

THE IMPLICATIONS OF AUKUS ON MALAYSIA'S STRATEGIC ENVIRONMENT

CDR Wrighton Buan Kassy

Head of the Maritime Study Faculty at KD *Sultan Idris I*

Royal Malaysian Navy

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CHAPTER 1: INTRODUCTION

Chapter 1 of this paper will entail an introduction to the topic, including the outline of the framework and project approach.

PROBLEM STATEMENT

The Australia, United Kingdom (UK) and United States of America (USA)'s AUKUS initiative significantly develops the Indo-Pacific region's strategic landscape. While not a traditional security alliance, the AUKUS initiative has far-reaching implications for regional dynamics, including its potential impact on Malaysia's strategic environment. The agreement focuses on advanced military technology and its potential to reshape regional alliances and strategies, making it a topic of global importance and scrutiny. As it evolves, the AUKUS initiative will likely remain a central element of discussions on security and cooperation in the Indo-Pacific region. Therefore, this problem statement invites research questions as below.

RESEARCH QUESTIONS

- Q1: What does the strategic environment of Malaysia and Australia look like?
- Q2: What is the AUKUS initiative and its implications for Malaysia's strategic environment?
- Q3: How does AUKUS provide opportunities to enhance Malaysia-Australia relations?

METHODOLOGY

The approach to this study is based on a qualitative method, which will use published, unclassified reports on the AUKUS initiative, as well as the Australian foreign policy, Defence White Paper (DWP) and Defence Strategic Review (DSR) publications. Open-source websites related to the study and interviews and informal discussions with relevant authorities

are also used. This paper also relies on secondary sources, including the open-source opinion of subject matter experts and practitioners in various fields of strategic and defence studies.

RESEARCH OUTLINE

This paper aims to study the implications of AUKUS on Malaysia's strategic environment and is divided into six chapters. The first chapter entails an introduction, including a framework and approach related to the topic. The second chapter describes the strategic context of Malaysia and Australia as the basis for further relations with AUKUS. Chapter three delineates what AUKUS is and the issues and challenges that arise from this cooperation, which influence regional stability and diplomatic ties. Chapter four focuses on the implications of those issues towards Malaysia's national and international interests. The fifth chapter of this paper seeks to explore approaches to enhancing Malaysia–Australia relations due to the changes in the regional strategic landscape as AUKUS is in place. The final chapter concludes the study by summarising the above analysis and arriving at insights for the research questions.

CHAPTER 2: THE STRATEGIC CONTEXT OF MALAYSIA AND AUSTRALIA

A strategic environment encompasses the intricate and ever-changing external elements influencing an organisation or nation's strategic choices and undertakings. The concept incorporates various variables, including geopolitical, economic, technological, and social factors. In the context of a state, the strategic environment refers to the arena in which the state's leadership engages with other states or actors to promote the state's overall welfare.¹ The strategic environment, being a complex system, exhibits interactivity and adaptability due to the ability of states and actors to individually and collectively respond to emerging problems that disrupt the established linkages and structures responsible for maintaining stability in previous periods. Under this definition and condition, this chapter will further elaborate on how a nation reacts, particularly Malaysia.

Located strategically at South-East Asia's (SEA) centre, Malaysia is a 'maritime nation with continental roots'.² The 'maritime nation' identity derives from the adjacent South China Sea (SCS), Strait of Malacca (SoM), Sulu and Celebes seas. Her 'continental identity' derives from her land connectivity to mainland SEA, wherein Peninsular Malaysia sits on the southernmost landmass of the Eurasia supercontinent. This maritime domain also portrays

¹ Department of The Navy. 1997. Marine Corps Doctrinal Publication (MCDP) 1-1. Washington, D.C.: Headquarters United States Marine Corps.

² Ministry of Defence. 2020. Defence White Paper. Kuala Lumpur: Ministry of Defence.

national and regional identities connecting the nation's two separated landmasses, Peninsular Malaysia and Borneo. Due to the physical factors, such as the length of shorelines and the environments described, Malaysia has convenient access to sea lanes of communication (SLOC). In addition, Malaysia has a longstanding ideational aspect in incorporating maritime strategic culture into the heart of its policy. This nation's physical factor can be considered a geographical phenomenon or fixed advantage. At the same time, the ideational aspect had been developed and nurtured to meet the needed development progress.

