

Malaysia: Political and Security Outlook February 2009

Politically Difficult but Stable

Though 2008 was a difficult year for the government, and 2009 looks to be even more challenging, Malaysia remains largely stable. Stability and continuity of government, however, masks a slow and steady loss of confidence by the electorate in the political process. There is no immediate challenge to the government, and Deputy Prime Minister Najib Tun Razak will replace the current incumbent, Abdullah Badawi, in orderly fashion in March. Najib will himself have a four year window under the terms of the current government before he has once more to go to the electorate. But unless Najib can turn around sentiment and restore faith in the governing National Front coalition, the political settlement and construction that has underpinned Malaysian politics since independence in 1957 will be under threat at the next General Election.

After a heavy loss of support in the March 2008 General Election, the government's confidence and poise was restored when the wholesale defections to the opposition - predicted for September by opposition leader Anwar Ibrahim - failed to materialise. But a significant loss in a parliamentary bi-election in Terengganu in January 2009 demonstrated that the National Front government has not revitalized its grass-roots support. The governing coalition faces the steady erosion of its position due to continuing disenchantment with corruption, and because increasing numbers of Chinese and Indian voters feel the government does not address their needs. The outcome is of particular concern to Deputy Prime Minister Najib Tun Razak because he took personal responsibility for the Terengganu by-election campaign.

By-election Win Boosts the Opposition

One problem for the government is that they continue to polarise public opinion; in general, the same themes – corruption and incompetence - continue to undermine the national front government, which currently suffers a “credibility gap”. Abdullah Badawi's leadership is viewed by many to have been weak and ineffectual, leading to a loss of confidence. Najib is experienced and has a strong grip on the detail of government. His ability to restore confidence in the

National Front government and in his own personal standing will be a huge test of his political skills – particularly as the global recession begins to impact on Malaysia’s recent economic successes.

More worrying than the loss of confidence in the country’s top leadership is a significant, and possibly irrevocable, shift in the loyalty and voting patterns of the main ethnic communities. Since independence in 1957, Malaysia has been able to rely, in large measure, on the support of the three main communities – Malay, Chinese and Indian - working through a governing national coalition, the ‘National Front.’ This has led to a stable form of governance, and one that has addressed with considerable success the complexities of inter-communal relations. In recent years, however, historically strong support from the Indian community through the MIC (the mainstream Indian party) for the governing National Front has fallen away sharply. This loss of support reflects huge disaffection with the MIC leadership under Sammy Vellu and the failure of the MIC to stand up for “Indian issues and rights”. The Chinese governing party, the MCA, has also had a torrid time, with divisions and in-fighting hurting its credibility.

In terms of the majority Malay population, anti-corruption sentiment has led to many Malay voters moving to the opposition and the Islamic PAS. “Money politics” within UMNO is rife and, though there is much lip-service paid to eradicating its influence, most observers note little real change. It appears to have taken a vice-like grip on the party, and on the ability of senior politicians to rise to the top. In short, access to the party’s upper echelons would appear to need large budgets and resources. UMNO appears to be losing traction with the Malaysian urban class and youth, who have witnessed the ‘democratisation’ in neighbouring countries- most recently in Thailand. Nevertheless, the loss in Terengganu has not resonated strongly in Kuala Lumpur and appears unlikely to trigger a major immediate loss of confidence in the government.

Solidarity with Gaza

Israeli incursions into the Gaza Strip have provoked outrage amongst the Muslim majority in Malaysia. Opposition to the Israeli action has been vocal. Posters have appeared all over the country, and humanitarian donation buckets have become ubiquitous in Kuala Lumpur. There have been many ‘anti- Zionist’ articles in the press and in the blogosphere. Whilst there has been no apparent backlash against western businesses (Malaysia holds no diplomatic relations with Israel) an unofficial boycott of U.S. goods was called by several Muslim groups and backed by Malaysia’s fourth Prime Minister Tun Dr. Mahathir Mohammed. There appears to be no threat to western business- and the government have cautioned against such a boycott- for the local economy will feel the pinch more than western conglomerates. For instance, Coca-Cola Malaysia employs 1,700 Malaysians- 60% of whom are Malay.

Terrorism

Malaysians have responded positively to new U.S. President Barack Obama's first few weeks in office- President Obama's decision to close down the Guantanamo Bay detention facility has been greeted well by the government, pleased that Obama fulfilled his election manifesto promise. Two Malaysian nationals are currently detained in Guantanamo, and are described by U.S. authorities as being members of the Java based terror network Jemaah Islamiah (JI). Incumbent Prime Minister Abdullah Badawi welcomed the move and noted that he hoped that the two detainees would be able to return to Malaysia to serve the rest of their sentences.

If they are returned, the two detainees will probably be held under the provisions of the Internal Security Act (ISA) and join 80+ Islamic radicals currently held at Kamunting Detention Camp in Perak. The police Special branch has allowed the steady release of detainees back into the community, once they feel the extremists are of no further threat. In late 2008, a handful of extremists were quietly allowed to return to their families, no longer deemed a threat.

