



Situating Malaysia's Defence Partnerships: Prospects for the Next Decade

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EXECUTIVE SUMMARY

Malaysia occupies a vital geostrategic position, straddling the Malacca Straits and the South China Sea. While its pragmatic diplomatic traditions have historically allowed it to maintain a delicate equilibrium, the deepening competition between the United States and China is increasingly challenging Malaysia's ability to safeguard its strategic autonomy. Utilising the Malaysian government's Defence White Paper as a foundational policy document, the paper assesses the impact of the shifting power dynamics between the United States and China on Malaysia and on regional stability in Southeast Asia, identifies key security risks likely to shape the Malaysian strategic environment in the near future, and evaluates Malaysia's five most consequential defence partnerships from strategic, operational, and political perspectives. The paper outlines a transition in Malaysia's security posture from a narrow territorial focus to a broader spectrum of contemporary challenges, including maritime security, non-traditional threats, capacity building, and regionalism and multilateral cooperation. It concludes with policy-oriented recommendations designed to serve as a roadmap for Malaysian policymakers to navigate a contested equilibrium, ensuring the nation remains a contributor to regional stability without being forced into a rigid alignment with any single major power.

INTRODUCTION

Malaysia occupies a vital geostrategic position, straddling the Malacca Straits and the South China Sea. While its pragmatic diplomatic traditions have historically allowed it to maintain a delicate equilibrium, the deepening competition between the United States and China is increasingly challenging Malaysia's ability to safeguard its strategic autonomy. Utilising the Malaysian government's Defence White Paper as a foundational policy document, the paper assesses the impact of the shifting power dynamics between the United States and China on Malaysia and on regional stability in Southeast Asia, identifies key security risks likely to shape the Malaysian strategic environment in the near future, and evaluates Malaysia's five most consequential defence partnerships from strategic, operational, and political perspectives. The paper outlines a transition in Malaysia's security posture from a narrow territorial focus to a broader spectrum of contemporary challenges, including maritime security, non-traditional threats, capacity building, and regionalism and multilateral cooperation. It concludes with policy-oriented recommendations designed to serve as a roadmap for Malaysian policymakers to navigate a contested equilibrium, ensuring the nation remains a contributor to regional stability without being forced into a rigid alignment with any single major power.

Malaysia's security posture has evolved beyond a predominantly territorial orientation to encompass a broader spectrum of challenges, including maritime security, non-traditional and transnational threats, and capacity-building imperatives, reflecting the increasingly complex and interconnected security environment facing Malaysian policymakers. This strategic adaptation, in turn, has positioned Malaysia as an important partner for both regional neighbours and extra-regional powers, enabling it to leverage defence partnerships to enhance capabilities, calibrate alignment, and contribute to stability in the region. At the same time, Malaysia's role within the Association of Southeast Asian Nations (ASEAN) remains central to its strategic outlook, as it continues to prioritise regionalism, consensus-building, and the preservation of Southeast Asia's autonomy amid intensifying great-power competition. As both a contributor to and beneficiary of ASEAN-led security frameworks, Malaysia reinforces multilateral cooperation while relying on the organisation as a key platform for managing tensions and sustaining regional stability.

Against this backdrop, this report offers an analysis of Malaysia's defence relationships within the Southeast Asian and the broader Indo-Pacific security orders. It begins with a section outlining the strategic background and evolving regional security context confronting Malaysia's political leadership and security establishment. Next, the report summarises and discusses the major premises of the *Defence White Paper*, the most important security and defence policy document of the Malaysian government in recent years. The report then examines Malaysia's assessment of the balance of power between the United States and China in the next decade. Building on this foundation, the report evaluates the key security risks and threats likely to shape Malaysia's strategic environment in the near future. It then surveys Malaysia's major defence partnerships and identifies and analyses the five most consequential partners for Malaysia in the next decade, from the strategic, operational, and

political perspectives. The report concludes with a set of policy-oriented recommendations aimed at strengthening Malaysia's security and autonomy while leveraging these defence partnerships.

STRATEGIC BACKGROUND AND SECURITY ENVIRONMENT FACING MALAYSIA

The 2020 *Defence White Paper* describes Malaysia as a “maritime nation with continental roots,” a characterisation that captures the multifaceted nature of the country's geostrategic environment.¹ This dual identity reflects Malaysia's unique geography, comprising two distinct regions – Peninsular Malaysia and East Malaysia – separated by the South China Sea and yet linked politically and economically under a single federal system. The juxtaposition of extensive coastlines and strategically important maritime routes with substantial land borders presents both opportunities and vulnerabilities, compelling Malaysian policymakers to balance territorial integrity with maritime security concerns. This geographic configuration also shapes broader considerations of national cohesion, as defence planning must account for the diverse topographies and population distributions across both regions.

Beyond geography, Malaysia's socio-political landscape is also significantly influenced by its security environment. The country is home to a multicultural, multiethnic population, with Malays, Chinese, Indians, and Bornean natives (in addition to smaller groups of indigenous people on the Malay Peninsula) forming the core of its demographic composition. Governance is anchored in a democratic parliamentary system and a unique rotational constitutional monarchy, which functions as a symbolic unifier across the nation's ethnic and regional divides. Maintaining a social-political order that ensures the peaceful coexistence of these communities is a fundamental security imperative.

Malaysia's security architecture reflects these internal and external threats. Internally, the country is required to manage a spectrum of challenges ranging from ethnic and religious tensions or extremism to criminal syndicates and a growing, potentially grave centrifugal tendencies. Externally, Malaysia faces both traditional and non-traditional security challenges. Traditional security concerns include the defence of its land borders and maritime boundaries in disputed areas. Non-traditional threats, many of which are transnational in nature, include illegal migration, smuggling, maritime crimes, and so forth, all of which can intersect with and exacerbate traditional security challenges. Moreover, cyber threats, economic vulnerabilities, and environmental security risks increasingly interact with these more conventional domains, highlighting the complexity and interconnectedness of the contemporary security environment.

¹ Ministry of Defence of Malaysia, *Defence White Paper*, Ministry of Defence, 2020, p. 11, https://www.mod.gov.my/images/mindef/article/kertas_putih/KPP2.pdf

The multifaceted nature of Malaysia’s security environment can thus be understood through a categorisation of internal and external, traditional and non-traditional, and land- and maritime-based threats. The following Table 1 provides a basic illustration of both the internal and external security Malaysia has to cope with.

Table 1: Security Environment of Malaysia

	Land-Based	Maritime
NON-TRADITIONAL SECURITY	<p>Internal</p> <ul style="list-style-type: none"> • Religious extremism • Domestic ethnic discords² • Domestic Terrorism <p>External</p> <ul style="list-style-type: none"> • Cross-border smuggling • Movement of border communities 	<p>Internal</p> <ul style="list-style-type: none"> • Criminal syndicates <p>External</p> <ul style="list-style-type: none"> • Illegal fishing • Illegal migration and human trafficking • Illicit smuggling • Militancy, piracy and sea armed robbery
TRADITIONAL SECURITY	<p>Internal</p> <ul style="list-style-type: none"> • Growing centrifugal tendencies <p>External</p> <ul style="list-style-type: none"> • Un-demarcated Land borders with Brunei and Indonesia • Un-demarcated areas with Thailand 	<p>External</p> <ul style="list-style-type: none"> • South China Sea dispute • Philippines’ claims over Sabah and the Sulu dispute • Maritime disputes with Indonesia, Brunei, the Philippines, Vietnam, Singapore, and Thailand

The strategic challenges confronting Malaysia are further compounded by evolving global and regional dynamics. On the global stage, great-power competition between the United States and China increasingly shapes the Indo-Pacific security environment, with both powers seeking to expand their influence through security, economic, and technological instruments. Malaysia faces the delicate task of navigating these pressures without compromising its strategic autonomy. Its security posture, therefore, is as an adaptive effort responding to an

² We use academic term “ethnic” rather than the more common narrative of “racial” in Malaysia.

interconnected set of internal and external pressures. National security thus depends not only on conventional military power, but also on comprehensive strategies that build national resilience and cohesion, overcome siloed governance, integrate defence, law enforcement, and intelligence efforts, and leverage diplomacy and strategic defence partnerships at both bilateral and multilateral levels.

THE DEFENCE WHITE PAPER AND MALAYSIA'S SECURITY POSTURE

The *Defence White Paper* was tabled in Malaysia's parliament in December 2019 and subsequently approved and published in 2020, outlining Malaysia's defence reform and modernisation directions from 2021 to 2030.³ The *Defence White Paper* has received endorsement from all subsequent administrations in Malaysia coming from different and opposing political parties, showing its national and nonpartisan nature. Until today, the document remains the most articulate, accessible, and influential defence and security policy document produced by any government in Malaysia.

At the strategic level, the *Defence White Paper* articulates the overarching objective of safeguarding Malaysia's sovereignty, territorial integrity, and national interests in support of a secure and prosperous nation. It situates Malaysia's critical interests across its land, air, maritime, and emerging cyber and electromagnetic domains. The document underscores that national defence is not an end in itself but a foundational enabler of political stability, economic development, and social cohesion.

