trade competition and the mobility of the capital (Balaam & Veseth, 2005).

Bilateral FTAs refer to agreements signed between two nations with the aim of expanding access to each other's market and increasing economic growth. Bilateral FTAs are much easier to conclude compared to multilateral and regional FTAs that involve many countries with different interests and constraints (Virág-Neumann, 2009). FTAs will create competitiveness between the countries involved (Balaam & Veseth, 2005). An FTA comprises several elements or chapters such as preferential tariff treatment of market access, services, investment, environment, labour, intellectual property rights and government procurement. For instance, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a regional trade agreement involving 11 parties, concluded with 30 Chapters (MFAT, 2018). This agreement was signed by all the parties, including Malaysia, on 8 March 2018 in Santiago, Chile (The Santiago Times, 2018).

International competitiveness in trade has become a major agenda for every country in the world as it gives vital impact to the future of the country. Due to this fact, FTAs are very important to Malaysia as a developing country to strengthen relations with other countries. Additionally, FTAs are expected to

improve market access including import and export, to increase investment opportunities, to create more job opportunities as well as to have a transparent international trade and other outcomes.

Malaysia's first FTA was signed in 2005 with Japan and it is called Malaysia-Japan Economic Partnership Agreement (MJEPA). Malaysia and Japan viewed this agreement as very important to both countries because of the long-standing relationship between the two countries during the 1980s through the 1990s mainly in investment and technology. The agreement is a strategy to create more benefits in the dimension of economic globalisation. It is developed within the framework of countries' circumstances, product specific and industry sector-specific in order to promote FTA (Rahman, Molla, & Murad, 2008). Malaysia as a developing country has a narrow perspective on FTAs and seeks to achieve broad objectives for its products through preferential tariff treatment (Rahman, Molla, & Murad, 2008). Japan as a developed country aims to achieve regional and global stability in its trade and economy. Besides Malaysia, other ASEAN countries are also interested to trade with Japan. This shows the importance for Malaysia to have FTAs with states that have strong economies in order to avoid being left behind and at the same time, to ensure economic growth sustainability. According to the Ministry of International Trade and Industry (MITI) in its report on Trans-Pacific Partnership (TPP), as of 2016, Malaysia has signed and ratified 13 FTAs to avoid getting left behind by other competitors in the same region such as the ASEAN member states (MITI, 2016).

Malaysia looks to have FTAs with strategic partners mainly in the area of market access of goods related to increasing export through preferential tariff treatment. Other than that, FTAs also help in maintaining and strengthening the currency of Malaysia's Ringgit. Malaysia needs to attract more foreign direct investments (FDI). Theoretically, foreign inflow is positive to the Ringgit and provides benefits to international reserve. The country believes FTAs are able to attract more FDI when ease of doing business can be leveraged.

To date, Malaysia has signed and enforced seven bilateral FTAs: with Australia (MAFTA), Chile (MCFTA), India (MICECA), Japan (MJEPA), New Zealand (MNZFTA), Pakistan (MPCEPA) and Turkey (MTFTA), and bilateral FTAs with the European Union (MEUFTA) and the European Free Trade Association (EFTA-Switzerland, Iceland, Norway and Liechtenstein) (MEEPA) are still under negotiation. As for regional FTAs, Malaysia has signed and

enforced six regional FTAs, namely, ASEAN Free Trade Area (AFTA), ASEAN-Australia-New Zealand (AANZFTA), ASEAN-China (ACFTA), ASEAN-India, ASEAN-Japan and ASEAN-Korea while three regional FTAs are still under negotiation: ASEAN-European Union, ASEAN-Hong Kong and Regional Comprehensive Economic Partnership (RCEP – ASEAN+6). The CPTPP was concluded on 23 January 2018 in Tokyo, Japan and as mentioned earlier, signed by the 11 Parties on 8 March 2018 in Santiago, Chile (MITI, 2018). According to MITI, CPTPP incorporates the original TPP Agreement which was signed on 4 February 2016 in Auckland, New Zealand before the United States withdrew from the agreement on 23 January 2017 (MITI, 2018).

The objective of this article is to examine the effectiveness of FTAs on Malaysia's international trade competitiveness by assessing Malaysia's economic performance. There is also lack of research and analysis on the effectiveness of FTAs on Malaysia's international trade competitiveness from the aspect of national economic performance and policies as well as the society. From the 13 FTAs, there is only one general review: the Malaysia-New Zealand FTA (MNZFTA) which reported the impact, operation and implementation of the FTA from 2010 to 2015 (MNZFTA, 2016).

Malaysia reported RM9.7 billion trade surplus in January 2018, compared to RM4.71 billion a year earlier while the market expected RM7 billion surplus. Based on this data from the Department of Statistics Malaysia, it was the smallest surplus since May 2017, as exports rose less than imports (Manan, 2018). The reported trade data and performance clearly indicated that Malaysia is depending on foreign trade and investment in its national economic strength. Malaysia needs to sustain its economic performance in order to be more competitive. According to Australia's Department of Foreign Affairs and Trade, FTAs can contribute to sustainable economic growth and enhance the export competitiveness in the FTA partner's market.

Although Malaysia has signed bilateral and regional FTAs with other developed countries such as Australia, New Zealand, Japan and China, it is still important for Malaysia to find opportunities to sign FTAs with the West such as the United States and the European Union, where Malaysia's exports are also high. In January 2018, the total of Malaysia's exports is RM82.86 billion compared to RM70.27 billion the year before in the same month. The United States is Malaysia's third largest export country after Singapore and China. In

January 2017, Malaysia's total export to US was RM7.27 billion (MATRADE, 2018). A study conducted by Yaghoob Jafari and Jamal Othman from the National University of Malaysia indicated that a bilateral Malaysia-US FTA may increase the GDP for both parties while emphasising the importance of taking caution in negotiating non-tariff provision, which may jeopardise Malaysia's socio-economic wellbeing (Jafari & Othman, 2013).

The Malaysia-EU FTA commenced on 5 October 2010 with eight rounds of negotiations. It has stalled since 2012 as there are some constraints that blocked the effort to achieve mutual agreement. According to MITI, the negotiation would not be resumed until there are fresh mandates to proceed. In March 2017, Dato' Seri Mustapa Mohamed, then Minister of International Trade and Industry announced that Malaysia is ready to resume the trade talks (The Star, 2017). The EU is the third largest source of Malaysia's imported goods (EU, 2018). EU-Malaysia Trade and Investment 2017 reported that both Malaysia and the EU have expanding economies and both EU exports and Malaysia exports have increased from 2006 to 2016 (EU, 2018). Before 2014, Malaysia enjoyed Generalised Scheme of Preferences (GSP) by the EU where Malaysia as a developing state could pay lower or zero tariffs on exports to the EU, with the objective of providing access to the EU market and contributing to their growth. However, when Malaysia achieved upper middle income status as announced by the World Bank, it then graduated from the GSP (MITI, 2013) and needed to pay the full amount of import tariff as imposed by the EU to other states.

