Post-Arbitration South China Sea: 
Malaysia’s Policy Options and Future Prospects

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Abstract

Malaysia’s policy towards the South China Sea dispute has been different from Vietnam and the Philippines in the sense that Malaysia has opted for a policy approach that is less confrontational with China. There are geographical, historical, and economic explanations for Malaysia’s policy approach, but this chapter also argues that Malaysia’s view of the importance of ASEAN also shapes the way it looks at China, the South China Sea, and the Philippines vs. China arbitration case. The arbitration award has benefited Malaysia legally, but has not fundamentally changed its major policy stance towards China and the South China Sea disputes. Given its policy stance, Malaysia is unlikely to follow the Philippines in challenging China in an international tribunal or court of arbitration. In the security policy domain, Malaysia has pursued several policies, including strengthening security partnerships with the West, increasing its security presence in Sabah and Sarawak, and maintaining military diplomacy channels with China. It is suggested in this chapter that Malaysia perhaps can also play a bolder role in initiating diplomatic initiatives that could contribute to the stability and peace of the region, such as a Sino-Malaysian fishing agreement and bilateral negotiations over the overlapping claims between Malaysia and China.

Introduction

Amidst rising tensions in the South China Sea since the late 2000s, China–Malaysia ties have also reached new milestones. In 2013, President Xi Jinping visited Malaysia and proposed to elevate the bilateral relationship to a “comprehensive strategic partnership,” which Malaysia accepted. In 2014, Xi’s visit was reciprocated by Prime Minister Najib Abdul Razak’s visit to China, which resulted in the signing of the fourth joint communique in the history of China–Malaysia relations, which affirmed the Sino-Malaysian “comprehensive