The *Defence White Paper* envisages Malaysia's defence strategy as being structured around three interrelated and integrated pillars: (1) Concentric Deterrence; (2) Comprehensive Defence; and (3) Credible Partnerships.⁴ The first pillar, Concentric Deterrence, is designed to dissuade any form of intrusion or conflict from encroaching upon Malaysia's homeland and its extended and forward areas. Its core emphasis lies in strengthening the capabilities of the Malaysian Armed Forces (MAF), particularly by enhancing "jointness" among the three services (army, navy, and air force) and by integrating operations across the cyber and electromagnetic domains. Through Concentric Deterrence, Malaysia seeks to shape adversaries' risk calculations by fielding credible, multi-domain capabilities, supported by effective surveillance and the capacity to respond in a calibrated and proportionate manner across a range of contingencies. The *Defence White Paper* devotes one chapter to the "Future Force," where the modernisation of each MAF branch aims to enhance interoperability and the capabilities in to respond to crises in two theatres simultaneously.

³ "Malaysia's first Defence White Paper tabled in Parliament," New Straits Times, December 2, 2019, <https://www.nst.com.my/news/nation/2019/12/543948/malaysias-first-defence-white-paper-tabled-parliament/>.

⁴ Ministry of Defence of Malaysia, Defence White Paper, Ministry of Defence, 2020, p.5, https://www.mod.gov.my/images/mindef/article/kertas_putih/KPP2.pdf

The second pillar is Comprehensive Defence. This is an updated version of the 1970s and 1980s doctrines: KESBAN (*Keselamatan dan Pembangunan*, meaning “Security and Development”) and HANRUH (*Pertahanan Menyeluruh*, meaning “Holistic Defence”). These doctrines envision defence and security as responsibilities shared by the government and society. Principally, this pillar introduces a “whole-of-government and whole-of-society” approach that integrates civilian, military, economic, and technological dimensions. By involving civil society, the private sector, and the general public, it aims to strengthen national resilience, foster a deeper awareness of security risks and threats. Ultimately, this is meant to enhance public preparedness to prevent, withstand, and recover from a wide spectrum of security challenges.

The third pillar is Credible Partnerships. The *Defence White Paper* affirms Southeast Asia as the cornerstone of regional security partnerships while recognising the need for pragmatic bilateral and multilateral partnerships beyond the region. Through these partnerships, Malaysia seeks to enhance the capabilities and preparedness of the MAF, address shared security challenges, and contribute to regional stability in accordance with international law, established rules, and accepted norms. It also affirms Malaysia’s commitment to the international community by active participation in peacekeeping missions and regional security forums.

In addition to the above premises, the *Defence White Paper* also calls for governance reforms related to the defence sector, which has been shrouded in non-transparency in the past, including a more disciplined investment planning, greater parliamentary participation in defence affairs, and stronger institutional oversight. At the same time, it highlights the importance of developing domestic defence industrial capabilities as a pathway toward greater self-reliance, talent development, and creating economic opportunities.

In September 2025, the Malaysian government launched the midterm review of the *Defence White Paper*.⁵ The review reaffirmed the major policy recommendations while incorporating new elements such as the emergence of disruptive advanced technologies and the lessons of non-traditional threats like the COVID-19 pandemic. Furthermore, it renewed the focus, with heightened vigilance, on the security risks emanating from the contested South China Sea.⁶

MALAYSIA’S ASSESSMENT OF US-CHINA REGIONAL POWER DISTRIBUTION IN THE COMING DECADE

Publicly, Malaysian leaders and officials rarely make open statements regarding regional strategic developments, especially about the power distribution between the United States and China. They typically offer broad acknowledgement that both powers are and will

5 Ministry of Defence of Malaysia, *Kajian Separuh Penggal Kertas Putih Pertahanan* (Ministry of Defence, 2025).

6 Mohd Imran Ibrahim, “Supporting Malaysia’s defence White Paper mid-term review,” *New Straits Times*, October 28, 2025, <https://www.nst.com.my/opinion/columnists/2025/10/1303697/supporting-malaysias-defence-white-paper-mid-term-review>.

remain, immensely consequential to Malaysia's security and wellbeing. The Defence White Paper provides a strategic outlook that implicitly anticipates a contested balance of power between the United States and China through 2030, with neither power achieving clear or uncontested dominance in the Indo-Pacific. From Malaysia's perspective, the strategic environment is expected to be characterised by sustained great-power rivalry, rather than a decisive transition to a China-led order or remaining a US-led order. Moreover, the 2025-2035 decade is expected to harbour more uncertainty than the one preceding it. Within a year of taking office in early 2025, the second Trump administration in the United States has fundamentally upended the conventional international order. Simultaneously, China's growing technological and military capabilities, combined with its stated determination to achieve national reunification with Taiwan, represent another profound source of regional instability. This expectation of persistent uncertainty underpins Malaysia's continued emphasis on hedging, resilience, and strategic autonomy over formal alignment.

Malaysia expects China's national power to rise or remain high, even if its economic dynamism slows down. By 2035, China will maintain robust strategic industries and military capabilities despite slower economic growth due to ageing demographics, debt burdens, and sluggish consumer confidence. It will continue its high-tech investments and prioritise military modernisation, aiming for a fully modernised People's Liberation Army (PLA) by the mid-2030s: have a powerful naval reach, a stronger and consolidated presence in the South China Sea, and greater leadership in infrastructure and AI development. Arguably, rising geopolitical barriers and trade decoupling could weigh on China's future growth, with research showing that geopolitical tensions will have a measurable impact on its economic performance. Its assertive behaviours in the South China Sea will continue to generate reservations among regional countries, including for Malaysia, about accepting China's dominant role in the region.

Following the release of the new National Security Strategy by the Trump administration in November 2025, Malaysia anticipated that the United States would shift its strategic priorities to the Western Hemisphere.⁷ However, a significant degree of commitment to the Indo-Pacific region is expected to remain. Even if its relative dominance declines, the United States will still continue as an enduring resident power in the region, especially given its alliance relations with Japan, South Korea, the Philippines, and Australia, alongside its institutionalised military exercise regime in Southeast Asia. Notably, US Indo-Pacific alliances have not been tested in the same manner as NATO, and are unlikely to encounter equivalent challenges. This resilience is due to the shared interest in hedging against China, generally stable political relationships with regional partners, and the inherent flexibility of a bilateral alliance structure. Regardless of administration changes over the next decade, US influence is expected to be asserted through partnerships, forward presence, and coalition-building rather than unilateral primacy, reflecting both domestic constraints and the rise of other powers.

⁷ United States of America, *National Security Strategy of the United States of America* (The White House, November 2025).

By 2035, Malaysia expects a more multipolar Indo-Pacific, with US–China competition as a central but not singular feature, and with China emerging as the most powerful actor, though not to an extent that would preclude collective constraints by other states, in contrast to US dominance in the Western Hemisphere.⁸ By 2035, middle powers such as Japan, South Korea, India, Australia, and key ASEAN member states are expected to play more active balancing roles. Neither Washington nor Beijing will be fully dictating regional rules and norms. This diffusion of power aligns with Malaysia’s preference for a pluralistic regional order.

SECURITY RISKS AND TRENDS FOR MALAYSIA IN THE NEXT DECADE

Building on the previous sections, the following analysis explores the major security risk categories likely to shape Malaysia’s defence priorities by 2035.

South China Sea Dispute

The South China Sea dispute remains Malaysia’s most acute external source of security concern. China’s expansive claims in the South China Sea overlap significantly with Malaysia’s Exclusive Economic Zone (EEZ), encompassing a vast maritime area as well as several island features. In addition to China, both Vietnam and the Philippines maintain overlapping claims with Malaysia. Illegal fishing by Vietnamese vessels in Malaysian waters in the South China Sea has been a particularly persistent challenge for Malaysia’s maritime law enforcement agencies. With Vietnam government now more committed to tackling the illegal fishing issue, this problem is likely to reduce in the coming years but unlikely to completely disappear.⁹

In recent years, both Vietnam and the Philippines have taken concrete steps to reinforce their respective claims and positions in the South China Sea. Vietnam has undertaken an ambitious program of expanding and fortifying the features it occupies, while the Philippines has strengthened its legal position through the enactment of domestic legislation such as the Philippine Maritime Zones Act and the Archipelagic Sea Lanes Act.¹⁰ While these

8 The preferred scenario will be “multipolarity and managed détente” end-state as described in Joel Petersson Ivre, Manpreet Sethi, and Frank O’Donnell, “Regional End-States and Beyond: Asia-Pacific Views on the US-China Relationship and Regional Stability,” *Asia-Pacific Leadership Network*, September 19, 2024, p.5 <https://cms.apln.network/wp-content/uploads/2024/09/APLN-Regional-End-States.pdf>

9 “Malaysia to bolster support for Vietnam in halal industry, IUU fishing combat,” *The Star*, December 13, 2025, <https://www.thestar.com.my/aseanplus/aseanplus-news/2025/12/13/malaysia-to-bolster-support-for-vietnam-in-halal-industry-iuu-fishing-combat>.