In order to maintain the economic momentum and with the emerging markets of Vietnam, Cambodia, Thailand and the Philippines where costs of labour are lower than Malaysia, there is a need for Malaysia to find ways to minimise the gap by signing FTAs with new partners especially when they have already signed with other countries in the ASEAN region. Therefore, there is a need and urgency to do research on the effectiveness of FTAs on Malaysia's international trade competitiveness by assessing Malaysia's performance in its FTAs implementation.

PURPOSE OF FTAS

Generally, an FTA is signed between countries to achieve certain goals and objectives. Malaysia is one of the many countries that have signed a number

of FTAs with countries around and outside the region. Table 1 shows the list of FTAs signed and enforced by Malaysia bilaterally and regionally since 2006.

Table 1: Malaysia's Bilateral and Regional FTAS

Bilateral/Regional FTAs	Date Signed	Date Entered into Force
Malaysia-Japan	13 December 2005	13 July 2006
Malaysia-Pakistan	8 November 2007	1 January 2008
Malaysia-New Zealand	26 October 2009	1 August 2010
Malaysia-Chile	13 November 2010	25 February 2012
Malaysia-India	18 February 2011	1 July 2011
Malaysia-Australia	30 March 2012	1 January 2013
Malaysia-Turkey	17 April 2014	1 August 2015
AFTA	28 January 1992	1 January 1994
ATIGA	26 February 2009	17 May 2010
ASEAN-China	November 2004	July 2005
ASEAN-Japan	14 April 2008	1 December 2008
		1 February 2009 (Malaysia)
ASEAN-Korea	13 December 2005	1 July 2006
ASEAN-India	13 August 2009	1 January 2010
ASEAN-Australia-New Zealand	27 February 2009	1 January 2010
CPTPP	8 March 2018	Yet to be implemented

The duration of an FTA to be enforced varies. For example, some FTAs like Malaysia-Chile and Malaysia-Turkey took more than a year to enter into force. However, in the case of Malaysia-India, it only took four months to enter into force. The framework agreements for ASEAN FTAs including ASEAN plus one consist of several agreements such as Trade in Goods and Trade in Services and Investment. Regional and mega-regional FTAs usually takes a longer time to be fully implemented as they involve multiple countries and the ratification would

depend on each country's government system and readiness to liberalise their tariffs.

According to a report by Khazanah Institute, MITI has outlined four main objectives for bilateral and regional FTAs:

- (i) aim for greater market access by reducing or eliminating tariff and non-tariff barriers;
- (ii) enhance and promote trade, investment and development in economics;
- (iii) raise export competitiveness among Malaysian traders; and
- (iv) improve capacity-building in particular areas through collaboration and technical cooperation.

According to MITI's Director of Strategic Negotiations Division, Malaysia's objectives for its involvement in bilateral and regional FTAs are the same, which is to gain preferred treatment at the international market. Malaysia is a trading nation with a large number of companies exporting their products to the foreign market. Malaysia agreed to a general set-up by the World Trade Organisation (WTO) as a multilateral platform to harmonise trade barriers and increase trade. However, regardless of any trade regimes initiated by the WTO, the pace is very slow as the organisation has more than 160 members. This is because the WTO's decisions are usually taken by consensus (WTO, n.a). Therefore, some countries including Malaysia think that other options should be explored. Thus, FTA is the best recognised option and it is being practised by many countries including Malaysia.

In FTAs, there are two main approaches: bilateral and regional level. In bilateral FTAs, a country deals with only one party. The negotiations in bilateral FTAs are more straightforward as both FTA parties could address the interest of each other. However, in regional FTAs, there are more FTA parties. For instance, there are ASEAN plus one with China, Japan, Korea and India as well as ASEAN plus two with Australia and New Zealand. The negotiations could be ambitious and require the readiness to comply by all parties. Therefore, in regional FTAs, more developed countries like Singapore, Malaysia and Brunei have to compromise in the negotiations. There are proposals that could not be adopted in the regional FTAs especially ASEAN plus one because not all parties are ready to comply and compromise. Other parties have to wait for countries like Myanmar, Cambodia and Laos to be ready and developed because it influences ASEAN's position. Malaysia has to compromise with ASEAN sensitivity in the

negotiations. Nonetheless, in bilateral FTA negotiations, Malaysia could push for the best deal in the negotiation to achieve its objectives.

In terms of which approach allows Malaysia to gain more advantage in FTAs, according to MITI, both bilateral and regional FTAs serve different purpose and objectives. There are times during FTA negotiations when Malaysia experienced difficulty in pushing some agendas such as negotiations in liberalising labour regime and environmental issue. Therefore, regional FTAs could facilitate this kind of difficulty when other countries are also having the same difficulty. These difficulties could appear in several scenarios. First scenario; if the proposal includes stringent rules such as requirement to become a signatory to certain a convention that contradicts domestic laws, Malaysia and other countries in the same position could negotiate to minimise the rules. Second scenario; if Malaysia has a product interest but the FTA partner does not offer a satisfied reduced tariff, Malaysia and other countries that export similar goods could push for better tariff. Even though Malaysia would be in competition with those countries, the market access would be better in FTAs and can be developed further.

Based on the information from MITI, although Malaysia has its own objectives in FTAs, Malaysia needs to compromise in regional FTAs when some parties are not able to comply with certain provisions and offer maximum liberalisation of tariff. In regional FTAs such as ASEAN plus one, ASEAN countries should carefully choose the trading partner as the outcome of the FTA could become one-sided. It means that the ASEAN's FTA partner could gain more advantage than what the ASEAN countries could get from the agreement.

According to MITI, regional FTAs could provide bigger market access as the rules of origin (RoO) would be more flexible. This could provide advantage in the exportation of value added products where Malaysia is able to import raw materials from various ASEAN countries, while in bilateral FTAs, the RoO is very limited as the source of raw materials could only come from one FTA partner. Therefore, the attractiveness of regional FTAs would depend on each FTA party. Although bilateral FTAs are smaller markets than the regionals, Malaysia has its own export target.

MALAYSIA-JAPAN ECONOMIC PARTNERSHIP AGREEMENT (MJEPA)

The Malaysia-Japan Economic Partnership Agreement (MJEPA) was signed on 13 December 2005 and it was entered into force on 13 July 2006. According to MITI, Malaysia adopted a Look East Policy (LEP) when the Economic Partnership Agreement (EPA) started its negotiation. There were Japanese investments in Malaysia during that time, therefore the EPA served both objectives and benefits from both economics and politics. According to MITI, Japan is Malaysia's biggest investor and trading partner for auto parts and components in the automotive industry. However, this was the first FTA for Malaysia and it learned from time to time in order to improve the deals in EPA. As a result, in its 12 years of implementation, MJEPA has attracted a high number of visits from the Japanese business sector to Malaysia. In terms of export, Malaysia does not want to focus on labour intensive industry as there would be an influx of foreign workers. The Malaysian government, through MITI, allows businesses to decide and gain their own competitive advantage as FTAs only act as enablers for Malaysia's international trade policy.