Since Malaysia occupies a vital position in the Indo-Pacific, with coastlines along the SCS and the SoM, its strategic location makes it a hub for maritime trade and a focus of great power competition. Regarding economic significance, Malaysia boasts a dynamic economy focusing on trade and manufacturing. It is a significant electronics, palm oil, petroleum, and natural gas exporter. Its economic success relies on access to open sea lanes and global markets. As a founding member of the Association of Southeast Asian Nations (ASEAN), Malaysia actively engages in regional diplomacy.³ It plays a central role in promoting cooperation and conflict resolution among SEA nations. It adheres to a policy of non-alignment, balancing relations to protect its national interests. While holding to these stands, Malaysia participates actively in international forums like the United Nations (UN) and the Non-Aligned Movement (NAM), advocating for global peace, security, and sustainable development.⁴ Just like the other members of ASEAN, Malaysia has territorial claims in the SCS and is involved in territorial disputes with China and other claimant states. Despite this, Malaysia maintains a progressive diplomatic relationship with significant powers such as the US, Russia, Japan, China and regional powers like Australia.

Malaysia and Australia share a multifaceted relationship characterised by cooperation in various domains, including trade, defence, education, and cultural exchange. Malaysia and Australia have maintained diplomatic relations since its independence in 1957. The economic ties between Malaysia and Australia are robust; for instance, both are members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)⁵, which promotes trade liberalisation. Bilateral trade between the two countries encompasses a range of goods and services, focusing on commodities like natural resources and agricultural products. Regarding education and cultural exchanges, Malaysia and Australia have a significant student exchange program, with many Malaysian students studying in Australian

³ Ministry of Foreign Affairs Malaysia. 2019. Foreign Policy Framework of The New Malaysia. Putrajaya:Ministry of Foreign Affairs Malaysia.

⁴ Ibid.

⁵ Noor, Elina. 2021. "What AUKUS Means For Malaysia's Technological Future." Pacific Forum 1-3.

universities and vice versa. This educational collaboration strengthens people-to-people ties and fosters cultural understanding. Defence ties between Malaysia and Australia range from joint military exercises to cooperation in regional security initiatives. Both are members of the Five Power Defence Arrangements (FPDA), including the UK, New Zealand, and Singapore. Both countries actively participate in regional forums, such as the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS).⁶ For years, this framework has enhanced their relationship in pursuit of shared interests such as collective security and defence capabilities.

The Malaysia DWP 2019 (MDWP 2019) outlines the country's national defence policy and priorities. It emphasises enhancing defence capabilities to safeguard Malaysia's sovereignty and address emerging security challenges. Key focus areas include modernising the armed forces, improving intelligence and surveillance capabilities, and fostering regional and international defence partnerships. The paper also underscores the importance of a whole-of-government and whole-of-society (WoGoS) approach involving various sectors in ensuring national security. It seeks to maintain a credible defence posture while promoting diplomacy and regional stability. The MDWP 2019 is a strategic roadmap for the country's defence and security objectives.⁷

In Australia, the stability of oceans plays a crucial role in ensuring the nation's security and economic wellbeing. This is primarily because an overwhelming majority, over 90%, of Australia's exports are delivered via maritime routes.⁸ Additionally, Australia boasts the third most extensive Exclusive Economic Zone (EEZ) globally,⁹ further emphasising the significance of stable seas. For that, Australia DWP 2016 provides a blueprint for enhancing Australia's defence capabilities, addressing contemporary security challenges, and aligning its defence strategy with evolving global dynamics. The paper covers various aspects, including force structure, investments in defence technology, strategic objectives, and international partnerships. While Malaysia and Australia share many areas of cooperation and similarity, they also face challenges, including differences in several policy positions and the AUKUS initiative adding diversity to this relationship.

CHAPTER 3: ISSUES AND CHALLENGES THAT ARISE FROM AUKUS INITIATIVE

Considering the emerging annotations toward the AUKUS initiative, this chapter will further elaborate on what AUKUS is. This chapter seeks to study the issues and challenges

⁶ Ibid.

⁷ Ministry of Defence. 2020. Defence White Paper. Kuala Lumpur: Ministry of Defence.

⁸ Hammond, Mark. 2023. "Australia and Canada - Maritime Nations." Edited by Ben Page and Ann Griffiths. Australian Naval Review (Australian Naval Institute) (1): 7–16.

⁹ Ibid.

faced by the agreement, particularly in three main areas: non-proliferation of nuclear capability, regional geopolitical pressure and the centrality of ASEAN.

WHAT IS AUKUS?

