

CHINA-SOUTHEAST ASIA RELATIONS AND THE TAIWAN ISSUE

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MALAYSIA-TAIWAN RELATIONS: POLITICAL IMPERATIVES PREVAILING

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I. Background

Malaysia's relations with Taiwan are firmly based on the principle that there is but one China and that Taiwan is a part of it. In May 1974, when the Malaysian government began diplomatic exchanges with the People's Republic of China (PRC), the Republic of China (ROC) had to close its consulate in Kuala Lumpur. This was the beginning of a scaling down of political relations between Kuala Lumpur and Taipei.

II. Economics

In 1981, Malaysian Prime Minister Mahathir Mohamad, as part of his plan to industrialize Malaysia, proclaimed its "Look East" policy. This policy was aimed at looking for capital investment and high technology from Malaysia's neighbours in the East, namely, Japan, South Korea, and Taiwan. However, Prime Minister Mahathir's proclamation did not have immediate impact on Malaysia-Taiwan relations.

It was only in the early 1990s that changes in the bilateral relations began to occur. In 1994, Taiwan began implementing its "Look South" policy, aimed at expanding economic relations with Southeast Asia. Since then, Taiwan's economic relations with Malaysia have improved significantly.

Trade and Investment

The volume of trade between Taiwan and Malaysia has greatly increased, from US\$678.3 million in 1985 to US\$2.10 billion in 1990, and from US\$5.85 billion in 1995 to US\$7.26 billion in 1997. These figures dropped slightly in 1998 as a result of the financial crisis, but the decrease was not considered to be economically significant. More recently, bilateral trade reached US\$9.48 billion in 2004, with imports from Malaysia totalling US\$5.4 billion and total exports at US\$4 billion.

Malaysia's exports to Taiwan for the period January-June 2006 amounted to US\$1.99 billion and imports from Taiwan to US\$3.25 billion. This compares quite favourably with exports amounting to US\$4.96 to mainland China and imports of US\$7.42 from China.

While Malaysia in 2004 was Taiwan's second largest ASEAN trading partner after Singapore, it ranks as Taiwan's 6th largest import partner (US\$5.41 billion) and 9th largest export partner (US\$4.07 billion).

After the financial crisis in Southeast Asia, Taiwan supported Malaysia and other Southeast Asian countries by firstly announcing the continuation of the "Look South" policy and encouraging Taiwan's enterprises not to withdraw, but to invest more in Malaysia. It also extended loans to Malaysia. In mid-March 1998, the ROC government decided to collect US\$100 million from Taiwan's enterprises to form the Malaysian Investment Fund, which is to be used to invest in Malaysia's stock market.

In 2004, Taiwan was Malaysia's third largest investor, with an accumulated investment volume of US\$9.5 billion. Taiwanese investments in Malaysia are set to rise further in new areas of cooperation – biotechnology and auto-electronics. Taiwanese bio-industrial companies hope to use Malaysia as a springboard to other countries in Asia. They believe that "Malaysia's economic and political stability provide a good working environment for foreign investors".

Technical Assistance

The ROC has sponsored a series of training programmes and classes, which are designed to invite personnel from friendly countries to learn techniques and gain experience from the island. A major part of Taiwan's aid package to Malaysia is technical assistance through these training classes.

The ROC also demonstrated willingness to assist Malaysia in other ways. In October 1997, for example, Taiwan authorities provided more than 100,000

respirators to Malaysia and Indonesia to meet the demand caused by the environmental haze.

III. Politics

The changes in political relations between Malaysia and Taiwan since 1991 have been significant. Before 1974, Taiwanese representation in Malaysia was through its Far East Trade and Tour Centre. This was then changed to the Taipei Economic and Culture Center in 1988, and finally to the Taipei Economic and Cultural Office in 1992. More than just an exercise in semantics, the name changes constituted an affirmation that Malaysia-Taiwan relations were to be confined to the economic and cultural spheres.