¹Under MJEPA, Malaysia received offers from Japan on the reduction or elimination of tariff on most agricultural and industrial products. Japan maintained its duty free treatment on 6,613 tropical fruits, industrial and forestry products. Besides that, Japan eliminated and reduced gradually in years the tariff for fishery products, rubber and leather footwear as well as cocoa products. Japan also offered better access for Malaysia's product of interest such as rubber products, chemical and chemical products, electrical and electronic products, furniture and tariff rate quota (TRQ) on banana. With MJEPA treatment, Malaysia could export banana on a bigger quota.

Among the objectives of MJEPA related to trade are listed below:

- (i) to strengthen trade in goods and services;
- (ii) to create better investment opportunities; and
- (iii) to enhance closer cooperation on socio-economic partnership, exchange of skills, technology and information.

Among the benefits of MJEPA are as follows:

- (i) tariff elimination on all export products of Malaysian interest including electrical and electronic products, textiles and apparels as well as auto parts by 2016;

¹Agreement on MJEPA and MITI's website.

- (ii) reduces non-tariff barriers including stringent Sanitary and Phytosanitary (SPS) measures imposed by Japan;
- (iii) improves trade through the establishment of agreement on products standards, particularly on environmental goods and agriculture products;
- (iv) provides framework to further improve cross-border investment and investor's protections; and
- (v) economic and technical cooperation such as the Malaysia-Japan Automotive Industry Cooperation (MAJAICO).

According to the SPS report by WTO, Japan imposed unnecessary measures which were inconsistent with its WTO obligations, in the importation of some agriculture products from United States². Therefore it is proven that addressing stringent SPS measures as a technical barrier to trade is one of the significant objectives for Malaysia in order to obtain greater market access for agriculture products to Japan. Negotiation on automotive industry has resulted in a positive outcome as there are ten automotive projects that will be implemented under MAJAICO with the aim of raising the competitiveness of this sector. These projects include technical experts assistance programme, capacity building, skill training centres in Malaysia, equipping Malaysian workers with latest technology and cooperation in auto exhibition as well as market information³.

To date, MJEPA has been implemented for more than 12 years. Within this period, Malaysia has improved its negotiation with Japan at the regional level through ASEAN-Japan Comprehensive Economic Partnership (AJCEP). Malaysia also pursues another FTA with Japan through the CPTPP but it is yet to be implemented. Another mega-regional FTA that also involves Malaysia and Japan is the RCEP, which is still under negotiation. Malaysia's trade with Japan grows steadily as Japan's investment in Malaysia was valued at RM71.6 billion in 2017, which is the second highest after Singapore (The Star Online, 2018). Among the investment was the RM1 billion reinvestment by Honda Malaysia Sdn Bhd from 2012 to 2015 including the opening of the Honda plant for car production facility in Malacca (MIDA, 2014).

²WTO SPS Documents, "Risk Assessment, Appropriate Level of Protection, Consistency, Provisional Measures and Regionalization in the SPS Agreement"

³MITI's website on Malaysia-Japan EPA (MJEPA). <http://www.miti.gov.my/index.php/pages/view/2194>

Table 2 below shows the bilateral trade between Malaysia and Japan from 2006 to 2016. Malaysia's export to Japan since the implementation of MJEPA has also grown steadily from USD14.24 billion in 2006 to USD21.18 billion in 2008, an increase by 48.7 per cent. In 2009, Malaysia's export to Japan fell due to Japan's recession in 2008 Global Financial Crisis (The Economist, 2008). The trade recovered in 2010 with Malaysia's export at USD20.6 billion.⁴ The Malaysian government always view that the strong bilateral trade and investment between the two countries were underpinned by MJEPA. Japan was Malaysia's fourth largest trading partner in 2016 with bilateral trade of RM120 billion (Borneo-Post Online, 2017).

Table 2: Bilateral Trade Malaysia-Japan 2006-2016⁵

	Year						
	2006	2008	2009	2010	2012	2014	2016
Malaysia's Export to Japan	14.24	21.18	15.46	20.61	26.98	25.28	15.25
Malaysia's Import from Japan	17.34	19.45	15.43	20.70	20.18	16.73	13.73
Total Trade	31.59	40.64	30.89	41.32	47.18	42.01	28.98

Note: All values are in USD billion

Three projects under MAJAICO were successfully implemented in facilitating the improvement of Malaysian Automotive Industries to become more competitive in the global market. They were five-year projects which were successfully completed in 2011 and covered Automotive Skill Training Centre, business development and cooperation in exhibition. The Automotive Skill Training Centre in Malaysia was conducted in collaboration with the Ministry of Human Resources (MOHR). Next was a business development programme which matched Malaysian Automotive Industries with Japanese

⁴UN COMTRADE Statistics (accessed via Trade Map – International Trade Statistics)

⁵UN COMTRADE Statistics (accessed via Trade Map – International Trade Statistics)

Automotive Industries. Finally, an exhibition was conducted every year to provide opportunities to Malaysian Automotive Vendors to showcase their products in Japan (JETRO, n.a). Thus, MJEPA has reached many achievements, and programmes and activities were conducted accordingly, as agreed in the agreement. According to MITI, a review of the agreement is conducted regularly to address any trade matters between the two countries.

DIFFERENCES BETWEEN OLD AND NEW FTAS

FTAs in Malaysia have been implemented since 2006 where Malaysian exporters could export their products to the FTA trading partners using the preferential treatment. There are differences between the old FTAs and the new FTAs. From MJEPA to MTFTA for bilateral FTAs and from AFTA to CPTPP for regional FTAs, Malaysia has signed various bilateral and regional FTAs that consist of the usual FTA chapters and also new chapters in the more comprehensive FTAs such as ASEAN plus one and CPTPP.

According to MITI, trade issues have become complicated and that has made the FTA chapters become more advanced. New FTAs include provisions on Custom's Procedure to a more transparent mechanism. The new provisions include intellectual property rights (IPR), labour, environment as well as regulatory coherence and anti-corruption. This means that FTAs are not just centred on fair trade and price but also safeguards the investment from FTA partners such as in IPR provision. For instance, CPTPP is the most comprehensive agreement and Malaysia is ready to comply with the TPP provisions. It shows the Malaysia government's readiness to meet international standards. However, besides gaining profit from the concession, FTA countries including Malaysia need to comply with the provision in protecting trade and investment.

CONCLUSION

Malaysia has been actively engaged and committed in the implementation of bilateral and regional FTAs since 2005. The negotiations on bilateral FTAs are straightforward and the modalities for the elimination of tariff are less complicated in the implementation. Meanwhile, some of the negotiations on regional FTAs are complicated as it involves more than ten countries for each FTA. The full implementation of the regional FTAs also takes a longer time than the bilateral FTAs as some FTA partners require longer time to liberalise its tariff.

Bilateral FTAs being implemented have shown a significant increase in trade in the first year or the second year the FTA was implemented. Some of the trade trend fluctuated afterwards due to the decrease in major exports or major imports. However, none of the FTAs experienced a decrease in trade that is lower than the trade value before the FTA was implemented. Although some of the trade fluctuated, the trade value is still higher than before the FTA was implemented.