AUKUS was officially professed on 15 September 2021. The principal aim of the AUKUS initiative is to facilitate the integration of the three nations' defence industrial bases by implementing two key pillars.¹⁰ The first pillar of the plan involves the provision of conventionally armed, nuclear-powered submarines (SSN) to Australia, as well as the construction of a novel SSN class. The second pillar aims to foster collaboration to promote technological advancements and facilitate the sharing of cutting-edge defence capabilities, particularly in artificial intelligence (AI) and quantum computing.

The political-strategic alignment in the AUKUS initiative can be seen as all members committed to democratic governance, the rule of law, and a rules-based international order. Its members share a vision of a world based on sovereignty, self-determination, and human rights protection. The agreement enables enhanced diplomatic cooperation to address regional challenges like counterterrorism, maritime security, and cyber threats. The cultural alignment within the AUKUS initiative is evident through shared historical and linguistic ties, a common language, democratic values, and a rich history. It emphasises values like freedom, innovation, and technological progress. A notable aspect of their cultural alignment is their focus on collaborative technological development, particularly in the defence sector, which goes beyond traditional military applications to benefit society.

The AUKUS initiative aims to improve defence and security cooperation among three countries to address emerging security challenges, particularly China's growing influence and assertiveness. The partnership is based on shared values and a commitment to uphold international rules-based order. The AUKUS agreement reinforces existing relationships but also emphasises collaboration and developing defence capabilities. The agreement acknowledges the need for change in how the countries work together for peace and emphasises the importance of strengthening bonds to deliver Australian defence outcomes. The security environment requires changes across the defence ecosystem to ensure new capabilities are utilised faster. The agreement also emphasises Australia's role in sustaining Indo-Pacific stability through collective defence efforts.

AUKUS, a comprehensive defence project, is expected to cost between AUD 286 to 368

¹⁰ Shoebrieger, Michael. 2021. "What is AUKUS and What Is It Not?" Strategic Insight 1-7.

billion.¹¹ It includes the purchase of US Virginia class submarines, designing and constructing eight submarines, upgrading naval infrastructure, investments in submarine production lines, workforce education and training, and sustainment. AUKUS aims to transform Australia's defence industry by providing short-, medium-, and long-term benefits. Short-term projects include an AUD 8 billion upgrade of HMAS *Stirling* Navy base and an AUD 2 billion upgrade of Osborne North shipyard, creating over 3,000 jobs.¹² Over the next four to five years, AUD 6 billion will be invested in Australia's industrial capacity and workforce.¹³ This will result in knowledge and skills transfer between Australian personnel, the US and UK navies in submarine industries; an industrial capacity build-up.

AUKUS CHALLENGES

The focus on AUKUS Pillar 1 deliverables (SSN) is a substantial leap in defence capabilities, significantly influencing the balance of power in the Indo-Pacific. The partnership has raised geopolitical implications, especially regarding regional security dynamics, alliances, and technological advancements. It is a response to the changing security environment and a way to ensure a stable and secure Indo-Pacific.

The new security arrangements might trigger a regional nuclear weapons race and drive some countries to respond forcefully, notably in the South China Sea.

Ismail Sabri Yaakob, Malaysia's 9th Prime Minister, 2021

Putrajaya's stance on the AUKUS initiative, a deal involving nuclear-powered submarines, reflects Malaysia's long-standing foreign policy on nuclear non-proliferation and disarmament. The deal raises concerns about proliferation and international legal safeguards, as it is the first time a non-nuclear armed state receives nuclear-powered submarines. This is one of many concerns among the SEA's leading powers, particularly in the SCS. For example, Indonesia's foreign ministry has expressed grave concern over the region's ongoing arms race and power projection, while Singapore and Vietnam have provided cautious statements. The deal is seen as a reaffirmation of Malaysia's stance on nuclear non-proliferation and disarmament.

According to paragraph 14 of the INFCIRC/153, issued by the International Atomic Energy Agency (IAEA), the international non-proliferation system allows non-nuclear-weapons states to utilise nuclear material for 'non-peaceful purposes' including the propulsion of military

¹¹ Channer, Hayley. 2023. "AUKUS' Economics - The Price of A Megaproject." Explainer (United States Studies Centre) 1-8.

¹² Ibid.

¹³ Ibid.

vessels.¹⁴ Nevertheless, as of now, states still need to implement the measures outlined in paragraph 14. Consequently, there currently needs to be an established precedent for a sufficiently strong system of safeguards to govern the transfer of highly enriched uranium (HEU) to a non-nuclear-weapons state. Reflecting the international concerns, the AUKUS countries submitted a joint working paper to establish a new safeguard regime. They set a robust precedent to manage states with a less credible non-proliferation history than Australia's.