10 “No Islet Left Behind: Vietnam Reclaims Land at Every Remaining Spratly Outpost,” *Asia Maritime Transparency Initiative*, August 22, 2025, <https://amti.csis.org/no-islet-left-behind-vietnam-reclaims-land-at-every-remaining-spratly-outpost/>; B.A. Hamzah and Vivian Forbes, “New Philippine laws designate sea lanes for ship, flight passage,” *New Straits Times*, November 28, 2024, <https://www.nst.com.my/opinion/columnists/2024/11/1140664/new-philippine-laws-designate-sea-lanes-ship-flight-passage>

developments impinge upon some of Malaysia's claimed features and maritime rights in the South China Sea and are problematic or unfavourable to Malaysia, they are unlikely to precipitate significant changes in Malaysia's strategic calculations over the next decade.

From Malaysia's national security perspective, China represents the most consequential and concerning actor in the South China Sea.¹¹ Among all claimants, China's claims are the least consistent with the fundamental principles of international maritime law. In the next ten years, China may also use legal means to bolster or clarify its claims further that would have adverse implications for Malaysia. Moreover, China is undertaking the most rapid and extensive naval modernisation program in the region. Within the next decade, China could plausibly become the world's largest navy not only in terms of ship numbers but also in overall tonnage and operational capabilities, with the likely introduction of additional aircraft carriers and advanced destroyers.¹²

Historically, China's record in resolving disputes through the use of force has been mixed, encompassing both peaceful negotiations and military confrontations. Notably, most of China's successful negotiated settlements have involved land borders rather than maritime disputes. With the partial exception of the Gulf of Tonkin agreement with Vietnam, China has been unable to resolve its maritime disputes with neighbouring states. Since the 2010s, tensions between China and its neighbours over disputed territories and maritime zones have intensified. China has engaged in a series of confrontations with Japan, the Philippines, India, and Vietnam, some of which have escalated into violent and even deadly incidents. These episodes reflect a hardening of China's posture in both territorial and maritime disputes.

Although Malaysia has thus far avoided the most destabilising manifestations of the South China Sea dispute with China, recent developments are increasingly worrisome. These concerns are driven primarily by the growing frequency and persistence of Chinese incursions into Malaysian waters. Since the mid-2010s, China has maintained a near-constant presence of coast guard vessels around Luconia Shoals, a maritime feature located approximately 80 nautical miles off the coast of Sarawak and well within Malaysia's EEZ.¹³ A particularly alarming incident occurred on 31 May 2021, when sixteen aircrafts from the People's Liberation Army Air Force (PLAAF) flew close to Malaysian airspace over the disputed waters.¹⁴ The aircraft only departed after the Royal Malaysian Air Force (RMAF) publicly issued a warning and scrambled fighter jets to intercept them.¹⁵

11 Interview with an MAF official, October 24, 2025. In the interview, this official said "China will be bolder and bolder, it already expanded its operations from outside our EEZ to now inside our EEZ."

12 Ken Moriyasu, "China aircraft carriers set to outnumber US in Pacific by 2035: analysts," *Nikkei Asia*, December 30, 2025, <https://asia.nikkei.com/politics/international-relations/indo-pacific/china-aircraft-carriers-set-to-outnumber-us-in-pacific-by-2035-analysts>.

13 "Armed forces monitoring Chinese vessel at South Luconia Shoals," *Free Malaysia Today*, 1 January 2026, <https://www.freemalaysiatoday.com/category/nation/2026/01/01/armed-forces-monitoring-chinese-vessel-at-south-luconia-shoals>.

14 Identified by the RMAF as Ilyushin Il-76 and Xian Y-20 strategic transport aircraft. See "RMAF detects Chinese aircraft flying close to national airspace," *Bernama*, 1 June 2021, <https://www.bernama.com/en/news.php?id=1967683>.

15 Ahmad Abdul Razak, Kuik Cheng-Chwee, Lai Yew Meng, "PLA overflight near Malaysian airspace: A precarious provocation," *ThinkChina*, July 5, 2021, <https://www.thinkchina.sg/politics/pla-overflight-near-malaysian-airspace-precarious-provocation>.

Due to these incidents and developments, Malaysia has quietly undertaken a military buildup in East Malaysia. The government has acquired and installed new maritime awareness and air surveillance capabilities, established a new naval command in Sarawak, deployed additional units, and increased the frequency of exercises, including with foreign partners, in the waters off Sabah and Sarawak.¹⁶ The Mid-term Review of the Defence White Paper has notably highlighted the “aggressive stance and external policy... of a country who claimed almost the entire South China Sea”, openly but implicitly referring to China without naming it (and taking a much stronger stance than the 2020 DWP), signifying the changing strategic developments.¹⁷ These measures reflect growing concern in Malaysia over the evolving security environment in the South China Sea. Among all claimants in the South China Sea, China is not only the most militarily capable actor but also the one most likely to employ coercive measures to advance its claims. China’s growing assertiveness may be driven by a combination of nationalism, prestige, expanding material capabilities, and geostrategic competition with the United States, all of which are likely to intensify in the coming years. While Malaysia’s diplomacy has thus far been effective in managing the dispute and preventing escalation, Malaysia’s ability to respond meaningfully would be constrained should China adopt a more forceful or coercive approach in the coming decade.



Aerial View of The Malaysian Royal Navy Warships in Kuching, Sarawak, Malaysia. Photo by Davian Chang, Courtesy iStock Images.

16 Rahman Yaacob, “Malaysia’s Silent Military Build Up on Borneo,” *The Interpreter*, June 10 2025, <https://www.lowyinstitute.org/publications/malaysia-s-silent-military-buildup-borneo>.

17 Kuik Cheng-Chwee, “Malaysia Reassesses Security: The Mid-Term Review of the Malaysian Defence White Paper,” *ISEAS Perspectives*, No. 11, February 11, 2026, <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2026-11-malaysia-reassesses-security-the-mid-term-review-of-the-malaysian-defence-white-paper-by-kuik-cheng-chwee/>

Maritime and Territorial Disputes with Immediate Neighbours

Malaysia's territorial and maritime disputes with its immediate neighbours are comparatively less prominent internationally, yet they remain important for understanding Malaysia's security environment. As the 2025 eruption of Cambodia-Thailand border conflict showed, unresolved disputes, even dormant ones, could unexpectedly escalate to destabilising confrontations triggered by miscalculations, domestic political pressures, or external shocks.

The Philippines' claim to the Malaysian state of Sabah has largely remained dormant but occasionally resurfaced to cast a shadow over bilateral relations and posing security implications for Malaysia.¹⁸ At its core, the claim challenges Malaysia's territorial sovereignty over Sabah and introduces a latent source of strategic uncertainty in eastern Malaysia. From a security standpoint, the claim complicates Malaysia's efforts to fully normalize border management and maritime governance in the Sulu and Sulawesi seas, which are already burdened by flows of undocumented migrants, transnational crime, piracy, smuggling, and militant activity.¹⁹ This was most acutely evident in the 2013 Lahad Datu intrusion by armed militants linked to the Sulu Sultanate. The intrusion, despite not being instigated by the Philippines authorities, stemmed nonetheless due to this unresolved claim. The MAF successfully repelled the militants, and in the aftermath instituted a new Eastern Sabah Security Command (ESSCOM) to increase security surveillance and protection. ESSCOM has since then become a crucial component of Malaysia's defence and deterrence efforts in eastern Malaysia. Nonetheless, the persistence of non-state actors, porous maritime borders, and longstanding social and familial ties across the Malaysia–Philippines maritime boundary create conditions in which small-scale incursions or violence could recur.²⁰

Looking ahead over the next decade, domestic political pressures, nationalist mobilisation, or leadership changes in Manila could incentivize renewed rhetorical or legal emphasis on the claim, even if practical enforcement remains unlikely. While outright interstate conflict remains improbable, the combination of unresolved sovereignty claims, non-state security threats, and regional instability means that the Sabah issue will continue to pose a low-probability but high-impact risk to Malaysia's security in the coming decade.

Malaysia has made substantial progress in managing its territorial and maritime disputes with Indonesia. On land, only small sections of the border between Sabah and Sarawak and Indonesia's Kalimantan provinces remain un-demarcated, as both sides broadly accept the existing alignment of the land boundary.²¹ The more consequential challenges lie at sea,

18 Jane Bautista, "PH revives Sabah claim in note to United Nations," *Philippine Daily Inquirer*, March 4, 2025, <https://globalnation.inquirer.net/269575/ph-revives-sabah-claim-in-note-to-united-nations>.