Besides trade, FTAs increased the FDI inflows into the country as FTA strengthened the trade relations between the FTA partners at the same time. Traders and business communities benefitted from the capacity-building programmes being implemented as part of the FTA economic cooperation in order to improve products that are exported to the foreign market. For instance, the MAJACO projects under MJEPA were successfully implemented as Malaysia was committed in enhancing skilled workers in the automotive industry. It is also important that Malaysia and its trading partners are committed to the review of each FTA as it will improve the current FTAs treatment.

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Plague-d by an Invisible Threat: Reviewing Bioterrorism Readiness in Malaysia

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ABSTRACT

The assassination of Kim Jong-nam – the half-brother of the North Korean leader, Kim Jong-un – in Kuala Lumpur in 2017 shocked the world as it was carried out using the VX nerve agent, a lethal chemical weapon, in broad daylight. As this incident marks the first time such unconventional weapons were publicly used on Malaysian soil, it presents an opportunity to review Malaysia's readiness for non-traditional security (NTS) threats. There is an emphasis on a deliberate biological attack, or bioterrorism, given how biological weapons have similar characteristics and institutional pressures as natural pandemics, which have been a part of Malaysia's contemporary public health history. Moreover, the risk of bioterrorism is arguably rising as technological advancements in biotechnology have made tools for pathogen recreation more direct, inexpensive, and accessible. Given the adverse socioeconomic implications of bioterrorism, countries are incentivised to adopt an effective biodefence strategy that can detect, prevent, and respond to such weapons. While Malaysia has had a multi-tiered experience dealing with mass pandemics (e.g. *Nipah* and SARS outbreaks), recent events serve as an avenue to strengthen existing strategies and capacities. Thus, to enhance bioterrorism readiness in Malaysia, this article proposes feasible biodefence strategies.

Keywords: bioterrorism, biodefence strategies, non-traditional security threats, health diplomacy, Malaysia

INTRODUCTION

The usage of the VX nerve agent, a lethal and extremely toxic chemical weapon, in the assassination of Kim Jong-nam, the half-brother of the current North Korean leader, Kim Jong-un, in Kuala Lumpur in February 2017 sent shockwaves throughout the world. This incident, marking the first time such unconventional weapons were publicly used on Malaysian soil, questioned the extent of domestic readiness in response to NTS threats. That is, given their unorthodox and sophisticated nature – and potential evolution into hybrid threats – Malaysia must conceivably realign its approach towards these threats to preserve its national security. While attempted uses of bioweapons in terror attacks, i.e., bioterrorism, have mostly failed or had limited casualties – demonstrating the constraints faced in developing bioweapons (Zilinskas, Dando and Nixdorff 2011) – Malaysia must remain vigilant to prevent similar instances (re)occurring in the future. In fact, the lack of a dedicated policy framework that outlines biodefence chain of command and strategies arguably places greater importance on efforts to address any security lapses. Nevertheless, given how the intrinsic characteristics and effects of bioweapons may make them initially undiscernible from natural disease outbreaks (Lam 2003, Radosavljevic 2013), how must Malaysia then ensure that its medical and security preparedness is not only adequate to respond to bioterrorism, but also prevent any cases of false negatives?

This article is structured as follows: First, a review on the parameters of biological weapons and its link to bioterrorism. Second, an examination on the effects of bioterrorism on socioeconomic well-being, and current response readiness for bioterrorism from the perspectives of public health and health diplomacy. Third, a proposal on corresponding solutions to enhance biodefence strategies.

BIOLOGICAL WEAPONS AND BIOTERRORISM

Biological warfare, or the use of fatal biological agents, is as old as time – from the pre-historic period in Anatolia to the Mongol Golden Horde in the Middle Ages, there have been well-documented instances of a systematic development and weaponisation of fatal biological pathogens as agents of

warfare among sovereign states (Frischknecht 2003, Riedel 2004, Das and Kataria 2010). Credible external threats to survival during the World Wars and Cold War have incentivised military powers – despite their ratification of the Geneva Protocol of 1925, which banned the use of unconventional weapons in any circumstances – to conduct extensive research on bioweapons, such as *anthrax*, haemorrhagic fever, and *cholera* (Barras and Greub 2014). Besides the alleged deployment of glanders by Soviet Union during the Soviet-Afghan War, the international community has mostly refrained from using bioweapons in active warfare (in contrast to chemical weapons), perhaps due to high risks they pose on the perpetrators and the availability of conventional weapons. Subsequent development of biological agents was further discouraged with the signing of the 1972 Biological Weapons Convention that completely banned the production of such weapons. Since there is minimal evidence of proven stockpiles or active production of bioweapons among most state parties to the treaty – except China, Cuba, Egypt, Iran, Israel, North Korea, Russia, Syria, and Taiwan (Kerr 2008, 14-15) – it implies the effectiveness of international movements in upholding the sanctity of humanity, even during the act of war.

Despite the discontinuation of state-sponsored bioweapons research programmes, the growing sophistication of non-state actors has shifted the discourse on bioweapons from being instruments of national security to those of mass terror. Bioterrorists are motivated to weaponise and deploy lethal biological substances due to their terror threat and greater accessibility. That is, biological agents have long incubation delay time, quick rate of infectiousness, low detection rate, and similarities with common illnesses that could infect the public at low costs (Nadasi, et al. 2007, Cary 2010, Hummel, Quaranta and Wikswo 2014). For example, the *botulinum neurotoxin*, the most potent toxic substance at the moment, is easy to produce but difficult to detect, in which the gold-standard diagnostic test takes 96 hours and lacks sufficient sensitivity (Berger, et al. 2016, 2). In addition, the recurring *anthrax* outbreaks among humans, livestock, and wildlife in Kenya arguably highlight the susceptibility of certain communities to diseases, whose presence can be prolonged and magnified as they adapt to their local ecosystem (Muturi, et al. 2018). Thus, given how the features of bioweapons are attractive to terror groups, the need for an efficient response system is even more necessary now to prevent an aggravated extent of mass panic and pressures on medical and security infrastructure.

Innovations in dual-use biotechnology have also stimulated terror groups to capitalise on the lethal nature of bioweapons. That is, from advancements in chemogenomic screening research to the incorporation of artificial intelligence in DNA manipulation (Wuster and Babu 2008, Riordon, et al. 2019), tools for synthetic biology are getting more accessible, simpler, and affordable beyond the boundaries of scientific labs to the extent that pathogens can be recreated from scratch (Gronvall 2015, 4). For example, the development of the CRISPR gene editing tool allows highly-virulent organisms to be constructed using guide RNA and enzymes that cost less than €100 (Badounas, Kakkanas and Oikonomopoulou 2018). In fact, this capability to manipulate biological agents with weaker ethical and/or safety standards is possibly intensified after the fall of Soviet Union, as former bioweapons scientists had sold their expertise, technologies, and material to the highest bidder (Cook and Woolf 2002, Domaradskij and Orent 2006). Consequently, the genetic alteration of biological entities could render existing vaccination stockpiles – which were developed by the international community based on a list of 30-60 harmful pathogens – irrelevant (Beck 2003). In other words, the threat of bioterrorism is arguably higher now as the uncontrolled mutation of biological elements could escalate their current features to cause mass terror.