In 1992 when the ROC began its campaign to seek re-admission into the United Nations, Malaysia, strictly adhering to the “One-China Policy”, did not support the move. Kuala Lumpur continued to uphold the principle that Taiwan was an inalienable part of China, and that it would be left for both sides to resolve their differences peacefully. Although President Chen Shui-bian most recently suggested that, having failed to gain entry into the UN with its 14th annual attempt, Taipei should seek entry under the name of Taiwan and not ROC, it is unlikely that Malaysia would respond positively to the suggestion.

During the Cross-Straits Missile Crisis in 1996, a journalist asked Malaysian Prime Minister Mahathir Mohamed if he approved of the shooting of missiles by China. When Mahathir said no, he was asked why Malaysia did not voice its stand on the incident. The Malaysian leader replied that as the cross-straits issue was China’s internal affair, he could not comment on it. He added that he was confident that the incident would not lead to open conflict between the PRC and the ROC.

In 1999, when then President of the ROC Lee Teng-hui called upon the international community to recognize that “cross-strait ties now form a ‘special state-to-state’ relationship”, clearly implying equal status for both sides, Malaysian Prime Minister Mahathir commented:

“In my opinion, President Li Teng-hui’s suggestion that contacts across the Taiwan Strait be conducted at the state-to-state level is really not realistic. No major country will recognize Taiwan as a state. It is a futile effort that doesn’t bring anything in the way of benefits to anyone. Taiwan should remain in the same position as it is now. They lose nothing by doing so. Provocation, on the other hand, could have very negative consequences. Taiwan should accept the formula that applies to Hong Kong since it reverted to Chinese rule – one country, two systems.”

Exchange of Visitors

Malaysia's awareness of Beijing's concern over the ROC's campaign to seek international support for its cause, led Kuala Lumpur to limit its contacts with ROC officials. Earlier visits by Malaysian Minister of Transport Ling Liong Sik (1998) and Minister of International Trade and Industry Rafidah Aziz (as recent as July 2004) to Taipei were criticized by Beijing as breaching the "One-China Policy" that Kuala Lumpur had agreed to adhere. By contrast there were high profile exchange visits by PRC and Malaysian leaders. Since 1992, high level Chinese officials who visited Malaysia included Jiang Zemin, Li Peng, Zhu Rongji, Hu Jintao and Wen Jiabao. Malaysian counterparts included the present Malaysian King, Tuanku Syed Sirajuddin Syed Putra Jamalullail, Prime Minister Mahathir Mohamed, his successor, Abdullah Ahmad Badawi, and Deputy Prime Minister and Minister of Defense Najib Abdul Razak.

Then Malaysian Deputy Prime Minister Abdullah Ahmad Badawi's visit to China in September 2003 led to the setting up of the Institute for China Studies at the University of Malaya the following year. In 2004, as Malaysia's new Prime Minister, Abdullah Badawi visited China again, this time to commemorate the 30th Anniversary of Malaysia-China relations. The Joint Communiqué in May 2004 acknowledged the great strides in enhancing bilateral relations between the two countries in the last three decades. On the issue of Taiwan, both sides agreed *"to affirm the respect for independence, sovereignty and territorial integrity of each other. The Malaysian side emphasizes its adherence to the One-China policy and recognizes that Taiwan is an inalienable part of the territory of the People's Republic of China"*.

In July the same year, Malaysia further strengthened its "One-China Policy" by barring its ministers from visiting Taiwan. Deputy Prime Minister Najib Tun Razak informed all ministers that making official visits to Taiwan "could offend sentiments of the Chinese government". The Malaysian official also stated that Malaysia had "indeed fully adopted the 'One-China Policy'".

Malaysian/ASEAN Members and Taiwan

As a sub-regional body, ASEAN has no declared policy on the Taiwan issue. However, like other ASEAN member states, Malaysia has committed itself to the "One-China Policy" and recognizes Taiwan as part of China. Malaysia would therefore not support any moves towards independence for Taiwan. While it accepts the fact that the PRC has not administered Taiwan since 1949, it considers more important that Taiwan is an inalienable a part of China. Like other member ASEAN states concerned about national territorial integration,

Malaysia can empathize with mainland China's quest for re-unification rather than Taiwan's desire for independence. Accepting the Taiwan issue as a domestic matter, involving the process of nation-building for China (with earlier milestones as the reversion of Chinese territories of Hong Kong (1997) and Macau (1999) to the mainland even though the PRC had never administered these territories at all, Malaysia would not want to interfere in the internal politics of China. (Kuala Lumpur is only too aware of how Beijing in earlier years had intervened in its domestic matters by supporting the local communist party against the legitimate Malaysian government.)