19 Lai Yew Meng, "Securing Sabah: Issues, Challenges and Response," *Journal of Public Security and Safety* 4, no. 2 (2015): 59-78, https://www.moha.gov.my/utama/images/Maklumat%20Bahagian/Ipsom/Volume%204/4_v4.pdf.

20 Interview with an MAF official, 24 October 2025.

21 Qistina Sallehuddin and Nor Ain Mohamed Radhi, "Over 94 per cent of Malaysia-Indonesia land boundary demarcation finalised, Dewan Rakyat told," *New Straits Times*, July 6, 2024, <https://www.nst.com.my/news/nation/2024/07/1077220/over-94-cent-malaysia-indonesia-land-boundary-demarcation-finalised>.

particularly in the Sulawesi Sea and, to a lesser extent, the Malacca Straits. Overlapping maritime claims in these areas have given rise to recurring disputes, including mutual accusations of illegal fishing and, more seriously, occasional confrontations between maritime law enforcement and naval forces in the past.²²

Despite these episodes, Malaysia–Indonesia security relations have remained largely cooperative. Both countries recognize the high costs of confrontation and the strategic importance of maintaining stable relations, given their deep economic ties, shared cultural and social links, and common security challenges. Over the years, bilateral mechanisms for dialogue and confidence-building measures have helped prevent disputes from escalating into sustained crises. These include a 2012 Memorandum of Understanding on Common Guidelines Concerning the Treatment of Fishermen by maritime law enforcement agencies, continuous border engagement through a General Border Committee, and a tentative consensus to engage in joint development in Sulawesi.²³ Looking ahead over the next decade, the security trajectory of Malaysia–Indonesia relations appears optimistic. Nevertheless, risks remain. Rising nationalism, domestic political pressures, or new resource discoveries could revive tensions, while increased naval capabilities on both sides may raise the stakes of future encounters.

With Thailand, Malaysia’s disputes are limited and relatively well managed. The two countries have overlapping maritime claims in the Gulf of Thailand. Malaysia and Thailand established the Malaysia–Thailand Joint Development Area (MTJDA) in 1979, enabling both sides to jointly exploit hydrocarbon resources while setting aside the question of sovereign rights to the resources. Thailand’s acquisition of three submarines in 2019 was said to be linked to enhancing its negotiation position with Malaysia regarding the renewal of MTJDA, set to expire in 2029, although this alone is unlikely to undermine the habits of collaboration between the two countries.²⁴ Brunei and Malaysia came to an agreement in 2009 regarding the Brunei’s claim to the Limbang area in Sarawak, with Brunei apparently dropping the claim, although it was never officially confirmed.²⁵ The claim however is likely to remain dormant and unlikely to post serious security concerns for Malaysia.

22 “Indonesia, Malaysia in ship spat,” *Al Jazeera*, April 10, 2005, <https://www.aljazeera.com/news/2005/4/10/indonesia-malaysia-in-ship-spat>.

23 “RI and Malaysia Agree to Solve the Fishermen Problem through Diplomacy,” *Antara News*, January 30, 2012, <https://en.antaranews.com/news/79547/ri-and-malaysia-agree-to-solve-the-fishermen-problem-through-diplomacy>; Akhmad Hanan, “The Ambalat dispute is a chance for Indonesia and Malaysia to lead by example in Asia-Pacific diplomacy,” *The Interpreter*, August 18, 2025, <https://www.lowyinstitute.org/the-interpreter/ambalat-dispute-chance-indonesia-malaysia-lead-example-asia-pacific-diplomacy>.

24 Termsak Chalermpananupap, “Deter Malaysia: Thailand’s navy wants Chinese submarines as both bargaining chip and deterrent,” *South China Morning Post*, September 17, 2020, <https://www.scmp.com/week-asia/opinion/article/3101884/deter-malaysia-thailands-navy-wants-chinese-submarines-both>.

25 “Brunei denies Sarawak border dispute resolved,” *Malaysia Today*, March 19, 2009, <https://www.malaysia-today.net/2009/03/19/brunei-denies-sarawak-border-dispute-resolved>.

Finally, Malaysia's maritime and air disputes with Singapore can sometimes be serious irritants, although the potentials of escalation will remain low in the next ten years, given the depth of economic interdependence and the high political costs of confrontation.²⁶ Maritime disputes have centred on overlapping territorial waters and port limits, particularly around areas such as Tuas (in the Strait of Johor) and Pedra Branca. While the sovereignty of Pedra Branca was settled by the International Court of Justice in 2008, related questions concerning maritime boundaries and surrounding features have continued to generate frictions. In the air domain, disagreements over airspace management in the southern Johor region, especially the control of airspace delegated to Singapore for civil aviation purposes, have periodically surfaced, intersecting with issues of sovereignty and safety.²⁷

Overall, Malaysia's territorial and maritime disputes with its neighbours are characterised by low-level tensions rather than acute security crises. Through decades of diplomacy and confidence-building measures, Malaysia and its neighbours have largely succeeded in preventing these disputes from escalating into open conflict. These disputes nonetheless will remain in contingency planning for the MAF and the defence establishment, as long as they remain unresolved.

Potential Taiwan Contingency

The issue of Taiwan is likely to be the most consequential factor shaping United States–China relations in the coming decade. Malaysia generally does not share the assessment, common in Western strategic discourse, that the PLA is likely to take military action against Taiwan as early as 2027. Malaysia's "One China" policy is also closer to Beijing's official position, which regards Taiwan as an inalienable part of China.²⁸ Nevertheless, Malaysia would find itself acutely vulnerable in the event of armed hostilities, or even a full-scale conflict, across the Taiwan Strait. The immediate priority would be the evacuation of an estimated 25,000 Malaysian nationals residing in Taiwan. Such an operation would almost certainly need to be largely self-reliant, as other ASEAN states, such as Indonesia, the Philippines and Vietnam, which have substantially larger expatriate communities on the island, would be expected to prioritise the evacuation of their own citizens rather than extend significant assistance to regional partners. Malaysia's current capabilities, even taking into consideration potential future investments or expansions of assets, do not provide an optimistic outlook for conducting a large-scale, time-sensitive non-combatant evacuation operation under contested conditions.

26 Abdul Rahman Yaacob and Steward Nixon, "Singapore–Malaysia relations in troubled waters," *East Asia Forum*, January 30, 2019, <https://eastasiaforum.org/2019/01/30/singapore-malaysia-relations-in-troubled-waters/>.

27 Hoo Chiew Ping, "A Malaysian perspective on the Malaysia-Singapore maritime dispute," *Bernama*, December 17, 2018, <https://www.bernama.com/en/news.php?id=1676311>.

28 Ngeow Chow Bing, "The 'one China' policy of Southeast Asian countries," *ThinkChina*, August 12, 2022, <https://www.thinkchina.sg/politics/one-china-policy-southeast-asian-countries>.

Beyond civilian evaluation, a major armed conflict between the United States and China over Taiwan would place the littoral states of the Strait of Malacca in an acutely exposed strategic position, despite their geographic distance from the immediate theatre of combat. As one of the world's most critical maritime chokepoints, the strait would assume heightened strategic salience for both belligerents, particularly as a conduit for energy supplies, commercial shipping, and naval transit linking the Indian and Pacific Oceans. Littoral states such as Malaysia, Indonesia, and Singapore confront difficult political and strategic choices as both Washington and Beijing will seek to shape access, logistics, and diplomatic alignment across Southeast Asia, and deny those to their adversaries. Should US–China relations further deteriorate in the coming years, with the prospect of armed conflict remaining latent but persistent, the Strait of Malacca would confront an operating environment defined by elevated uncertainty, intensified pressures on neutrality, and expanding requirements for Malaysia to deter strategic entanglement while preventing the waterway from emerging as an indirect theatre of major-power competition.

Federal-State Relations and Centrifugal Tendencies

A particularly notable development in Malaysia's domestic politics in recent years is the rise of centrifugal tendencies in certain regions, most prominently in the East Malaysian state of Sarawak. At present, and in the foreseeable future, these dynamics do not constitute a direct threat to Malaysia's national integration, as they remain largely articulated through institutional and elite-led bargaining processes within the federal system. However, if such tendencies are left unchecked over the next decade and beyond, they could assume a more politically consequential character. In both Sarawak and Sabah, persistent demands for greater autonomy and resource control (particularly the oil and gas deposits in the South China Sea) are coupled with enduring perceptions of federal neglect and marginalisation of East Malaysia, unfair and uneven development priorities and allocation of resources, and the poisonous effects of the partisan and identity-driven politics practiced in Peninsula Malaysia, which have hardened into more assertive regional identities and institutional contestation.²⁹

Sarawak has emerged as the more cohesive, vocal, and institutionally capable of the two East Malaysian states in resisting and bargaining with the federal government. In recent years, the Sarawak state government has successfully advanced an agenda that is frequently perceived as being at odds with federal preferences, including the establishment of a state-owned oil company PETROS that directly competes with Malaysia's national oil company PETRONAS, as well as the creation of parallel entities such as a state coast guard and a state-linked airline.³⁰ While these initiatives are not inherently destabilising and are largely pursued within constitutional and legal boundaries, their cumulative effect is likely to complicate

29 Arnold Puyok, "Autonomy in Sarawak and Sabah: Different Paths and Diverging Outcomes," *Trends in Southeast Asia*, No. 28 (2024), https://www.iseas.edu.sg/wp-content/uploads/2024/11/TRS28_24.pdf.