Deploying bioweapons in terror attacks is fundamentally complex relative to conventional terrorism (Beck 2003). For instance, there have been only five recorded bioterrorism attacks between 1980s and 2000s, such as the 1984 non-fatal Salmonella poisoning by the Rajneeshee cult in Oregon and the fatal cases of the 1995 Tokyo subway *Sarin* attack by the Aum Shinrikyo cult and the 2001 *Anthrax* letters in the U.S. (Erenler, Guzel and Baydin 2018, 2). Despite their greater reliance on intricate processes (Hummel 2016, Pilcher 2017), bioweapons can still be used in terror attacks due to potential security lapses, in which an overwhelmed border security could fail to detect covert transportation of deadly germs (King 2003, 436). The recent *Ebola* epidemic, with isolated cases as far as the UK and the US, suggests the complex challenges in managing borders during public health emergencies. That is, the uncoordinated and delayed response from both domestic governments and the international community to quarantine victims and ban immediate travel from affected countries have prolonged and intensified the outbreak effects (Green, et al. 2019). While this incident should prompt countries to enhance their security measures, it could also “inspire” bioterrorists to target countries with lax borders to maximise the extent of mass infection and panic.

BIO-TERRORISM AS A NON-TRADITIONAL SECURITY (NTS) THREAT

Caballero-Anthony (2006) defines NTS threats as threats to the survival of national states and their citizens, often from non-military sources, which require comprehensive spatial and policy approaches. This term can also be attributed to the genuine security threats posed by either individual actors using, weaponising, or deploying unconventional instruments or the consequences of natural causes. The expansion of the security discourse is inherently inevitable after the 9/11 attacks given the extent of social, political, and economic damages inflicted by non-state actors. While the alleged implementation of non-military actions by some rogue nations suggests that NTS threat extends beyond unorganised movements, the similar concerns posed by bioterrorism should, at least, fulfil this definition. Nevertheless, the concerns of bioterrorism are further corroborated with a comparison to the common characteristics of NTS threats. That is, 1) they are not caused by inter-state competitions or realignment in balance of power – the underlying motives of bioterrorists could arguably be triggered by individual or societal grievances towards (perceived) injustices; 2) they often have nearly irreversible or near-permanent adverse consequences to both societies and states – the instantaneous and long-term effects of bioterrorism can inflict psychological and physical damages that could alter the dynamics of the socio-economic fabric and national security; and, 3) a multilateral approach is often necessary to offset limitations in domestic policies – addressing the transboundary nature of illegally-sourced or acquired bioweapons and the potentially-infectious manmade pandemics would severely exhaust the capacity and resources of individual governments (Caballero–Anthony 2017). Therefore, given the complex nature and consequences of, and responses to bioterrorism, it should be treated as a legitimate NTS threat to Malaysia.

ASSESSMENT OF BIO-TERRORIST THREATS IN MALAYSIA

Although Malaysia has been largely spared from terrorist attacks post-9/11 – perhaps apart from the Sulu invasion of Sabah in 2013 – the general terror threat has arguably risen in recent years. Two Malaysians linked to the *Islamic State* terror cell launched a grenade attack at the Modiva Bar in 2016 that injured eight people. Similarly, the arrest of over 260 people for terrorism-related offences, the interception of at least 14 planned terrorist attacks, and the increasing number of Malaysians returning from the Syrian Civil War between 2013 and 2016 further accentuate such threats (Jani 2017). Additionally, foreign

separatist groups such as the *National Revolution Front*, *Jemaah Islamiyah*, and *Moro Islamic Liberation Front* have regularly crossed from and to Thailand, Indonesia, and Philippines, respectively, to train, spread their propaganda, and raise funds for terror activities (Chalk, et al. 2009). These incidents can perhaps be justified by the perceived border porosity, a notion that has been echoed by the recent alleged Israeli-sanctioned murder of Fadi al-Batash, a Hamas-linked Palestinian engineer, in 2018 and that of Kim Jong-nam. In sum, while there have been no credible rumours of an impending bioterrorist attack in Malaysia, the state of Malaysian borders may eventually drive foreign-supported terror groups to conduct such attacks.

Moreover, Malaysia's hot and humid tropical climate serves as a conducive condition for recurring outbreaks of infectious viruses and influenza (Sooryanarain and Elankumaran 2015, Pujara, et al. 2016, Deylea, et al. 2016). Bioterrorists are arguably more inclined to exploit Malaysia's environmental setting to maximise the impact and severity of genetically-modified bioweapons, as the prolonged lifespan of common viruses would then contribute to the natural increase in the rate of infection over time. In addition, the hot weather can also lead to higher infection rate as individuals are more likely to remain indoors, in which the longer enclosed interactions can increase the likelihood of infections (Ng and Gordon 2015, 91). However, the climate multiplier effects on bioweapons in Malaysia might be subdued due to its rather high level of socioeconomic development. For instance, the weaponisation of cholera would be more damaging in areas with poor waste management, untreated water supply, and ineffective sanitation services, with recurring incidents tend to be in dirty and overcrowded locations such as urban slums and refugee camps (Zuckerman, Rombo and Fisch 2007). Similarly, the increasing ratio of health professionals to population in Malaysia illustrates some extent of medical capacity to provide basic care in responding to bioterrorism (Department of Statistics Malaysia 2017). The deployment and coverage of a bioterrorism outbreak would be more repressed if there are adequate medical facilities to detect, quarantine, and treat early signs of an outbreak. Even though the tropical climate might encourage the cultivation of natural viruses as bioweapons in Malaysia, its modern domestic medical and water, sanitation, and hygienic facilities will surely negate any efforts to maximise mass terror, infectivity, and casualties.

THE EFFECTS OF BIOTERRORISM ON SOCIOECONOMIC WELLBEING IN MALAYSIA

The virulent nature of bioterrorism can disrupt agricultural supply chains and incur health-related financial costs. Natural biological agents were historically used to destroy adversaries' food sources, or "agro-bioterrorism", leading to food shortages, malnutrition, and famines (Runge 2002, Mishra, et al. 2011). Even if the infection was minimised by effective detection and treatment mechanisms, the distrust of food safety standards can have severe repercussions. That is, agro-bioterrorism disrupts economic relations and balances of power since stopping the contagion would impose barriers on international agricultural trade (Runge 2002, 8, Monke 2005). In fact, the contribution of the agriculture sector to employment, GDP growth, and exports in Malaysia entails the devastating effects of bioterrorism on individual livelihoods and national income. This notion is further reinforced by the 1999 *Nipah* outbreak, which saw over 400,000 workers in the pig and other animal-related industries lose revenue or be unemployed (Lam 2003, 117), while the 2006 *avian influenza*, or bird flu, have prompted the culling of over 60,000 poultry birds to prevent further outbreak (Tee, Takebe and Kamarulzaman 2009, 313). Similarly, the prevalence of palm oil in the Malaysian economy should also be a concern as terrorists can infect plantations to induce shortage of biofuel consumption and exports (Roberge 2015, 191). In other words, bioterrorism on important, valuable, and strategic agricultural subsectors would pose a double whammy on the domestic socioeconomic structures because of much lower export incomes and higher food import costs.