The domestic nature of the cross-straits dispute is reinforced in the Malaysian perspective by the fact that both mainland and Taiwan share a common history, culture and ethnicity. For many years since 1949, the ROC had claimed to be the only genuine repository of Chinese culture. Relevant to Malaysia and other ASEAN member states is that the ROC and the PRC commonly claim the Spratly and Paracel islands in the South China Sea as their territory. Would Taiwan be willing to relinquish its claim to those islands especially when it has occupied the biggest one, the Taiping? It is highly unlikely that it would be willing to do so. If it was, Beijing would insist that Taiping be handed over to the PRC. Interestingly, the ROC's claim to the South China Sea isles would cease to be an issue for the cross-straits parties once re-unification is achieved.

For Malaysia, therefore, it appears that on Beijing-Taipei relations, the issue of territorial sovereignty is more important than the nature of government or political system that administers Taiwan – the island's democratic transformation in the last two decades notwithstanding. While Taiwan's reunification with mainland China is far more complex than the return of Hong Kong and Macau to the motherland, the fact remains that as Taiwan is China's territory, it belongs to the PRC regime which represents the people on the mainland.

The general feeling among Malaysians is that, because in the past several years Taiwan's actions have aggravated cross-straits ties, they would not be sympathetic to the island's cause. While recognizing achievements in democracy in Taiwan, they nevertheless are more understanding of the mainland Chinese people's longing for national reunification and integration than they are of the small island community's political aspirations. Even though the Taiwan government is accorded equal status in economic relations by many countries throughout the world (and regarded as an equal or almost equal in political relations by some nations), the wider international community (Malaysia and other ASEAN members included) would find it difficult to regard Taiwan as China's equal. The international community is aware that owing to the general acceptance of the "One-China Policy", it has been nearly two

decades that the ROC's official designation in the Olympics and other international organizations had been changed to Chinese Taipei.)

Consequently, as an external party, except for quiet diplomacy and urging the disputing parties to resolve the issue of national reunification peacefully, Malaysia feels that there is little it can legitimately do to help resolve the complex domestic issue.

In this regard, Malaysians feel that as long as Taiwan does not declare independence, Beijing would not resort to military force (eg, shoot missiles onto the island or invade it). This implies that if Taiwan declares independence, Beijing's use of force, while highly undesirable, would be tolerable because Taiwan gave Beijing no other choice.

Unfortunately, it has been quite clear to outside observers that since Chen Shui-bian became ROC President in 2000, he has systematically endeavoured at promoting Taiwanese independence. In his inaugural speech in 2000, he stated:

“I pledge that during my time in office, I will not declare independence, I will not change the national title, I will not push for the inclusion of ‘state-to-state’ description in the Constitution, and I will not promote a referendum to change the status quo with regard to the question of independence or unification. Furthermore, the abolition of the national Unification Council or the National Unification Guidelines will not be an issue.”

However, two years later, President Chen, openly supported a referendum to settle the question of Taiwan's future. Having won a narrow re-election victory in 2004, Chen continued to propose the drafting of a new Constitution to be decided by a referendum in 2006 so as to be adopted in 2008.

President Chen's calculated measures towards Taiwan independence became prime news again in January 2006, when he proposed that the drafting of a new Constitution for Taiwan could be completed by the end of this year so that it could be put to a referendum next year (2007) and to be operational when his tenure as president ends in May 2008.

Furthermore, in February this year, Chen called for the abolition of the National Unification Council and its 15-year old guidelines. The low regard for the Council was evident, as it had not even met once during his last six years as president.