30 "Malaysia's Petronas seeks court clarity on Sarawak operations in gas licensing dispute," *Reuters*, January 12, 2026, <https://www.reuters.com/business/energy/malysias-petronas-seeks-court-clarity-sarawak-operations-amid-gas-licensing-2026-01-12/>.

federal-state relations, strain policy coordination, and introduce new vulnerabilities into Malaysia's governance architecture, particularly during periods of economic stress or political fragmentation at the federal level over the next decade.

A more worrisome ramification lies in the potential exploitation of such institutional and political vulnerabilities and asymmetries by foreign actors, who may seek to leverage state-level autonomy, economic ambitions, or regulatory divergence to advance their strategic, commercial, or influence objectives in ways that do not necessarily align with Malaysia's national interests or are even harmful to such interests.

Terrorism, Extremism, and Transnational Crimes

Malaysia has largely contained violent terrorist and extremist movements, and thus currently ranks low on global terrorism impact indices, reflecting years of successful counterterrorism efforts.³¹ Yet, global terror networks and ideologies continue to evolve. Extremist activities can emerge through online radicalisation, returning or traveling foreign militants and fighters, networks exploiting societal grievances, or spillovers from conflicts in neighbouring countries. In July 2025, Malaysian authorities detained a network of Bangladeshi nationals suspected of ties with the Islamic State, highlighting that external extremist organisations can exploit labour migration flows and transnational linkages to establish footholds and raise funds.³² Over the next decade, Malaysian policymakers are likely to confront a persistent, evolving terrorism risk landscape.

An important and concerning trend is the shift toward digital radicalisation and “lone-wolf terrorism”.³³ Extremist actors increasingly use social media platforms, encrypted messaging services, and other online forums to disseminate propaganda, recruit sympathisers, and facilitate clandestine communication, often without direct, physical contact.³⁴ This kind of digital influence and mobilisation is particularly pronounced among youth and marginalised populations. As technological adoption continues to deepen, these digital pathways are likely to remain a central risk factor, complicating traditional monitoring and requiring more sophisticated cyber-focused countermeasures. This requires policymakers to balance enforcement, intelligence cooperation, community resilience, and prevention strategies with

31 U.S. Embassy in Malaysia, “Country Reports on Terrorism 2023: Malaysia,” U.S. Embassy in Malaysia, December 13, 2024, <https://my.usembassy.gov/country-reports-on-terrorism-2023-malaysia/>.

32 “Malaysia dismantles Islamic State network involving workers from Bangladesh,” *Reuters*, July 4, 2025, <https://www.reuters.com/business/media-telecom/malaysia-dismantles-islamic-state-network-involving-workers-bangladesh-2025-07-04/>.

33 Amir Yusof, “Suspect in Johor police station attack was ‘lone wolf’, says Malaysia’s home minister,” *Channel News Asia*, May 18, 2024, <https://www.channelnewsasia.com/asia/johor-police-station-attack-suspect-lone-wolf-home-minister-4345736>.

34 Nor Ain Mohamed Radhi, “Expert warns Malaysia must not ‘underestimate’ potential extremist threats,” *New Straits Times*, January 4, 2026, <https://www.nst.com.my/news/nation/2026/01/1350306/expert-warns-malaysia-must-not-underestimate-potential-extremist>; “Refugees and radicalisation: Addressing Malaysia’s overlooked security risks,” *Business Today*, January 3, 2025, <https://www.businesstoday.com.my/2025/01/03/refugees-and-radicalisation-addressing-malysias-overlooked-security-risks/>.

robust regional partnerships and adaptive policy frameworks capable of addressing both offline and online manifestations of violent extremism.³⁵

In addition, Malaysia will also likely face increasing security risks from transnational criminal networks that exploit its long borders and extensive trade and labour flows. These networks encompass a range of illicit activities, from drug and wildlife trafficking to human smuggling, cyber-enabled financial crimes, and the cross-border movement of contraband. Their operations are often highly adaptive, leveraging weak regulatory oversight in peripheral regions and sophisticated logistics channels tied to legitimate commerce. Malaysia's long coastlines, busy ports, and economic corridors present attractive transit points for such networks, amplifying risks not only to domestic security but also to governance, economic integrity, and regional cooperation frameworks.

Cybersecurity, Artificial Intelligence, Disruptive Technologies

Technology-based challenges have increasingly blurred the lines of Malaysian policymakers' mindset about what is traditional and non-traditional security. Cyber threats represent one of the most significant emerging risks for Malaysia's national security architecture. The rapid digitisation of government, military, and civilian infrastructures broadens the attack surface for adversaries. Recent cybersecurity data indicate a steep increase in incidents, with Malaysia recording thousands of cyber intrusions, highlighting the urgency of bolstering cyber defence. In the first half of 2025 alone, over 2,300 incidents affecting National Critical Information Infrastructure were reported, on top of thousands recorded in the previous year.³⁶ In response, Malaysia upgraded its cyber command unit to the higher-level Cyber and Electromagnetic Defence Command in 2025, which is also in line with the Defence White Paper's call and was re-emphasised during the DWP mid-term review.³⁷

The Malaysian government has been very discreet in releasing any concrete information about cyber operations against the government or military infrastructure. In March 2021, North Korea cut diplomatic ties with Malaysia after a Malaysian court approved the extradition of a North Korean national to the United States. The MAF raised concerns about possible cyber retaliation by North Korea, given its track record of using cyber operations against countries involved in disputes with the regime. Documented instances of cyber-espionage in Malaysia include the 2015 APT30 campaign, allegedly affiliated with Chinese

35 Munira Mustafa, "When Opposition is Extremism: The Dangers of Oversecritisation and Online Vigilantism," *International Center for Counter-Terrorism Policy Brief*, February 26, 2024, <https://icct.nl/publication/when-opposition-extremism-dangers-over-secritisation-and-online-vigilantism>; Samuel D. Henkin, "Dynamic Dimensions of Radicalization and Violent Extremism in Sabah, Malaysia," *RESOLVE Network*, 2021, <https://www.start.umd.edu/publication/dynamic-dimensions-radicalization-and-violent-extremism-sabah-malaysia>.

36 Shyafiq Dzulkifli, "Malaysia faces rising cyber threats as incidents increase," *The Star*, July 26, 2025, <https://www.thestar.com.my/news/nation/2025/07/26/malaysia-faces-rising-cyber-threats-as-incidents-increase>.

37 "Cyber and Electromagnetic Defence Command to be set up," *The Star*, November 20, 2025, <https://www.thestar.com.my/news/nation/2025/11/20/cyber-and-electromagnetic-defence-command-to-be-set-up>.

authorities, and the more recent 2023 Dark Pink campaign.³⁸ The ongoing nature of this threat was underscored in August 2025 by the home minister, who identified foreign intelligence operations, specifically those utilising phishing and malware for data theft and human intelligence recruitment, as a primary national security challenge.³⁹

This trend is likely going to continue if not intensify in the coming decade. Moreover, the emergence of new technologies such as artificial intelligence (AI) will also magnify cybersecurity threats and risks. AI on its own has tremendous military implications, in terms of the emergence of autonomous weapons system. Potential adversaries can weaponize AI for cyberattacks, autonomous drone swarms, and decision-support manipulation.

For military operations, the coming decade will continue to witness the evolution and proliferation of unmanned aerial systems (UAS), loitering munitions, and electronic warfare capabilities. The next decade will see an expanded role for space capabilities and electromagnetic operations in national defence. Satellites for communication, navigation, and earth observation become high-value targets for hostile jamming, spoofing, or cyber manipulation.

MALAYSIA’S DEFENCE PARTNERSHIPS: CURRENT AND FUTURE TRENDS

Malaysia’s existing defence or security partnerships can be roughly categorised according to two dimensions: multilateral/multinational or bilateral, or with regional neighbours (members of ASEAN) and external powers (outside of ASEAN). The following Table provides a rough sketch of this multitude of partnerships.

Table 2: Malaysia’s Security and Defence Partnerships

	Multilateral/Multinational	Bilateral
ASEAN MEMBERS	<ul style="list-style-type: none"> • ASEAN security architecture • Malacca Straits Patrol (MSP) • Trilateral Cooperative Arrangement (TCA) 	<ul style="list-style-type: none"> • Indonesia • Singapore • Thailand • Brunei • The Philippines
NON-ASEAN COUNTRIES	<ul style="list-style-type: none"> • Five Powers Defence Arrangements (FPDA) 	<ul style="list-style-type: none"> • Australia • United States • China • Republic of Korea • Turkiye • Others

38 “China hackers spying on Malaysia, says report,” *The Malay Mail*, April 13, 2015, <https://www.malaymail.com/news/malaysia/2015/04/13/china-hackers-spying-on-malaysia-says-report/877607>; Ben Tan, “Report: ‘Dark Pink’ hacker group target govt, military data in South-east Asia, including Malaysia,” *The Malay Mail*, January 12, 2023, <https://www.malaymail.com/news/malaysia/2023/01/12/report-dark-pink-hacker-group-target-govt-military-data-in-south-east-asia-including-malaysia/49796>.