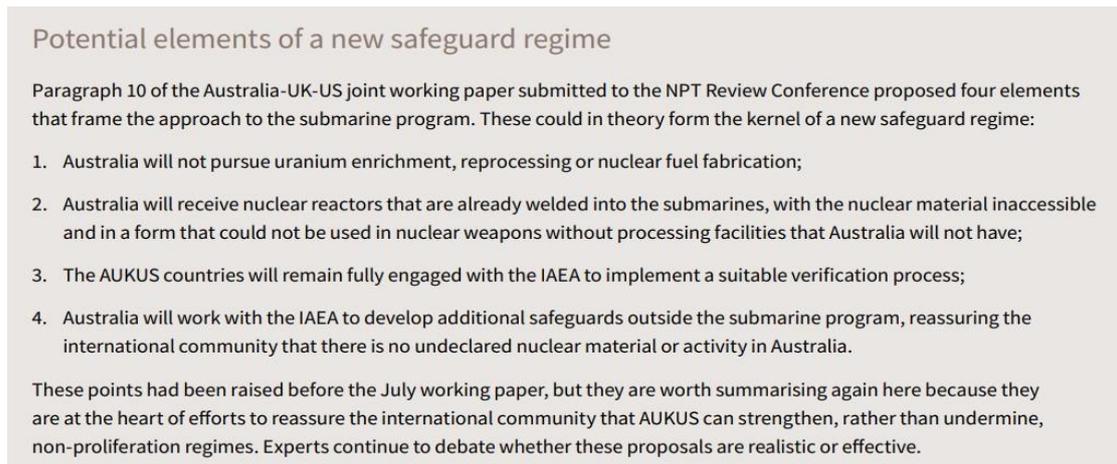


Figure 1: AUKUS Elements for Submarine Program.¹⁵

The AUKUS agreement might be characterised as a technological accelerator agreement for defence rather than a security alliance. This initiative aims to facilitate a close collaboration among three nations to effectively harness the potential of emerging technologies, such as quantum computing and artificial intelligence, and leverage them to gain a strategic advantage in future military operations. High-ranking officials would supervise the execution of the AUKUS plan, while the joint steering committee meetings would comprise 17 technical working groups.¹⁶ Nine bodies primarily focus on the submarine program, while the remaining eight studies are centred around advanced capabilities. The current policy process does not prioritise the establishment of alliances despite the imperative need to share highly classified information due to the sensitive nature of the technology involved. Even before the AUKUS initiative, ASEAN countries have constantly upgraded their defence capabilities in reaction to China's regional ambitions. For example, Indonesia has begun a USD 125 billion force modernisation program. Indonesia and Japan inked their first bilateral defence pact in

¹⁴ Patalano, Alessio. 2022. "AUKUS Is Not An Alliance For Nuclear Deterrence." Opinion 1-4.

¹⁵ ASPI, Strategic Insight (175), 2022

¹⁶ Fraser, Jada and Gleiman, Jan K. 2022. AUKUS Briefing Book. Arizona: PluS Alliance.

March 2021,¹⁷ likely opening the door for Japanese arms technology deliveries to Indonesia. Singapore's defence spending is also rising, with new submarines and F-35 fighters on the way. This clarifies that the AUKUS initiative is not about achieving stability through deterrence delivered by nuclear-armed submarines or sparking an armed race in the region as long as the commitment to the rules-based order remains.

The AUKUS agreement has heightened regional tensions, particularly in the Indo-Pacific, with China viewing it as a containment strategy. During the eleventh round of the China–EU Strategic Discussion in September 2021, China State Councillor and Foreign Minister Wang Yi addressed three significant concerns about the partnership: a potential Cold War comeback, a covert arms race, and the risk of nuclear production. China is convinced that the US has formed an Anglo-Saxon circle, prioritising its geological gains over global cooperation despite opposition to the Cold War. The US has also imposed sanctions against some countries for developing nuclear technology while openly transferring it to non-nuclear countries, a classic case of double standards. Furthermore, the partnership will expose the threat of atomic production by providing 'weapons-grade highly enriched uranium' to nuclear-free countries, posing significant risks to nuclear proliferation. Beijing views this as rule-breaking behaviour.