In supporting the status quo between the mainland and Taiwan, Malaysia and other ASEAN countries will not support the latest move by President Chen to

seek de jure independence for Taiwan by proposing legislation to change the ROC Constitution to replace the official name of ROC with that of Republic of Taiwan (ROT) or just Taiwan. This is clearly because Malaysia and other ASEAN members are aware that it is yet another ploy by President Chen to move towards Taiwan independence, which would cause tension across the straits. With only two more years remaining in his tenure as president, the proposal is perceived as an effort to hasten Taiwan's road to independence. The year 2008 is critical for Chen because it is common knowledge that since mainland China will host the 2008 Olympics – the greatest event to showcase China's arrival in the global scene as a strong and independent nation. Malaysia, like other ASEAN states, hopes that Taiwan would not exploit the occasion to declare itself independent of China. Were it to do so, although it would not condone the use of force, Malaysian authorities would understand its recourse by the Beijing government. Therefore, from Kuala Lumpur's perspective, the ball is in Taiwan's court.

United States Factor

Malaysia is fully aware that Taiwan would only declare itself independent if it were assured of US intervention on its side. Consequently, Malaysia hopes that the US would make it clear that even though its Taiwan Act might require intervention by the US if conflict erupted in the straits, America would not do so if the provocation came from Taiwan. In this regard, President Bush's rebuke of President Chen in December 2003 for harping on sensitive cross-straits issues and labelling the Taiwan leader as someone "*who may be willing to make decisions unilaterally to change the status quo, which we oppose*" was welcome. As with the US, Malaysia hopes that the status quo would be maintained – ie, Taiwan continues to have its own political, economic and social system, especially diplomatic relations with whatever country that wishes to recognize it. Nevertheless, the fact remains that the international community (as represented by the UN) recognizes the PRC as the de jure or legitimate government of China and that Taiwan is an inalienable part of Chinese territory.

Consequences of Cross-Straits Conflict

If against all odds, the worst-case scenario should occur – an outbreak of conflict between Beijing and Taipei – what would be the probable consequences for the region?

The China-Taiwan conflict could easily be transformed into a US-China encounter in view of Washington's close ties with Taiwan (especially support from the US Congress). In such eventuality, both the US and China would very

likely take their case to the UN Security Council. However, with so much at stake for both sides, they would also want to limit their military confrontation.

A US-China conflict would place Japan in a huge dilemma as a result of the deepening of US-Japan Alliance and Tokyo's defence posture related to crisis arising in "areas surrounding Japan". More recently (February 2005), the 2+2 Meeting between the US and Japanese defence and foreign ministry officials in Washington, which referred to Taiwan as a common security concern, is generally regarded as anti-Beijing and pro-Taiwan. Consequently, if conflict erupts across the straits, the US may have little choice but to intervene on Taiwan's behalf, and Japan would be obliged to support the US against China. In such eventuality, Tokyo's support for US action will undoubtedly be regarded as hostile by Beijing and might call for appropriate response.

China-US conflict would pressure ASEAN members like Malaysia to take sides, thus affecting the sub-regional body's unity. It would also undermine the ASEAN Regional Forum's credibility as a process for promoting peace and stability in the region.

The resulting atmosphere of instability and uncertainty would spur individual regional states to boost their defences. A huge arms race could occur among the Northeast Asian states. ASEAN members too may feel the need to increase their defence budgets. In short, these spiralling developments would be most unwelcome for the region as a whole.

Because security in the Asia Pacific would greatly suffer as a result of armed conflict between mainland China and Taiwan, and especially between China and the US, all sides need to recognize that as China's reunification with Taiwan is a domestic matter, it is best left to the internal players to resolve the problem peacefully. The best contribution that the external players could render would be for them to encourage and support the domestic process.

IV. Concluding Remarks

The preceding paragraphs have shown that political imperatives have prevailed in Malaysia's relations with Taiwan in the last decade and a half. With China continuing to emerge as a major regional and global power, Malaysia's adherence to the "One-China Policy" will not be changed in Taiwan's favour. For Kuala Lumpur, as the cross straits issue is a domestic matter between mainland China and Taiwan, it will be left to both sides to resolve their differences peacefully. Malaysia is confident that if there is no external intervention (ie, by the US), given time, re-unification between both sides will be achieved.