39 “Espionage remains persistent threat to Malaysia, says Home Minister,” *The Star*, August 21, 2025, <https://www.thestar.com.my/news/nation/2025/08/21/espionage-remains-persistent-threat-to-malaysia-says-home-minister>.

Multilateral Partnerships

When Malaya achieved independence in 1957,⁴⁰ it possessed only limited military capabilities to address both domestic and external security challenges. On the domestic front, the country faced a persistent communist insurgency, while externally Indonesia emerged as the most serious threat to Malaysia's security during the period of *Konfrontasi* (Confrontation) between 1963 and 1966. This episode remains Malaysia's most intense and only inter-state armed conflict in its post-independence history. Britain and regional Commonwealth members, particularly Australia and New Zealand, supported Malaya/Malaysia's national defence in this early period and became the country's earliest defence partners. Anglo-Malayan (later Malaysian) Defence Agreement (AMDA), signed right after Malaya's independence, was the key pillar of country's defence policy. AMDA was replaced by the Five Powers Defence Arrangements (FPDA) in 1971, in conjunction with Britain's policy of reducing its defence commitments east of Suez Canal since the late 1960s.

Members of the FPDA include Malaysia, Singapore, the United Kingdom, Australia, and New Zealand. The FPDA has survived the end of the Cold War and has continued to function today, and has remained an important component of Malaysia's defence policy and in the regional security architecture.⁴¹ FPDA exercises have been regularly held since 1971, with the latest edition being a two-week exercise in September-October 2025 involving a total of 2,100 personnel from the armed forces of the five members, and notably featuring the participation of the U.K. Royal Navy aircraft carrier HMS *Prince of Wales*.⁴² The FPDA is not an alliance in the strict sense, as it does not commit its members to collective defence or to a shared defence posture or policy. Rather, it obliges members to consult with one another in the event that any of them comes under attack. The FPDA has thus served as a valuable platform for the MAF to conduct regular exchanges and joint exercises, contributing to higher levels of military professionalism, improved operational readiness and interoperability, and more effective information and best practices sharing among participating forces.

Malaysia participates fully in the security dialogues and forums anchored in ASEAN such as ASEAN Regional Forum (ARF), ASEAN Defence Ministers Meetings (ADMM), ASEAN Defence Ministers Meetings Plus (ADMM Plus), and East Asia Summit (EAS), and any ASEAN-based military exercises, which generally focus on the less-sensitive humanitarian assistance and disaster relief operations. In addition, Malaysia has two institutionalised security arrangements with its neighbours: the Malacca Straits Patrol (MSP), comprising Malaysia, Indonesia, Singapore, and Thailand, and the Trilateral Cooperative Arrangement (TCA), comprising Malaysia, Indonesia, and the Philippines. Both initiatives are designed

40 Malaya (Peninsular Malaysia) gained its independence from British colonial rule in 1957. Malaya became Malaysia in 1963 with the merging of Sarawak, Sabah and Singapore. Singapore left Malaysia in 1965 to become an independent country.

41 Damon Bristow, "The Five Power Defence Arrangements: Southeast Asia's Unknown Regional Security Organization," *Contemporary Southeast Asia* 27, no. 1 (2005), pp: 1-20.

42 "Exercise Bersama Lima unites five forces," *Indo-Pacific Defense Forum*, October 5, 2025, <https://ipdefenseforum.com/2025/10/exercise-bersama-lima-unites-five-forces/>.

to address non-traditional security challenges and serve as platforms for operational coordination and information exchange, rather than as arrangements involving any joint operations, binding defence obligations or common defence policies.

Bilateral Partnerships

Among the FPDA members, Australia stands out as the most longstanding and reliable defence partners of Malaysia. In addition to the FPDA platform, bilateral defence cooperation between Malaysia and Australia took shape via the Malaysia-Australian Defence Program (MAJDP), signed in 1992. MAJDP is a structured mechanism for a broad range of defence cooperation and engagement, joint including military exercise, the training of Malaysian military personnel within Australia, the reciprocal mutual attachment of MAF and Australian Defence Force in respective units, and military education opportunities. Australia deploys a small contingent of troops at the Butterworth base in Malaysia as part of its Forward Defence Policy. Since 1981, Australia's air force has conducted Operation Gateway from Butterworth to collect maritime surveillance intelligence, with Malaysia also a beneficiary of these intelligence gathering operations.⁴³

Other than Australia, the United States is another active and consistent defence partner for Malaysia. Malaysia-United States defence relationship is anchored in several agreements signed by both countries, including the Bilateral Training and Consultative Group (BITAC) agreement in 1984, the Acquisition and Cross Servicing Agreement (ACSA) in 1994, and most recently a Memorandum of Understanding (MOU) on Defense Cooperation in October 2025. These agreements underpin a comprehensive program of defence cooperation, encompassing regular joint exercises, personnel exchanges and visits, strategic dialogues, professional military education, and collaboration in defence industry development and equipment. On average, the MAF and the United States military conduct around ten exercises annually, involving all service branches.⁴⁴ Malaysia's political leaders and public regard the issues of Gaza and the wider Middle East as deeply important and deeply felt, yet despite clear differences with the United States on these matters, the two countries continue to maintain constructive and cooperative military-to-military relations.⁴⁵

Beyond Australia and the United States, Malaysia's other bilateral defence partnerships outside Southeast Asia are generally less active or robust, although their significance should not be underestimated. China, in particular, stands out as one of Malaysia's more

43 Adam Leong Kok Wey, "A Middle Power's Grand Strategy in Action: Malaysia's 'Credible' Defense Partnership With Australia," *The Diplomat*, October 7, 2025, <https://thediplomat.com/2025/10/a-middle-powers-grand-strategy-in-action-malaysias-credible-defense-partnership-with-australia/>.

44 For Malaysia's defence cooperation and joint exercises with the United States, see Ngeow Chow Bing and Hoo Chiew Ping, "Malaysia's defense cooperation and joint military exercises with the United States and China: Quasi allies, trustable partners, potential adversaries," *Contemporary Security Policy* 46, no. 4 (2025), pp: 721-750.

45 Interview with an MAF official, October 24, 2025; Interview with a Ministry of Defence (MINDEF) official, October 29, 2025.

consequential defence partners, with a Memorandum of Understanding (MOU) on Defence Cooperation first signed in 2005 and renewed in 2016. Nevertheless, given China's status as a claimant state in the South China Sea and the source of Malaysia's most acute long-term security concerns, Malaysia approaches military cooperation with China primarily as an exercise in defence diplomacy aimed at fostering mutual understanding, confidence-building, and communication.⁴⁶

Despite the active participation of Chinese defence firms in Malaysia's procurement tenders, Malaysia has remained cautious in sourcing defence equipment from China, resulting in only a limited number of Chinese-origin platforms in the MAF inventory. Similarly, the frequency, scale, and complexity of joint exercises between the MAF and the PLA (codenamed Aman Youyi, or "Peace and Friendship") remain modest and are not comparable to those conducted with the United States military. The most recent Aman Youyi exercise, held in October 2025, placed greater emphasis on humanitarian assistance, search and rescue, and medical support rather than high-end combat operations.

Despite their limited scope, MAF–PLA engagements nonetheless carry important diplomatic and strategic significance, signalling Malaysia's commitment to maintaining open channels of military communication with China, exercising strategic autonomy, and managing bilateral tensions through engagement rather than alignment or balancing.

Türkiye and South Korea have emerged as two major recent suppliers of defence equipment for the MAF, while Japan has begun to play a more limited but increasingly visible role. Türkiye and South Korea, both allies of the United States, offer defence products that are broadly compatible with Western technologies, standards, and specifications, while providing more competitive pricing and greater flexibility in technology transfer or sharing. These are attributes that align well with Malaysia's defence requirements under budgetary constraints.

