

Malaysian Maritime Potential and the Straits of Malacca

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ABSTRACT:

Location at the Straits of Malacca and a long coastline provide states with a substantial maritime geostrategic potential. Since the rise of India and China as world economic powers the Straits have gained in maritime importance. Using data of the CenPRIS Ocean Index the paper will analyse the competitive position of the Malaysian states along the Straits of Malacca. The question will be asked, how far these states have realized their maritime potential and have moved ahead of their competitors along the Straits of Malacca. The development of other maritime states will provide a benchmark, through which the maritime performance can be measured. It will be argued that Penang's maritime potential as a gateway to the Indian Ocean could be more fully realized, whereas Johore has made good use of its geo-strategic position between the Straits of Malacca and the South China Sea.

1. Connecting the Indian Ocean and the South China Sea

The sea lanes from East Asia to the Indian Ocean pass through *Nusantara*, the Malay world "between the islands". Throughout history different centres have emerged to make use of the opportunities and advantages offered by a location close to trade and shipping, offering shelter, supplies and trading opportunities. Srivijaya, Junk Ceylon, ancient Kedah, Aceh, Malacca, Johor, Brunei Darussalam, and further afield Banten, Gresik and Makassar are just some of the places to mention. They have lined, like pearls on a string, the sea lanes from East to West and from West to East. Singapore, Port Kelang and Penang are the more recent additions to these places that have thrived by using location as a resource. To the West, "the Indian Ocean Region has definitively reached the forefront of world geopolitics and is considered as an area of crucial geostrategic importance" (Bouchard, Crumblin, 2010:27). To the East, the South China Sea is hotly contested because of its maritime resources, oil, gas and fish, while being transverse by shipping lanes to the economic growth poles of China, Japan and Korea.

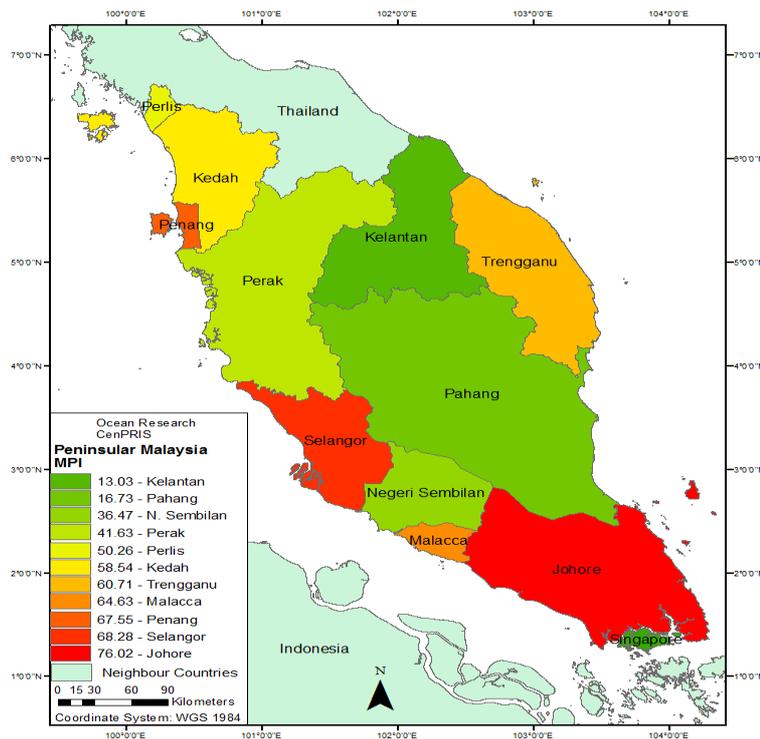
The strategic importance of the Straits of Malacca for world trade and ASEAN security could hardly be over-emphasized (Gerke, Evers, 2008). The straits are not only rich in marine resources but are one of the oldest and busiest shipping lanes in the world. They serve as a primary conduit for the movement of cargo and human traffic between the Indo-European region and the rest of Asia and Australia. They are the shortest East-West sea route compared to Indonesia's Lombok Strait. Every year billions of Euro worth of goods and services pass through the region (Gerke, Evers, 2008:8). There are conflicting estimates, but it appears that about 50.000 ships pass through the Straits annually, transporting a third of world's trade. More than 16 million TEU of containers pass through Malaysia's ports (2009), and this figure is likely to increase with growing trade with India and China. The Indian Ocean region and India itself have steadily increased in geopolitical importance. "India's total trade volume with East Asian economies now exceeds that with the European Union or the United States, while more than half of India's trade now goes through the Malacca and Singapore Straits" (Wall Street Journal 05-09-2011; <http://online.wsj.com>). Penang, as the gateway to the Indian Ocean should gain from India's rise, unless its maritime potential is grossly neglected. Malaysian-Indian trade that increased 27% in value last

year (2010) alone, has certainly supported the growth of Port Klang, but apparently less so the port and the maritime industry of Penang.