AUKUS members' emphasis on freedom of navigation and maritime security is particularly relevant to the ongoing territorial disputes in the SCS. Concerns over AUKUS arise from worries of a deterioration of stability in the region because of the mobilisation of the US and, to some extent, the NATO military into the area amid rising Sino–US competition. For instance, the deployment of US Navy forces along the coast of Borneo in April 2020 included the amphibious assault ship, USS *America*. This was viewed as a reaction to a Chinese survey ship and additional coast guard and maritime militia ships trailing the *West Capella*, a drillship contracted by Petronas, to the outside limit of the Malaysia EEZ. Exercising freedom of navigation efforts in the SCS to counter China's excessive maritime claims potentially increases the risk of inadvertent escalation.

AUKUS has the potential to increase Australia's contribution to deescalating the risk of conflict and to the continued prosperity of the Indo-Pacific. Maximising Australia's AUKUS Opportunity, PwC Australia, 2022

Balancing is a crucial concept in international relations. The balance of power theory

¹⁷ Joshi, Yogesh. 2021. "AUKUS: Arms, Allies and the Geopolitics of the Indo-Pacific." ISAS Insight 1-6.

suggests that states tend to form coalitions to survive in an anarchic world. Factors such as relative power, geographic proximity, offensive capabilities, and perceived intentions determine the threat level.¹⁸ States primarily pursue two strategies: internal and external balancing. In contrast with the expectations of a balance of power theory, Asian states have not counterbalanced China's rise but instead banded with it. Many Asian countries have developed good economic relations with China despite its growing power and assertiveness. They have avoided antagonising China and restricted any changes that could be viewed as an attempt to balance Beijing's move. The signing of AUKUS is a balancing act through the internal strategy that involves activities to enhance power through economic performance and military strength, such as military modernisation and investment in domestic defence. At the same time, using the existing security alliances such as Five Eyes, Quadrilateral Security Dialogue – Australia, India, Japan and the USA (QUAD) and Australia, New Zealand and USA Security Treaty (ANZUS), Australia's grip on the external strategy to balance Chinese attempts of dominating the Indo-Pacific region, as shown on the image below.

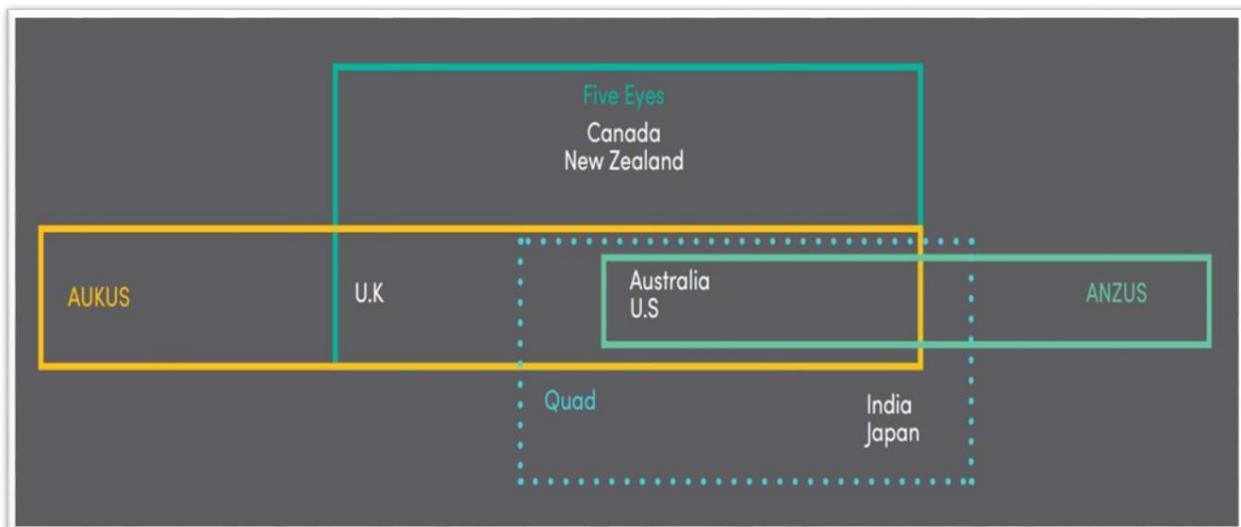


Figure 2: Australia's Key Security Partnership and Alliances.¹⁹

ASEAN, a key player in regional cooperation, stability, and conflict resolution, could face new challenges due to the increased military capabilities and strategic focus of AUKUS. This could lead to ASEAN members forging closer security ties with individual AUKUS countries, potentially diluting ASEAN's role as the primary regional security forum. The SCS dispute, a critical issue in SEA, could also be disrupted by AUKUS-related security tensions, potentially deterring investment and disrupting trade routes, potentially affecting the region's economic

¹⁸ Turkcan, Mohammed Lufti. 2022. "AUKUS and the Return of Balance of Power Politic." Policy Outlook (TRT World Research Centre) 2-5.