Malaysia has sourced a range of capabilities from Türkiye, including naval vessels, anti-ship missile systems, and unmanned aerial vehicles, and has identified Türkiye as a preferred partner for defence industry collaboration.⁴⁷ In the early 2000s, Kuala Lumpur purchased 267 AVC-300 Adnan Infantry Fighting Vehicles (IFVs) for the Malaysian Army, as well as other military vehicles, some of which were assembled locally. In 2022, Malaysia followed up with an order for 20 Armoured Personnel Carriers (APCs) for use by Malaysian peacekeeping forces in Lebanon. In 2024, Malaysia was Türkiye's seventh-largest defence partner and its oldest in Southeast Asia.⁴⁸

46 For Malaysia's defence cooperation and joint exercises with China, see note 43.

47 Farah Nabilah Wazer, "Malaysia and Türkiye to strengthen strategic defence industry cooperation," *New Straits Times*, January 7, 2026, <https://www.nst.com.my/news/nation/2026/01/1352290/malaysia-and-turkiye-strengthen-strategic-defence-industry-cooperation>; "Malaysia-Turkey to Sign G2G MoU on Defense Products Procurement," *Defence Security Asia*, June 9, 2024, <https://defencesecurityasia.com/en/malaysia-turkey-to-sign-g2g-mou-on-defense-products-procurement/>.

48 Ian Storey, "Türkiye's Defence Diplomacy in Southeast Asia: The New Kid on the Block." *ISEAS Perspective*, No. 70, September 19, 2025, <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2025-70-turkiyes-defence-diplomacy-in-southeast-asia-the-new-kid-on-the-block-by-ian-storey/>.

In 2023, Korea Aerospace Industries (KAI) signed a \$920 million contract to deliver 18 FA-50 light combat aircraft to the Royal Malaysian Air Force (RMAF), which will replace the RMAF's aging Hawk 108/208 fleet. South Korea is now arguably the RMAF's most strategically important new partner — delivering the most advanced FA-50 variant (now preparing to order the second batch), formalising a co-production framework, and positioning itself as a contender for Malaysia's Multi-Role Combat Aircraft (MRCA) program.⁴⁹ In October 2025, South Korea and Malaysia signed an MoU in Kuala Lumpur on the sidelines of the 47th ASEAN Summit, further deepening their defence ties to include joint research, development, and production of weapons systems.⁵⁰

The France–Royal Malaysian Navy (RMN) partnership is deep and long-standing, arguably the most structurally embedded foreign naval relationship Malaysia has, building Malaysia's first submarine fleet.⁵¹ France's Naval Group is central and essential to the RMN's surface fleet modernisation, with the *Maharaja Lela*-class frigates (designed by Naval Group) began its sea trial in January 2026, and the promised delivery to the Royal Malaysian Navy completed in December 2026.⁵² Recent joint exercises between MAF and the French Armed Forces also increased, with the French Carrier Strike Group recently conducting a transit through Malaysian waters in the South China Sea and holding naval and air exercises with the MAF counterparts.⁵³

Japan's defence engagement with Malaysia remains more nascent and narrowly focused, centring primarily on the provision of non-lethal equipment such as surveillance drones, rescue boats, and coast guard vessels, particularly through its Official Security Assistance (OSA) program. While less active than Türkiye and South Korea in terms of arms transfers, Japan's involvement nonetheless reflects a gradual expansion of its security role in Southeast Asia and complements Malaysia's broader strategy of diversifying defence partnerships. Malaysia also signed a MOU on Defence Cooperation with Japan in 2018.

49 Akhil Kadidal, "KAI signs a deal with Malaysia for FA-50 aircraft," *Janes*, 24 February 2023, <https://www.janes.com/osint-insights/defence-news/defence/kai-signs-a-deal-with-malaysia-for-fa-50-aircraft/>; "Six FA-50M Fighters to Arrive by 2026: KAI Confirms Accelerated Delivery Timeline for RMAF," *Defence Security Asia*, December 19, 2025, <https://defencesecurityasia.com/en/kai-fa-50m-delivery-2026-rmaf-malaysia/>.

50 "Korea, Malaysia sign MOU on enhancing arms cooperation," *The Korea Times*, October 27, 2025, <https://www.koreatimes.co.kr/southkorea/defense/20251027/korea-malaysia-sign-mou-on-enhancing-arms-cooperation>.

51 "France trained Malaysia's first batch of submariners and officers and continued to play an important role in this aspect." Interview with an MAF official, October 24, 2025.

52 Albert Lee, "Malaysia's Littoral Combat Ship Set Sail for the First Time," *Naval News*, January 30, 2026, <https://www.navalnews.com/naval-news/2026/01/malaysias-littoral-combat-ship-set-sail-for-the-first-time/>.

53 "Malaysian Defence Minister Boards Charles de Gaulle Amid RMAF-French Navy Joint Air Exercise," *Defence Security Asia*, March 3, 2025, <https://defencesecurityasia.com/en/malaysian-defence-minister-boards-charles-de-gaulle-amid-rmaf-french-navy-joint-air-exercise/>.



Japanese Ambassador to Malaysia Noriyuki Shikata (4th from R) attends a ceremony in Kuala Lumpur on Sept. 22, 2025, as Japan provides surveillance drones to the Malaysian military to help enhance the country's maritime safety. (Photo by Kyodo News via Getty Images)

Finally, Malaysia also maintains bilateral defence cooperation and joint exercise partnerships with countries such as India, the United Arab Emirates, Saudi Arabia, France, Germany, and the United Kingdom, although these partnerships remain modest in scale and are best understood as complementary to Malaysia's core defence relationships.

Within Southeast Asia, Malaysia's core defence partners are its immediate neighbours—Indonesia, Singapore, Thailand, Brunei, and the Philippines. These bilateral defence relationships are driven primarily by regular official exchanges and visits, military education and training programs, and joint exercises, with the frequency and depth of such exercises serving as the clearest indicators of a mature and consolidated defence partnership. In general, regional partners do not play a significant role as arms suppliers to Malaysia or to each other.

Indonesia is the earliest neighbouring country to develop military-to-military relations with Malaysia, which was ironical given the history of *Konfrontasi* between both countries. But it also illustrated the importance of using military-to-military relations to build confidence and trust among the two formal antagonists, and eventually in this case, the relations developed into a very active and durable defence partnership.

The MAF and its Indonesian counterpart, the Tentara Nasional Indonesia (TNI), began conducting joint military exercises in the early 1970s. Since then, these engagements have

evolved into the most comprehensive set of joint exercises that Malaysia undertakes with any ASEAN partner, involving all service branches. Over decades of cooperation, both militaries have developed a high degree of mutual confidence, enabling them to plan and execute critical defence tasks jointly. Despite unresolved maritime boundary disputes that have occasionally flared up, the Malaysia–Indonesia defence relationship has matured into one of the closest and most institutionalised bilateral security partnerships within ASEAN.⁵⁴

By comparison, Malaysia’s other bilateral defence partnerships within ASEAN, while strategically important, do not exhibit the same depth or level of institutionalisation as its defence relationship with Indonesia. Among these partners, Thailand and Singapore stand out for the relatively higher frequency and complexity of their joint exercises with the MAF, reflecting a sustained emphasis on operational familiarity and practical cooperation. Defence interactions with Brunei and the Philippines, although also consistent, are more limited in scope and scale, with fewer joint exercises conducted on a regular basis. Across all these relationships, however, the routine exchange of officers for professional military education and training at each other’s institutions remains a common and significant feature. Collectively, these exercises, educational exchanges, and professional interactions play a critical role in building mutual confidence, enhancing interpersonal and institutional familiarity, and, over time, weaving a dense network of defence ties that undergirds regional stability in Southeast Asia.

Malaysia’s Future Defence Partnerships

Over the next decade, Malaysia’s defence partnerships are likely to evolve along a differentiated but coherent trajectory, shaped by enduring strategic realities, emerging regional dynamics, the evolving context of US-China rivalry and balance of power, and the anticipated security risks discussed above. Extra-regionally, Australia and the United States will remain Malaysia’s most important defence partners, providing continuity, capability, and strategic reassurance. Within ASEAN, Indonesia and Singapore will continue to occupy a central place in Malaysia’s strategic calculus, serving as indispensable interlocutors during periods of regional uncertainty. At the same time, China will represent Malaysia’s most sensitive and complex defence relationship: a power whose growing regional dominance necessitates sustained engagement, even as it generates persistent strategic unease. Together, these relationships will define the outer boundaries and inner workings of Malaysia’s defence diplomacy in the coming decade.

Australia and the United States are likely to remain Malaysia’s most reliable long-term defence partners beyond Southeast Asia. Both countries possess a high degree of operational compatibility with the MAF, developed through decades of joint exercises, training, and professional exchanges. Australia’s role is reinforced by the FPDA, an established and

54 Ho Ying Chan, *Special Relationship in the Malay World: Indonesia and Malaysia*, Institute of Southeast Asian Studies (ISEAS), 2018, pp. 262-264.

familiar framework for consultation, interoperability, and contingency planning. At present, the operational focus of the FPDA remains largely concentrated in Peninsular Malaysia. Over the next decade, however, there is a growing likelihood that the scope and geographic range of FPDA activities would be cautiously extended to East Malaysia, particularly in areas facing the South China Sea, depending on how the security risks from the South China Sea manifest in the next decade.⁵⁵ Such an evolution would constitute a significant strategic signalling, underscoring the collective determination of Malaysia and its FPDA partners to uphold Malaysia's territorial integrity and maritime security, while reinforcing deterrence, situational awareness, and crisis coordination in a region of increasing strategic contestation

The United States, meanwhile, continues to offer unparalleled access to advanced military capabilities, doctrinal expertise, and capacity-building initiatives. However, under the Trump administration's new National Security Strategy, as mentioned earlier, US engagement in the Indo-Pacific reflects a recalibration of priorities that can appear at times to pull back from deep, sustained involvement in Southeast Asia while still emphasising deterrence and partnership in key theatres such as the Taiwan Strait and Northeast Asia. The strategy, framed around an "America First" ethos, signals a more transactional approach to alliances, with greater expectations that partners contribute more to their own defence and align their broader economic and strategic interests with the United States' priorities.