2. Using the Maritime Potential of Malaysian States

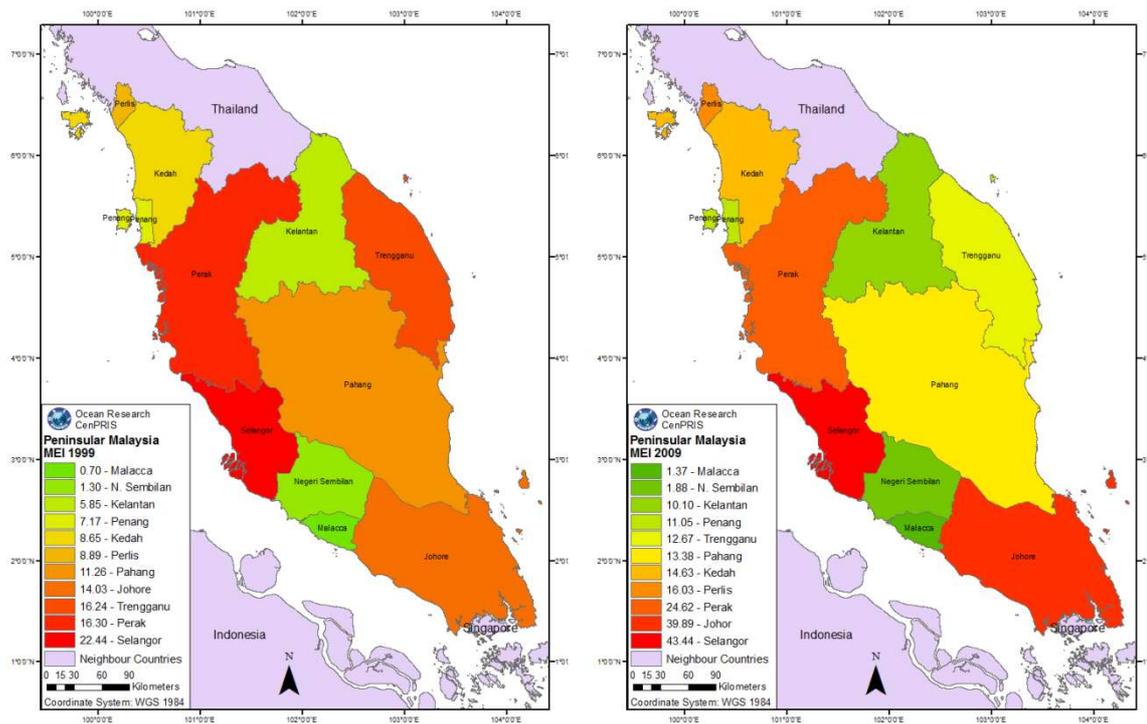
Malacca, Penang, Selangor and Johor, all located along the Straits of Malacca, also have the highest maritime potential, as measured by the MPI. Their long coastline relative to their land area, their estuaries and sheltered anchorages and their closeness to major shipping lanes and fishing grounds all explain their high potential to develop a maritime industry.

Map 1. Maritime Potential, Malaysian States



Our index of the maritime economy shows that during the past 20 years the maritime sector of the Malaysian economy has become more concentrated along the Straits of Malacca rather than along the South China Sea. This is partly due to the relative decline of fisheries along the upper East coast, including the illegal practice of selling fishing licences to Thai fishermen and landing fish in Southern Thailand rather than in Malaysia. But also along the Straits of Malacca the maritime industry, including port development, has increasingly been concentrated in Selangor and at the southern tip of Johor, i.e. at the Straits of Malacca, the Singapore Strait and the South China Sea. The growing importance of harbours and the shipping along the Straits is partly explained by trade with India, which, between 1999 and 2010, has grown in value (US\$) by an average of 14% per year (SOURCE: Department of Statistics Malaysia (<http://www.indianhighcommission.com.my/ec.php>)).

Map 2. Maritime Economy Index (MEI), Peninsular Malaysia 1999 and 2009



Measuring the status and growth of the maritime industry and relating it to the maritime potential, a different and more interesting image emerges. Malaysian states have made different use of their maritime potential. The CenPRIS Ocean Index (COI) measures how far this potential has been used by its maritime industry. Selangor with its thriving port of Kelang has made good use of its maritime potential, especially its location on the Straits of Malacca. This is in contrast to Penang that despite its location at the North-western end of the Straits as a potential gateway to the Indian Ocean, and its high maritime potential as an Island and coastal state, ranks rather low on the COI. Fortunately during the past decade its COI has increased at an average annual rate of 9.4%, which means that the utilization of Penang's maritime potential has been steadily improved. However Penang is still a long way off in comparison to the most dynamic Malaysian state Johor. Due to the construction of new port facilities of Tanjung Pelepas and Pasir Gudang and the development of the Iskandar economic cluster, the maritime economy thrived and has become the most dynamic in Malaysia. Johor's maritime industry index (MEI) changed by 26 points or 31% between 1999 and 2009, and that of Selangor by 21 points or 25%.