¹⁹ PwC Australia, 2022

stability. Additionally, AUKUS could complicate ASEAN's delicate balancing act between major powers like the USA, China, and Russia. ASEAN traditionally maintains a neutral stance to preserve its centrality and independence.²⁰ However, the security alignments from AUKUS could challenge its ability to navigate external relations effectively and impact its role as a diplomatic mediator and coordinator in the region.

Despite periodic consultations and assurances by individual members, the AUKUS initiative could only advance independently with consistent engagement with ASEAN-centred institutions and SEA states. This is both inherently problematic and unique. However, it can contribute as an alternative security structure to regional stability for ASEAN. AUKUS could adopt a two-track approach, focusing on hard power capabilities among the three countries involved and occasionally engaging other governments and contributing to public goods. This would go beyond managing perceptions of individual SEA countries and showcase how the arrangement meets their interests and needs. The opportunities for AUKUS lie in Pillar 2, which focuses on advanced capabilities in artificial intelligence, cyber, and innovation. These areas are already on the ASEAN agenda. They could attract interest from a broader range of South-East Asian states if extended beyond geopolitics and security to national priorities like economic development or education. Though early, rhetorical framing suggests that AUKUS and this pillar may contribute to more significant regional dynamics.

CHAPTER 4: AUKUS AND MALAYSIAN NATIONAL INTERESTS

According to the Foreign Policy Framework of The New Malaysia, published in June 2019, the reason underlying the country's foreign policy can be classified into three overarching components based on national interests.²¹ Security motivation is imperative to ensure a nation and its populace's physical survival. This pertains to safeguarding the country's sovereignty, independence, and territorial integrity. Additionally, the economic welfare or wealth of the nation and its populace. Furthermore, the notion of national identity encompasses several aspects, such as the reputation and prestige of a country, the respect it commands within the global community, and its beneficial contributions to international affairs. Malaysia will undertake more proactive strategies in identifying global issues that have a direct impact on its national interests by the following approaches:

²⁰ Demir, Ali. 2023. "AUKUS Can Endanger ASEAN Centrality." *Journal of Area Studies (Ankara Sosyal Bilimler Universitesi)* 1-17.

²¹ Ministry of Foreign Affairs Malaysia. 2019. *Foreign Policy Framework of The New Malaysia*. Putrajaya: Ministry of Foreign Affairs Malaysia.

- to participate by making decisions, including leading discussions or sponsoring resolutions in organisations or frameworks where Malaysia is already a member
- to engage and participate in the discourse to influence decisions in organisations or frameworks where Malaysia is not a member
- to participate by shaping the discourse on emerging issues with low international awareness.

The framework aims for Malaysia to play an active role in setting and shaping international laws, rules, conventions and structures in global governance, whether in politics, security or economy. Articulating concern over AUKUS can align with the above statement as the partnership significantly influences Malaysia's national interest. Therefore, Chapter 4 will examine the AUKUS initiative's implications for Malaysian national interests in three aspects: security motivation, economic ties and strategic identity.

SECURITY MOTIVATIONS

AUKUS is poised to bolster regional security and defence capabilities in the Indo-Pacific. The agreement's presence may deter potential security threats, contributing to overall regional stability. For Malaysia, a secure and stable neighbourhood is essential to safeguard its territorial integrity and maintain political stability. The AUKUS alliance introduces shifts in the regional balance of power, which could affect Malaysia's security dynamics. Managing these changes is vital for Malaysia to ensure its sovereignty and territorial integrity are not compromised. Malaysia has a significant maritime territory. The alliance's emphasis on maritime security and stability aligns with Malaysia's security interests. Collaboration in this domain may enhance Malaysia's maritime security capabilities, including safeguarding its waters and sea lanes. AUKUS members are expected to collaborate on developing and sharing advanced defence technologies. This could indirectly benefit Malaysia by providing access to cutting-edge technology, improving its defence capabilities. Malaysia traditionally adheres to a non-aligned foreign policy.

ECONOMIC TIES

AUKUS members have expressed their intent to collaborate on advanced defence technologies. If Malaysia chooses to engage with the alliance, it may lead to opportunities for Malaysian defence-related industries to participate in joint research and development projects. This could result in economic benefits, such as technology transfer, job creation, and increased investments in the defence sector. AUKUS may strengthen economic ties among

its member countries, particularly in defence and technology trade. As a trading nation, Malaysia could benefit from increased economic engagement with AUKUS members. This could involve exports and imports of goods and services related to the defence and technology sectors, contributing to Malaysia's trade balance. However, if Malaysia decides to increase its defence capabilities or expenditures to align with the changing regional security dynamics influenced by AUKUS, it could have budgetary implications, affecting the allocation of resources to other sectors of the economy.