This does not imply that the United States is withdrawing entirely from the region, but rather that its security commitments may be more selective and conditional, focusing on areas where Washington perceives clear mutual interests. For Malaysia, this evolving context means striking a delicate balance: reaffirming its defence cooperation with the United States to maintain interoperability and access to critical capabilities, while also hedging against potential ambivalence in US regional priorities. Malaysia will need to manage expectations carefully so that bilateral defence ties remain robust even if the United States increasingly frames its role in terms of burden-sharing and transactional strategic value.

Within ASEAN, Indonesia and Singapore will remain Malaysia's most consequential defence partners, especially in times of major strategic stress. These two countries are the most likely counterparts with whom Malaysia would seek early consultation should regional security challenges escalate. Indonesia occupies a particularly unique position in Malaysia's strategic outlook, as it is widely regarded as the most like-minded partner, underpinned by shared historical experiences, cultural affinities, and a common commitment to principles of non-alignment and strategic neutralism. This alignment allows both countries to approach regional security issues with similar instincts, emphasising autonomy, restraint, and the avoidance of great-power entanglements, thereby reinforcing the depth and resilience of their defence relationship.

Singapore's importance to Malaysia's future defence posture derives less from ideological alignment and more from geography and functional necessity. As immediate neighbours

55 Positive support for the expansion derived from various conversations and meetings.

separated by narrow maritime and airspace corridors, Malaysian and Singaporean external security is structurally interdependent. Singapore's central role in the Malacca Strait further elevates its strategic significance for Malaysia. Continued cooperation in maritime security, airspace management, and crisis communication will be essential to managing proximity-related sensitivities while preserving stability. Over the next decade, pragmatic defence engagement with Singapore will remain indispensable, even as differences in strategic culture and threat perception persist.

China, ultimately, will constitute Malaysia's most sensitive and carefully calibrated defence relationship. Malaysian policymakers increasingly assess that China will become the predominant regional superpower by around 2035, a structural shift that cannot be ignored or resisted outright. As such, Malaysia will seek to ensure stable and constructive relations with Beijing, recognising China's central economic and strategic weight in the region. At the same time, Malaysia remains wary of China's growing assertiveness in the South China Sea, which directly impinges on Malaysia's maritime interests and sovereign claims. The challenge for Malaysia over the next decade will therefore be to balance engagement with caution, maintaining open channels of defence dialogue and cooperation with China, while quietly reinforcing partnerships with other key actors to hedge against strategic uncertainty.

POLICY RECOMMENDATIONS AND CONCLUSION

As Malaysia faces an increasingly complex and uncertain security environment, defence partnerships will remain central to its national interests and regional stability. This report has discussed Malaysia's assessment of the distribution of power between the United States and China in the region and the security risks facing the country in the coming decade. It also has underscored the need for a balanced and forward-looking approach to defence partnerships that aims to strengthen cooperation while preserving strategic autonomy. The following recommendations outline practical steps to enhance the coherence, resilience, and long-term effectiveness of Malaysia's defence policy and defence partnerships in support of its evolving security priorities.

- Malaysia should **reform its arms procurement system** in close coordination with the Ministry of Finance to enable long-term capability planning while maintaining flexibility to repurpose resources between operational and developmental expenditures, thereby ensuring the efficient utilisation of all available defence funds. Progress over the next decade should be measured by consistent alignment of procurement decisions with long-term force development plans, a demonstrable reduction in cost overruns and delivery delays, an increased share of acquisitions conducted under multi-year funding frameworks, and sustained improvements in budget execution across both operational and developmental accounts.
- In light of the need to diversify partnerships and expand options, Malaysia is likely to increase its defence partnerships in the next decade. Nonetheless, Malaysia should institute **a comprehensive, periodic audit of all defence partnerships** to assess

their strategic alignment, operational value, and cost-effectiveness across key areas, including joint exercises and training, professional military education, and capacity-building initiatives. The audit should quantify both direct and indirect costs, evaluate tangible operational outcomes such as interoperability gains and capability development, and identify underutilised areas where partnerships could be more effectively leveraged.

- Given the shifting geopolitical landscape anticipated over the next decade, Malaysia should strengthen coordination with its key multilateral and bilateral defence partners through more integrated planning and operations. Principally, a **partnership program** between the FPDA and Indonesia can be established, and the long-term possibility of admitting Indonesia into selected FPDA mechanisms should be explored, through a gradual and consultative process that is explicitly framed as confidence-building rather than alliance expansion. Any such move should remain consistent with the non-aligned and inclusive security policies of both Indonesia and FPDA members, focusing on practical cooperation in areas such as humanitarian assistance and disaster relief, maritime safety, and capacity-building. To manage regional sensitivities, particularly among external actors such as China, Malaysia should prioritise transparency, clear strategic communication, and ASEAN-centred norms, ensuring that any expanded engagement is defensive, non-exclusive, and supportive of regional stability rather than directed at any specific state.
- Malaysia should **sustain and strengthen its defence partnership** with the United States, leveraging existing frameworks such as the BITAC, ACSA, and the recently signed MoU on Defense Cooperation, to institutionalise cooperation in areas of clear strategic value, including maritime domain awareness, counterterrorism, cyber defence, and professional military education. These are crucial particularly in the context of South China Sea tensions and to enhance Malaysian military professionalism, as attested by the Malaysian military graduates from US elite military institutions. The United States remains an important source of advanced military technology, training, and interoperability standards. Malaysia should prioritize access to U.S. defence platforms and doctrine through Foreign Military Sales and International Military Education and Training programs, while ensuring that any deepening of bilateral military exercises shall build on enhancing national deterrence capabilities and maritime situational awareness.
- Given the clear strategic importance of China, Malaysia should **maintain and carefully manage its defence partnership with China** to maximize operational and diplomatic benefits while safeguarding national interests and preserving a non-aligned foreign policy. This includes institutionalising the *Aman Youyi* exercises, and exploring additional areas of cooperation, including UN peacekeeping operations and humanitarian assistance. Malaysia should pursue structured professional military education exchanges to gain insights into China's operational practices, doctrines, and organisational approaches, while ensuring any arms procurement remains selective and does not compromise its security posture in the South China Sea. All initiatives should be guided by strategic objectives: reinforcing operational learning, upholding Malaysia's sovereignty and non-alignment, and maintaining transparency to mitigate regional concerns and potential misperceptions.

- **Niche-based partnerships** are essential to support Malaysia's diversifying defence capabilities, as these partners have not only cultivated but deepened bilateral exchanges with different branches and units of the MAF. For example, the Malaysian Army is likely to expand defence partnership with Türkiye further, particularly in artillery systems (SPH and howitzers), armoured vehicles, and potentially UAVs, building on an already substantial foundation of armoured vehicle procurement and underpinned by strong diplomatic momentum at the highest levels (with the intention to diversify slightly away from Western and Chinese suppliers, and Türkiye's competitive pricing and willingness to transfer technology). French Navy and RMN are well positioned to further develop niche-based defence cooperation, particularly in the maritime domain. Expanded naval exercises, alongside opportunities for collaboration in defence procurement and capability development, could provide practical avenues to strengthen operational ties while supporting Malaysia's ongoing naval modernisation. South Korea has also rapidly become the RMAF's most consequential new defence partner, with the relationship expanding well beyond a single Air Force procurement deal and culminating in a series of annually held Malaysia-Korea Defense Talks.

In conclusion, Malaysia's defence partnerships over the next decade are likely to play an important role in supporting the country's security interests and regional stability. The evolving geopolitical dynamics, technological developments, and domestic priorities will shape the opportunities of engagement with key bilateral and multilateral defence partners. A careful, measured approach that balances international collaboration with the development of Malaysia's own defence priorities and capabilities will help ensure that the country is prepared for emerging challenges in the future.



About APLN

The Asia-Pacific Leadership Network (APLN) is a Seoul-based organisation and network of political, military, and diplomatic leaders and experts from across the Asia-Pacific region working to address global security challenges, with a particular focus on reducing and eliminating nuclear weapons risks.

The mission of APLN is to inform and stimulate debate, influence action, and propose policy recommendations designed to address regional security threats, with an emphasis on nuclear and other WMD (weapon of mass destruction) threats, and to do everything possible to achieve a world in which nuclear weapons and other WMDs are contained, diminished, and eventually eliminated.



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