The lethal nature of biological pathogens implies that bioterrorism can also have devastating health-related financial effects. For example, Kaufmann, Meltzer, and Schmid (1997) estimated that economic losses from a bioterrorist attack on a major American suburb would range from USD477.7 million per 100,000 persons exposed to *brucellosis* to USD26.2 billion per 100,000 persons exposed to *anthrax*, due to medical procedures (e.g., quarantine and hospitalisation, post-treatment care, and drugs) and lost productivity due to prolonged sickness or early death. Similarly, a Malaysian study found that total direct hospitalisation costs of the 2009 H1N1 influenza outbreak were USD510 per patient, nearly ten per cent of the per capita GNI (USD6,634) (Ong, et al. 2010). Moreover, a study on the projected effects of bird flu on the Malaysian labour force shares a similar outlook: human capital shortages that

are associated with prolonged illnesses and work absenteeism would reduce Malaysia's annual GDP growth by 0.2 per cent (Bloom, de Wit and Carangal-San Jose 2005, 6). Considering the rather labour-intensive nature of the local economy, an infectious bioterrorist incident would surely inflict greater damage to the Malaysian economy as the workforce would either be unable to work or be paying high costs of treatment. With evidence to suggest that bioterrorism can both disrupt major economic activities and cause substantial losses in productivity and finances, local authorities must be vigilant to ensure that such incidents can be prevented.

ASSESSMENT OF RESPONSE READINESS AND CHALLENGES IN MALAYSIA

The lessons learnt from managing pressures of public health emergencies on public health capacity and multilateral response coordination should be an adequate proxy to assess the extent of response readiness in Malaysia (Tee, Takebe and Kamarulzaman 2009). Although the initial response to the *Nipah* outbreak was mainly reactionary (i.e., enhancing surveillance and treatment operations), subsequent policies were arguably more comprehensive with the added emphasis on pre-emptive measures. For instance, Malaysia has then developed a multi-tiered capacity – both domestically and internationally – in managing threats of nuclear, chemical, and biological weapons, with a concerted effort by the Ministry of Health, Ministry of Foreign Affairs, Ministry of Home Affairs, the Royal Malaysian Police, and the Malaysian Armed Forces (Balakrishnan 2016, Malay Mail 2017, Zolkepli 2018). However, Malaysia should not wait for future outbreaks to enhance its response readiness, considering previous improvements were only adapted after major epidemics. Furthermore, while Vikneswaran, et al. (2015, 673) have listed legislations and agencies that are responsible during a large-scale national emergency, an equally-detailed study from the perspective of public health response preparedness must also be conducted.

a) Public health response and challenges

Malaysia's response to the 1999 *Nipah* virus outbreak was commendable: it first established a coordinated and comprehensive Cabinet Task Force Committee that drafted policies and delegated tasks to relevant federal, state, and district entities to facilitate the eradication of the virus (Chua 2010, 71). Moreover, the formation of 24-hour operations rooms did not only help real-time coordination between agencies, but also act as the public communications unit to minimise

widespread panic (Chua 2010, 76-77). However, an official response policy was only framed in 2003 after the *Severe Acute Respiratory Syndrome* (SARS) regional outbreak, in which the *Rapid Response Model* (RRM) listed detailed procedures for a prompt and effective response that would minimise the lethality of infectious diseases (Ministry of Health 2003). In fact, the extensive nature of RRM covers pre-outbreak readiness, disease surveillance, risk communication, health and safety guidelines for healthcare workers, and training. For instance, eight public hospitals were pre-designated as providers for specialised infectious diseases treatment (Ministry of Health 2003, 22), which would ensure greater patient-care compatibility. Subsequently, the threat of bird flu prompted the Government to launch the *National Influenza Pandemic Preparedness Plan* in 2006 to facilitate medical, industrial, and public communications responses. While there were no main amendments to the RRM, this plan allocated annual funding of RM60.4 million to stockpile vaccines and protective equipment, train medical staff, upgrade medical and research facilities, and conduct drills (The Star 2006). Realising the necessity of an overarching emergency response protocol, the Disease Control Division of the Ministry of Health has subsequently published two further editions of the 'Case Definitions for Infectious Diseases in Malaysia' in 2006 and 2017. These documents serve as guidelines for medical professionals to address infectious diseases instantaneously and systematically. Hence, regular updates to the public health framework, albeit reactionary than pre-emptively, assure that Malaysia can respond to biological outbreaks effectively.

However, the controversy surrounding the dumping of toxic waste in Pasir Gudang, which affected over 500 individuals and hospitalised over 166 victims in total (Moses and AR 2019), has questioned the actual extent of emergency readiness. That is, although this incident might be outside the jurisdiction and scope of the RRM, the fact that the dumping transpired over an extended period underlines major flaws in public health procedures, namely in risk detection, surveillance, and intra-government communication. For example, while most affected students in Pasir Gudang only reported symptoms of common illnesses, the rather clustered pattern of such illnesses and an unusual number of victims should have prompted the first responders to explore potential causes (Cariappa, Vaz and Sehgal 2002, 327). In fact, existing constraints within the public health system are arguably not caused by technical factors, but rather due to an ineffective implementation of medical surveillance

to identify and communicate any uncommon health patterns (Hakim 2015). In cases of outbreaks, such malpractices could increase the dissemination and lifespan of the disease, and subsequently, aggravate their devastating effects. Thus, while it might be premature to conclude that Malaysia has inadequate response capacity toward bioterrorism based on this incident, the failure to detect irregular fluctuations in public health indicators poses a major security vulnerability – indicating the need to revise and enhance the current emergency response practices.

b) Health diplomacy

From SARS to the *Middle Eastern Respiratory Syndrome coronavirus* (MERS), the worldwide transmission of contagion diseases reinforces the need to address bioterrorism beyond public health and domestic security (Abdullah and Abdul Rahim 2016). That is, the importance of international health diplomacy (IHD) in mitigating the consequences of bioterrorism highlights the role of foreign policy as the other foundation in the two-pronged biodefence approach. IHD refers to diplomatic activities – from formal health negotiations to partnerships with non-governmental organisations – that support public health capacity-building (Katz, et al. 2011). While the underrepresentation of healthcare professionals in Wisma Putra alludes to potential limitations in coordinating global health partnerships, Malaysia's active involvement in the World Health Organisation (WHO) and other regional and bilateral health initiatives would demonstrate otherwise (Barraclough and Phua 2007). In fact, it has regularly complied to international regulations in reporting previous cases of infectious outbreaks, although through the Ministry of Health, in which its International Health Sector conducts annual planning exercises at the WHO regional office (Ministry of Health 2012). However, the relative recency of such foreign policy initiatives and framework, in which they were mostly introduced long after the infectious outbreaks in the early 2000s, provides a weak basis for an accurate and thorough assessment of its readiness for bioterrorism attacks.