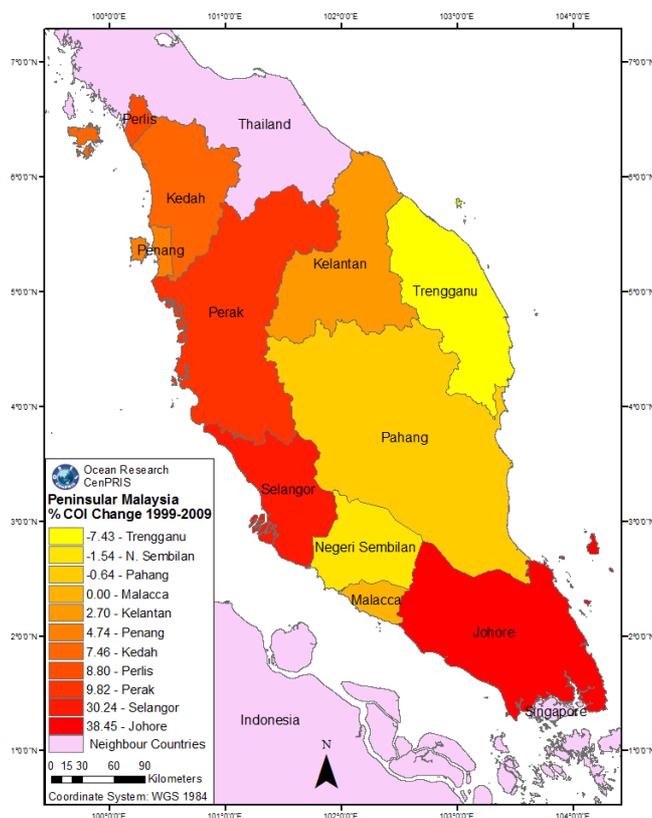
Singapore at the Eastern end of the Straits of Malacca has, despite its big harbour and shipbuilding facilities not fully made use of its maritime potential, as measured by the ASEAN COI (54 in 2005). The Singapore government has, however, reacted and is supporting its maritime industrial cluster (Menkhoff and Evers 2011).

Table 2. CenPRIS Ocean Index (COI), Malaysian States, 1999 to 2009

STATE	1999	2005	2009	Change (%)
Perlis	38.58	43.18	48.12	8.80
Kedah	24.01	24.50	32.09	7.46
Penang	6.07	6.56	11.21	4.74
Perak	66.01	70.60	76.65	9.82
Selangor	30.95	47.15	63.70	30.24
Negeri Sembilan	49.19	49.17	47.52	-1.54
Malacca	0.00	0.00	0.00	0.00
Kelantan	97.07	98.28	100.00	2.70
Terengganu	33.29	25.60	25.24	-7.43
Pahang	100.00	100.00	99.30	-0.64
Johor	3.33	32.92	44.98	38.45
Sabah	29.46	22.02	32.06	2.40
Sarawak	82.24	87.46	87.65	4.99

If we compare the maritime potential index (MPI) with the maritime economy index (MEI), a somewhat different picture emerges. It shows that Singapore has improved its position and is making much better use of its high maritime potential, moving up from 29 to 54 on the Ocean Index (Evers and Azhari-Karim 2011b) between 2000 and 2005, similar to Selangor with a score of 31 in 1999, 47 in 2005 and 63 in 2009. This means that these two states have increasingly made use of their maritime potential and moved up the ranking of Malaysian states and Singapore.

Map 3. Changes in the Ocean Index in percentages, Malaysia 1999 to 2009



Map design and GIS: Sezali Darit

3. Conclusion: The Maritime Economy of the Straits of Malacca

The Straits of Malacca has maintained its geopolitical position of one of the World's most important sea lanes. Not only shipping from the Indian Ocean to the South China Sea, but also cross-straits trade, labour migration and knowledge exchange (Evers and Hornidge 2008) have created a Straits of Malacca Region. Despite this great geopolitical asset, maritime development has not received enough attention in development planning. The new Malaysian "Economic Transformation Programme" has no separate chapter on the maritime economy (PM Department 2010). This poses the question, why a country with a huge maritime potential has turned a blind eye on the oceans.

Malay culture as popularly perceived is linked to the images of paddy field and *kampong* (village), rather than to *perahu* (ships) and *lautan* (the seas). The "New Malay" of modern Malaysia is expected to be highly motivated and entrepreneurial, but this apparently does not specifically involve the maritime sector. There may be differences between East coast and West coast Malays, but the question could, indeed, be extended to the more general problem, when and why Malaysia's majority ethnic group, the Malays, a people with Polynesian connections and a long history of seafaring across oceans, have turned away from the sea, looking inward to land areas rather than the maritime "space between the islands", the *Nusantara*, and beyond. As the maritime anthropologist Horst Liebner described it, "today's inhabitants of the Archipelago inherit the perhaps most sophisticated maritime tradition of our World; and, it was this bequest of seafaring and trade that unified the immense diversity of people and customs of more than 17.000 islands into a cultural zone once known as the Malay World" (Liebner 2004). This is a challenging research question, thrown up by using an analytical tool in form of an index. Given the renewed interest in ocean research (Andaya 1990; Forbes 1995; Kauz 2009; IORG. 2010, Steinberg 1999, Saharuddin 2010, Smith 2011), it is hoped that historians and social scientists will, some day, take up this challenge and provide an answer that may help to rediscover Malaysia's maritime potential.

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