

Prevent a conflict from breaking out

By Ivy Kwek

As traditional hedging and balancing practices may not be sustainable in a Taiwan conflict, Malaysia should consider proactively preventing conflict from breaking out.

Tensions over the Taiwan Strait have risen following the high-profile visit by the United States (US) Speaker of the House Nancy Pelosi in August this year. While neither of the three key actors—the US, China, and Taiwan—wants war, divergences in their goals and approaches risk pushing relations over the edge. Any contingencies in Taiwan, whether a full-fledged invasion or a blockade, will significantly affect Malaysia's core interests as a maritime nation and a claimant state in the South China Sea.

Firstly, the geographical proximity of the Taiwan Strait and the South China Sea must not be understated. As China steps up military activities surrounding the Strait, the heat will also spill over into the South China Sea. Chinese vessels reportedly conducted a beach landing exercise in an undisclosed location in the South China Sea in June 2022, and have been active in the Bashi Channel, part of which is situated within the Philippines' exclusive economic zone.



Image Credit: Unsplash/Winston Chen

In the lead up to Pelosi's visit, the USS Ronald Reagan passed through South China Sea and remained in the vicinity. Increased American and Chinese military presence elevate the risk of unintended incidents and unforeseen accidents at sea. There has also been talks about whether Singapore and the Philippines will be expected to grant transit access to US forces during a crisis, and whether China would consider that 'hostile', essentially dragging Southeast Asia into a conflict.

In any case, it is essential for Malaysia that the sea lanes of communications are kept open, and the flow of goods continue. About one-third of global maritime trade passes through the South China Sea and the Malacca Straits. More than 30% of global crude oil trade transited through the South China Sea from Africa and the Middle East via the Straits, with a significant amount refined in Malaysia and Singapore.

A military attack on Taiwan will also severely impact exports to and imports from Northeast Asia. China is Malaysia's **biggest trading partner** and its second largest export market. A Taiwan contingency will **affect** the Malaysian semiconductor industry, which tests and assembles many Taiwan-origin chips and is increasingly becoming an **important node** in the global supply chain. There will also be further economic reverberations. China's economy might suffer, which will in turn affect Southeast Asian economies. If the US imposed sanctions on China, the bottom lines of many Malaysian businesses trading with China will be affected too.

A Taiwan contingency would also have broader strategic ramifications. While Chinese defence minister Wei Fenghe **adopted** a more conciliatory tone over the South China Sea at the recent Shangri-la Dialogue in June 2022, Chinese hostilities towards Taiwan would indicate China's capability and resolve should it aggressively assert its South China Sea claims. China's 'grey zone tactics' against Taiwan also resemble some of its harassments towards Southeast Asian claimant states.

A Taiwan conflict might further pressure Southeast Asian states to choose sides. With the Taiwan issue increasingly taking centre stage in US-China relations, Malaysia's traditional hedging and balancing practices may not be sustainable if the conflict threatens its national security. It is therefore in Malaysia's interest—and Southeast Asia's in general—to take proactive steps to prevent a conflict from breaking out over Taiwan.

The recent **statement** issued by the Association of Southeast Asian Nations (ASEAN) following Pelosi's visit was a welcome development. While the statement was careful not to mention Taiwan by name, it was significant because it was the first time the group put out a statement on the Taiwan Strait issue. Encouragingly, it also states that ASEAN "stands ready to play a constructive role in facilitating peaceful dialogue between all parties including through utilizing ASEAN-led mechanisms to deescalate tension, to safeguard peace, security and development in our region".

ASEAN-led mechanisms might indeed provide a platform for exchanges on neutral ground, especially in the absence of effective dialogues between US and China. Critics might point out ASEAN's lacklustre crisis management record, particularly on the ongoing situation in Myanmar, as reasons to be skeptical for an ASEAN-facilitated dialogue over Taiwan. But ASEAN policymakers could still make the case to signal the concerns of Southeast Asian states and highlight the group's multilateral convening power record over regional flashpoints.

Malaysia will understandably want to adhere to its "One China Policy" to preserve its good relations with China. But this should not deter Putrajaya from taking actions to help prevent a crisis. Malaysia should leverage its good relations with China, the US, and Taiwan to encourage and establish dialogues and crisis management mechanisms and take de-escalatory measures, while also creating

conditions to deter Beijing from pursuing forceful reunification. It is also essential that Malaysia work with other ASEAN member states to pool resources and reclaim the group's centrality by presenting ASEAN as a viable go-between for all the parties.

Meanwhile, Malaysia should also plan for contingencies. Crisis simulations should consider a Taiwan contingency scenario in which Malaysian security actors will have to respond to regional spillovers, including riskier manoeuvres and unplanned encounters in the South China Sea, while also managing other threats in the Sulu and Celebes Sea. Malaysia should also consider expanding military exercises to include other regional powers, as Indonesia did recently with the **Garuda Shield** Exercise. Finally, Malaysia should start talks with Taiwan to plan for the contingencies, including the evacuation of the sizable number of Malaysians in Taiwan.

A future conflict in Taiwan is not unavoidable. Despite its relatively limited power, Southeast Asia does wield some influence in shaping whether it occurs. Malaysia, along with the other ASEAN member states, must do all they can to prevent a conflict from breaking out over Taiwan and carefully consider its options should it come to that.

Ivy Kwek is a Fellow (China) at the International Crisis Group. Prior to that, she

was a Visiting Scholar at the National Chengchi University, Taiwan and has served as the Special Functions Officer to the Deputy Minister at the Ministry of Defence, Malaysia. She tweets at [@kwekii](https://twitter.com/kwekii).