Consequently, the structural approach of Malaysia's IHD would arguably pose a challenge in navigating the politics of global health emergencies and participating in long-term cooperation with multilateral agencies. That is, Malaysia must delicately navigate the global power imbalances to ensure that the right narratives on domestic health emergencies are accurately projected and represented due to their real-life policy implications. The discrepancies in the narratives – and subsequently, the corresponding response – surrounding

Ebola (as an outbreak in a low-income setting) and SARS (as an outbreak that affected the high-income) illustrate how the absence of marginalised voices would affect the socioeconomic dynamics in informing decision-making process (Kapiriri and Ross 2018). The sluggish global responses to the early stages of *Ebola*, despite the clear warning signs, further highlights the importance of setting the accurate narratives. Furthermore, the other element of IHD involves health cooperation organised by other countries and international organisations. For example, WHO conducts recurring and regular assessments of domestic readiness for infectious disease outbreaks as a form of a long-term partnership, in which its benefits would only be maximised with a realistic and accurate knowledge on domestic capacity among global health diplomats who are involved in planning and implementing these assessments (Chattu 2017). In other words, while Malaysian diplomats have adequate political acumen to handle global diplomacy, their inexperience in the medical field could potentially result in less accurate narratives and descriptions of the domestic public health readiness for bioterrorism incidents.

PROPOSED SOLUTIONS TO ENHANCE BIODEFENCE STRATEGIES

There is a primary dedicated policy framework that outlines the multi-tiered and -faceted biodefence strategies and cross-organisational chain of command in an event of bioterrorism in Malaysia. However, Mair and Mair (2003) argue that (bio)terrorists are rational actors who conduct cost-benefit analysis to consider the perceived effort and risk, anticipated rewards, and excuses of a (bio)terror attack. Since an effective counter-proliferation approach should comprise policies that increase perceived efforts and risks, decrease potential rewards, and remove excuses (Mair and Mair 2003, 2), this two-sided biodefence strategy of domestic and international solutions can then serve as an ideal response to bioterrorism.

a) Domestic solutions

An effective public health response to bioterrorism requires an equal emphasis on promotive, preventive, and curative interventions, such as outbreak information dissemination, pre-emptive vaccinations, and immediate medicinal access, respectively (D. K. Mishra 2016). Thus, enhancing mitigation and adaptation, improving equity in healthcare distribution, and leveraging on the advancements in biotechnology are potential solutions that can address the complex challenges in responding to bioterrorism.

i. *Enhanced mitigation and adaptation*

In general, the recommended biodefence strategy involves multivariate mitigation and adaptation procedures, such as improving patient management and allocation in emergency departments, public health surveillance, funding for a robust public health system, coordination among government agencies, identification training, decentralised response plans, biosafety (i.e., management of lethal biological substances), biosecurity (i.e., strict prevention of illegal or malicious weaponisation of toxins), and protection of vulnerable infrastructure (Henderson 1999, DaSilva 1999, Redhead and Tiemann 2002, Das and Kataria 2010, Erenler, Guzel and Baydin 2018). That is, these measures do not only ensure a rapid response in treating affected victims, but also distinguishing bioterrorist attacks from manageable outbreaks of emerging diseases. While enhancing mitigation and adaptation may be unfeasible or a low-priority due to the minimal odds of bioterrorism relative to the costs of establishing and maintaining this extent of preparedness, strengthening public health infrastructure and capacity can also enhance the detection and prevention of other disease outbreaks and viral illnesses (Henretig 2001, Frist 2002). Thus, to alleviate resource constraints, Malaysia could leverage on its experience managing the *Nipah*, bird flu, and SARS outbreaks to improve existing public health capacity that would be adequate in response to bioterrorism attacks. Similarly, in the light of the recent Pasir Gudang incident, more attention should also be given to reporting and detection of mass public health trends. More specifically, Malaysia can conduct more frequent training and treatment drills, as per the RRM, to ensure that front-line responders and district offices are always ready to respond to similar incidents. From a policy planning perspective, the Ministry of Health could perhaps produce more frequent updates of its 'Case Definitions for Infectious Diseases in Malaysia' document – relative to its current 10-year intervals of 2006 and 2017. This approach is particularly important to ensure that all the hard work is not made obsolete by more sophisticated and rapidly-transforming advancements in biological weapons.

ii. *Equitable distribution of healthcare facilities*

However, resource constraints pose another challenge in developing adaptation and mitigation capacity for bioterrorism, especially in the developing world. In addition to the limitations in resources and human expertise, an unequal distribution of healthcare access could imply disproportionate vulnerability to bioterrorism along geographical and income demographics. In Malaysia, these

disparities suggest institutional pressures on public health facilities as the burden of patients are not equally distributed according to the capacity of such facilities and the shortage of experts due to the migration of senior medical professionals to the more lucrative private sector (Merican, Rohaizat and Haniza 2003, 85-87). While conventional wisdom believes greater public health funding will be the main solution, the suboptimal preparedness levels for hazardous material incidents in American and Canadian emergency departments – despite a more lucrative financial allocation and detailed counterterrorism approach – suggest a more intertwined solution (Henretig 2001, Kollek, Welsford and Wanger 2009). Thus, this rather long-term action would require greater investments in constructing and upgrading public health facilities in low-income and rural areas to ensure minimum reporting and detecting standards.

iii. *Utilisation of biotechnology advancements*

Advancements in modern biotechnology can also negate the emergence of genetically-modified bioweapons and enhance effectiveness in biodefence strategies. For instance, detailed research on genomic identities can create corresponding vaccines and treatment drugs, develop a more accurate bioweapons detection and identification tool, and strengthen the immune system to withstand multiple microbial attacks (Ainscough 2002). Similarly, scientists can also extract developments in other fields of biotechnology, such as *immunoassays*, directed evolution, and *nuclei acid amplification*, to produce more instruments to boost medical readiness for bioterrorist attacks (Moorchung, Sharma and Mehta 2009, Raj, Saxena and Saxena 2017). In addition, technology could also be used to confront the threats and outbreaks of bioterrorism. That is, complex robotics could reduce the risks of infection and exposure among front-line workers and first responders as the former can conduct disease surveillance and monitoring, enforce quarantines, provide medical supplies to patients of highly-infectious diseases (e.g., smallpox), and conduct minor remote-sensor operations (Rosen, Koop and Grigg 2008). In other words, successful implementation of robotic technology – for instance, drones for simple yet important tasks of supplying medicines to quarantined areas – can reallocate valuable human resources to more critical and complex health emergencies of a bioterrorist attack. Considering Malaysia's relative technical and financial constraints, an outright adoption of advanced technologies might be limited but the rapid innovations in technology and the possibility of technology transfers could provide an opportunity for pioneer testing.