STRATEGIC IDENTITY

The AUKUS alliance may require Malaysia to carefully navigate its diplomatic relations, especially concerning its existing strategic partnerships, including those with China. Balancing these relations while safeguarding its national interests will be crucial. Ensuring energy security is a critical aspect of Malaysia's national interest. The stability of sea lanes is essential for the uninterrupted flow of energy resources. Currently, Malaysia needs a clear policy framework on the Indo-Pacific construct.²² However, this has yet to stop it from playing an active role in emerging security challenges in the region.

Malaysia's enduring policy of neutrality and non-alignment has effectively navigated its diplomatic relations with China and the USA. However, given the changing security landscape, Malaysia must critically reassess. Putrajaya must assess its long-term strategic goals and determine the most effective means of achieving them. Malaysia should consider exploring alternative avenues and collaborations to bolster its national interests in the present scenario.²³ For instance, one potential approach could involve initiating a collaborative security dialogue with neighbouring littoral states such as Singapore and Indonesia. This dialogue would aim to enhance capabilities related to signal transmission, intelligence exchange, and interoperability in the region encompassing the SoM and its surroundings.

CHAPTER 5: AUKUS AND ENHANCING MALAYSIA-AUSTRALIA RELATIONS

While Malaysia is not a member of AUKUS, this trilateral agreement has the potential to enhance Malaysia's relationship with AUKUS members and contribute to regional stability in several meaningful ways. As a geographical aspect, Chapter 5 will explore the opportunity for Malaysia to enhance its relationship with Australia under the ambience of AUKUS. This

²² Sigar, Paul. 2022. "AUKUS an Opportunity for Malaysia to Rethink its Strategic Objectives." Australian Crisis Simulation Summit 2021 1-3.

²³ Ibid.

chapter will focus on addressing common security interests, fostering international relations and humanity or 'People-to-People Approaches' under the context of the AUKUS initiative.

ADDRESSING COMMON SECURITY INTERESTS

AUKUS's primary objective is to address emerging security challenges in the Indo-Pacific. This aligns with Malaysia's interests in maintaining peace and stability in the region. As AUKUS strengthens regional security, Malaysia can benefit from the resulting strength, creating an environment conducive to closer bilateral relations with Australia. Both Malaysia and Australia face security challenges related to counterterrorism and maritime security. AUKUS places a strong emphasis on these areas. Enhanced cooperation between Malaysia and Australia in information sharing, joint training exercises, and intelligence collaboration can significantly bolster their capacity to address shared security threats. This cooperation makes the region safer and enhances the basis for bilateral partnership. In the modern security landscape, cybersecurity challenges are prominent. AUKUS partners recognise the importance of addressing cyber threats. Malaysia and Australia can explore opportunities for joint efforts in protecting critical infrastructure, sharing best practices, and enhancing their cybersecurity capabilities, which are vital in safeguarding the digital realm.

FOSTERING NATIONAL, REGIONAL AND INTERNATIONAL ENGAGEMENT

AUKUS includes the sharing of advanced military technology, particularly in the domain of naval capabilities, such as nuclear-powered submarines. As for the national level, specifically in defence technology, while Malaysia may not directly benefit from this technology transfer, it can explore opportunities for defence industry collaboration with Australia. Joint research and development projects, technology sharing, and defence equipment sales can provide avenues for deepening economic and defence ties. At the regional level, as a member of ASEAN, Malaysia can play a pivotal role in bridging the gap between ASEAN and AUKUS partners. It can facilitate dialogue and cooperation, ensuring that AUKUS actions align with ASEAN's goals and maintaining ASEAN's centrality in regional affairs. Internationally, AUKUS partners are active participants in various forums and security dialogues. While Malaysia is not a member of AUKUS, it can leverage these forums to engage with AUKUS partners on common security challenges. Conferences and consultations can offer Malaysia opportunities to express its perspectives on international security matters and contribute to a broader range of peace and stability.