Malaysia itself has been free from terrorist actions for many years. Events in Mumbai in late-2008, however, placed the spot-light on it, as there was initially a claim that the terrorists used Malaysian passports and credit cards. The claims proved false but the incident focused attention on weak government control of documentation. The British government, for example, is considering imposing a visa regime on Malaysian nationals, who increasingly violate visa conditions. One strand to this has been the discovery that foreign nationals – often Chinese – can obtain Malaysian documentation, thereby allowing easy entry to the UK. This has permitted human trafficking and prostitution into the UK on false Malaysian passports. Charges against immigration officials for illicit practice reinforce the view that the Malaysian immigration system is poorly policed and corrupt. A new, hi-tech passport is being introduced to address these concerns.

Low Intensity Thai Conflict

In the south of Thailand a "low intensity war" rumbles on. The conflict is unable to be termed a 'war' by the international community owing to the low level of casualties. Despite a sense of sympathy and concern for the condition of the co-religionist Muslim Malay-speaking community of Southern Thailand, the violence perpetrated by Islamic extremists against the Thai government has yet to cause ripples in northern Malaysia, which remains tranquil. But people crossing over the border to Thailand should be aware that there has been a resurgence of criminal and political violence in southern Thailand.

Meanwhile, with Bangkok embroiled in a political saga that stretched across much of 2008, culminating in the December 2008 Bangkok airport closures Malaysia has begun to pick up the pieces of the shattered Thai tourism industry. This saw thousands of tourists re-routed to Malaysian airports to fly home. Many tourists, on package holiday deals to Thailand during this period opted to take their holidays in Malaysia. The government seems keen for this to

continue- and at the time of writing the Ministry of Tourism was running a vigorous campaign to promote Malaysia as a viable 'package holiday' alternative.

Crime Rates

Crime rates have risen and generally Malaysians feel less secure. There are some positives (street-crime, according the police figures at least, is down) but crime targeted at expatriates appears to be on the rise, with a series of altercations occurring in Kuala Lumpur, often at or around night-spots. Final police figures for 2008 have yet to be released, but by taking the trend for the first nine months, the overall crime rate appears to have risen by about 2%. Rape cases have risen at a higher level though murder and street-crime appear to be both down.

The police continue to point to Malaysia's relatively low levels of crime (772 for 100,000 residents) when compared to neighbours. There is certainly not a crime pandemic, and Malaysia – in general – remains a relatively stable and safe environment. But, due to under reporting and poor statistical definition, the crime situation is almost certainly worse than the authorities report and there are pockets of concern. It is worth noting, however, that the full police crime statistics for 2008 have not been publicly declared. It is not clear if this is simply a delay in the collation and publication, or stems from a desire to suppress bad news.

Credit card fraud and ATM machine theft remain prevalent. White-collar and commercial crime of all descriptions was afforded greater significance by the Federal Police. Criminal activity linked to syndicated crime groups - vice, illicit gambling, smuggling and prostitution - continue to thrive in the seedier areas of the main cities. Drugs are available, with ecstasy and increasingly cocaine the social drug of choice for the young. Heroin addiction continues to fuel much street crime.

HIV Rising

HIV rates are low compared to Indonesia or Thailand, but nevertheless on the rise. Yearly prevalence rates are around 0.5% compared to 0.2% of those in the US or the UK. In the fall of 2008, the government implemented legislation which saw Malay men subject to a HIV screening prior to marriage. This was in response to an increase in the numbers of Malay women testing HIV positive, after their new found husbands were found to visit prostitutes. Malaysian Chinese and Indian men were encouraged by the government to be voluntarily screened. Prostitution, whilst illegal is widely practiced throughout the country.

Traffic Accidents

Malaysia continues to have one of the worst traffic accident records in the world, largely a consequence of fast moving traffic and the high ratio of motorcycle users. Infrastructure is good vis-à-vis Indonesia or Thailand, yet accident rates remain stubbornly high. The government recently introduced legislation whereby passengers in a car would be obliged to wear a seat belt. This legislation, implemented in late 2008 is largely flouted, despite the RM 300 (USD 85)

penalty. One ray of hope, however, was that the traffic accident rate for the recent Chinese New Year holiday was down on previous years.

Chinese New Year – A Difficult Year Ahead

Generally, January has been a slow month for business in Malaysia, after a lengthy Christmas break businesses were shutting down as early as the middle of January in anticipation of the new Chinese Lunar Year. The current economic turmoil gripping the United States, Europe and other industrialised nations has yet to ‘fully impact’ on Malaysia- though this could be owing to the lack of transparent information emerging from local press. The coming months, however, are likely to see a spill-over of these global problems. Export focused factories – particularly micro-electronics – are already experiencing a significant down turn in demand. Malaysia’s high levels of foreign direct labour offers a measure of protection for the local population (one worker in four is foreign) but the loss of revenue and activity will translate across the economy.