b) International multilateral solutions

The role of foreign policy is also essential to overcome the resource constraints in reinforcing public health systems. Many countries are motivated to provide humanitarian or capacity-building assistance to those hit by disease outbreaks, albeit not for altruism. That is, there are national security (e.g., defending against permeable contagion), economic (e.g., securing source of imported goods), and political (e.g., maintaining global balance of power) motivations in the international efforts to mitigate the consequences of a large-scale bioterrorist attack (Nohrstedt and Baekkeskov 2018, 48-49). Nevertheless, Malaysia can complement its domestic preparedness for bioterrorism by promoting greater international cooperation in prevention and treatment measures and championing stricter multilateral regulations on developing bioweapons.

i. Greater international cooperation on outbreak mitigation

To prevent bioterrorism from overwhelming an overburdened public health facility, there is a need for established regional partnerships in which unaffected neighbouring countries would deploy relevant medical assets (e.g., vaccine stockpiles and temporary hospitals) to alleviate the incident. The importance of an international health cooperation can be seen from both the consequences of its failures and the benefits of its successes. On one hand, the failure of the U.S. Congress to fund the global *Zika* virus response readiness in 2016 has arguably contributed to negative public health consequences in poorer countries (Hodge and Weidenaar 2017, 93). In contrast, Malaysia benefitted from this international cooperation as it was only able to identify the features and transmission types of the *Nipah* virus in 1999 after sending the victims' tissue samples to the Centres for Disease Control and Prevention (CDC) in Atlanta, USA, for further tests (Kamaron 2002). Yet, as an upper-income developing country, Malaysia faces resources constraints to enhance its domestic readiness for bioterrorism but its slow ascent to a developed nation raises expectations for an expanded altruistic role in global and regional health (Barraclough and Phua 2007). Thus, Malaysia can then pursue advanced technological transfers and research collaboration while providing primary physical and logistical assistance as to promote greater international collaboration. However, despite foreseeable benefits of a productive international public health coordination, collective action and interdependency problems might pose a moral hazard on domestic public health capacity (Nohrstedt and Baekkeskov 2018). This issue involves both non-affected and affected countries, in which the former

might shirk its responsibilities in assisting the latter by freeriding other donor countries while opportunistic leaders in the latter might prolong outbreaks to ensure continuous flow of aid. Hence, Malaysia – both as the recipient and the donor – must then promote an empowering and effective international partnership with a focus on domestic growth of public health and human resources, rather than a one-off medical assistance.

ii. *Supporting international public health initiatives*

Greater coordination on global public health surveillance and the standardisation of disease reporting are essential in preventing a delayed response to current outbreaks and streamlining the dissemination of information to at-risk population. Thus, Malaysia has a major role in supporting current international legal instruments, such as the International Health Regulations (IHR) under WHO, to ensure that severe public health risks will not pose a global threat across national boundaries. That is, the IHR enforces binding requirements on all its 196 state parties to report public health emergencies to WHO and outlines necessary procedures in ensuring an effective international disease detection, identification, and response (World Health Organization 2017). Similarly, judging from the importance of agricultural trade, global efforts to reduce the risk of agro-bioterrorism should also be supported. For instance, bilateral and multilateral initiatives (particularly with the Food and Agriculture Organization, or FAO) can coordinate on conducting more regular and frequent surveillance on animal and crop health, preventing the deliberate entry of pests and plant pathogens, and encouraging greater sanitation measures near sources of agriculture (Meyerson and Reaser 2002, 598). In other words, Malaysia's strict adherence to these principles and commitment to transparency in public and agricultural health information flows can set an example in encouraging immediate and accurate reporting of similar details by other countries, which could then reduce the risks of regional outbreaks. However, the emergence of new infectious diseases from increased cross-border interactions and the exposed weaknesses of IHR's self-assessment of core public health capacity during the recent *Ebola* outbreak highlight the need for a comprehensive review of current practices (Feldbaum 2009, Gronvall 2015).

iii. *Multilateral regulations on bioweapons*

Malaysia can also capitalise on existing multilateral policies to prevent bioweapons from entering in the first place. Its commitment towards biological non-proliferation can be illustrated through its active and persistent

involvement in the Biological Weapons Convention (BWC), in which it immediately signed upon its introduction on 10 April 1972 and later ratified in 1991. Since the BWC has been reviewed seven times between 1980 and 2011 to further strengthen and expand its jurisdiction (Krishan, Kaur and Sharma 2017, 1679), this momentum could lead to an even more stringent restrictions on biological agents, such as: 1) production allocations of key components in bioweapons are based on state's existing response capacity, 2) limitation on cross-border transportation of hazardous biological material and equipment, and 3) severe punishment on illegal or discreet transfers of such substances. While this approach will be perceived as an interference on sovereignty, the devastating effects of bioterrorism would arguably justify these policies. In addition, multilateral public health and national security entities could also pursue an active deterrence in preventing bioterrorism. For instance, Kosal (2014) proposed approaches that would be relevant in foreign diplomacy, such as indirect deterrence – i.e., targeting state sponsors or individual supporters and financiers of bioterrorism through economic sanctions and travel bans – and collective actor deterrence – i.e., empowering international organisations such as the United Nations or WHO as the legitimate leader in advancing a bioterror-free world. Although the global political economy – in which certain states hold sizeable economic, political, and military influence – might translate into a selective implementation and enforcement of such deterrence measures, the establishment of an intended framework would already be a major step for humanity. Thus, to ensure that Malaysia is protected from foreign-based bioterror attacks, it should play a more active role in global diplomacy to influence and guide the discourse on bioweapons proliferation and deterrence.

CONCLUSION

The rise of sophisticated terror groups and greater accessibility to biotechnology advancements pose a substantial NTS threat. Although Malaysia has been largely spared from major terrorist attacks, their unconventional nature can catch everyone off-guard. Considering the devastating socioeconomic impacts of bioterrorism and the role of tropical climates in promoting a more infectious epidemic, Malaysia is arguably even more vulnerable than ever. Thus, with this growing threat of the cultivation, weaponisation, and deployment of modified biological pathogens for bioterrorism attacks, an effective biodefence strategy would require a two-pronged approach. That is, the recent *Ebola* outbreak in West Africa illustrates that a robust foreign policy is as important as a reliable public

health capacity in minimising the effects of a deliberate use of bioweapons. With regards to Malaysia, there is a primary dedicated policy framework that outlines the multi-tiered and -faceted biodefence strategies and cross-organisational chain of command in an event of bioterrorism. Additionally, basic public health capacity and foreign policy structure do exist in the aftermath of Malaysia's experience with highly-infectious, natural outbreaks such as the *Nipah* virus and *avian influenza*. Nevertheless, more attention should be given to enhance current prevention capacities and develop a mechanism that would facilitate coordination between both domestic and international actors. This article can be further expanded by widening the scope of bioterrorism readiness to better reflect the scale and evolutive nature of NTS threats and the corresponding defence approaches by Malaysia, and hence, minimising the overdependence and overreliance on foreign entities. More specifically, exploring how applicable they would be in hybrid threats could be an interesting angle of future research.

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