PEOPLE-TO-PEOPLE APPROACHES

Natural disasters are a recurring challenge in the Indo-Pacific. AUKUS partners often engage in humanitarian assistance and disaster relief (HADR) missions. Malaysia and Australia can deepen their collaboration in HADR efforts, leveraging shared experiences and joint operations. Collaborative efforts during times of crisis not only save lives but also strengthen the bonds between nations. Malaysia and Australia actively participate in international peacekeeping missions, reflecting their commitment to global peace and stability. AUKUS can encourage closer collaboration between their armed forces during peacekeeping operations, fostering interoperability and enhancing their contributions to international security efforts. AUKUS initiatives may include educational and cultural exchanges. Enhanced people-to-people ties between Malaysia and Australia can promote greater understanding and cooperation in various sectors, including higher education, tourism, and scientific research.

CHAPTER 6: CONCLUSION

Malaysia, a maritime nation with continental roots, is located at the centre of SEA and is a hub for maritime trade and competition. Its economic success relies on open sea lanes and global markets. While Australia has yet to publicise itself as a maritime nation, both countries share a commonality in a multifaceted relationship, focusing on trade, defence, higher education, and cultural exchange. Despite their mutual collaboration, Malaysia and Australia confront hurdles, such as policy disagreements and establishing the AUKUS initiatives.

AUKUS, a trilateral agreement between Australia, the UK, and the US, aims to integrate their defence industrial bases through two main pillars: equipping Australia with nuclear-powered submarines and collaborating on technology development. The initiative emphasises democratic governance, the rule of law, and a rules-based international order, addressing regional challenges like counterterrorism and cyber threats. The comprehensive defence project, expected to cost AUD 368 billion, aims to transform Australia's defence industry.

The commitment to rules-based order remains crucial in addressing international concerns of nuclear non-proliferation. The AUKUS agreement aims to establish a robust safeguards regime for HEU transferred to non-nuclear weapons states. The initiative is not a security alliance but a technology accelerator for defence, allowing the broader possibility for ASEAN countries to leverage emerging technologies for the military edge.

Unlike the balance of power theory, ASEAN states have banded with China's rise, developing good economic relations and avoiding antagonising it. The signing of AUKUS demonstrates internal strategies to enhance power through financial performance and military

strength. At the same time, Australia uses existing security alliances to balance China's attempts to dominate the Indo-Pacific region.

The AUKUS initiative, despite undermining the ASEAN centrality, contributes as an alternative security structure to regional stability for the region by attracting interest from a broader range of ASEAN states. It could also focus on advanced capabilities in artificial intelligence, cyber, and innovation, which are already on the ASEAN agenda and could contribute to regional dynamics in conflict resolution.

AUKUS implied aims include enhancing regional security and defence in the Indo-Pacific, potentially deterring potential threats and contributing to stability. With its significant maritime territory, Malaysia may benefit from collaboration in maritime security and advanced defence technologies. The alliance aligns with Malaysia's interests, potentially improving its defence capabilities and maritime security. AUKUS initiative also includes collaboration on advanced defence technologies, potentially benefiting Malaysia through joint research and development projects. This could lead to economic benefits like technology transfer, job creation, and increased investments in the defence sector.

However, increasing defence capabilities or expenditures could have budgetary implications, potentially affecting other sectors of the economy. Malaysia's diplomatic relations, particularly with China, are crucial for maintaining national interests. Balancing these relations while ensuring energy security is vital. Despite not having a clear policy framework on the Indo-Pacific, Malaysia is actively involved in emerging security challenges. Using the AUKUS agreement as a model to strengthen national interests, Malaysia should consider creative alliances and partnerships, such as establishing a joint security dialogue with Singapore and Indonesia.

The AUKUS partnership has introduced a transformative element into the Indo-Pacific's security landscape. It possesses the potential to harness the positive impacts of AUKUS to deepen Malaysia's bilateral relationship with Australia. Common regional security interests and opportunities for collaboration in multiple domains provide a strong foundation for enhanced ties. Together, Malaysia and Australia can leverage the potential of AUKUS to contribute to regional stability, security, and prosperity in the Indo-Pacific, especially in the maritime domain. Through active engagement with AUKUS partners and seizing opportunities for cooperation, Malaysia can play a pivotal role in shaping the region's future.

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BIOGRAPHY

CDR Wrighton Buan Anak Kassy, Royal Malaysian Navy.

CDR Kassy is currently serving as Head of the Maritime Study Faculty at KD *Sultan Idris I*. He has served in both HQ Western Fleet and in the Eastern Sabah Security Command. In addition to his shore postings, CDR Kassy has served as Commanding Officer of KD *Baung*. CDR Kassy completed this research while on a three-month research posting to the Sea Power Centre – Australia, Royal Australian Navy.