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**EU-U.S.-China:  
Cooperation in the Malacca Straits**

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# Contents

Abstract	4
1. Introduction	5
2. Background	7
2.1. Possible Attack Methods	8
2.1.1. Ship as Delivery System	8
2.1.2. Ship as Target	8
2.1.3. Ship as Weapon	9
2.2. Likelihood of Successful Attack	9
3. The Scenario	12
4. External Actors' Interests in the Malacca Straits	13
4.1. Consequences to Global Shipping and Trade	13
4.2. People's Republic of China	17
4.3. European Union	18
4.4. United States	19
4.5. Summary	21
5. Cooperation and Competition	22
5.1. Interests in Cooperation	22
5.2. Efforts to Improve Security in the Straits	24
5.2.1. Local Efforts	24
5.2.2. Regional Efforts	24
5.2.3. International Efforts	25
5.3. Counterterrorism Strategies and Cooperation	27
5.3.1. United States-Southeast Asia	28
5.3.2. United States-People's Republic of China	29
5.3.3. United States-European Union	31
5.3.4. European Union-Southeast Asia	32
5.3.5. European Union-People's Republic of China	32
5.3.6. People's Republic of China-Southeast Asia	33
5.3.7. Multilateral Cooperation	34
5.4. Summary: Overlapping Interests	35
6. Recommendations and Further Research	38
6.1. Recommendations	38
6.2. Further Discussion/Research	40
7. Bibliography	42

## Abstract

The Malacca and Singapore Straits are one of the most important maritime chokepoints in the world, linking the dynamic economies in East Asia with the Middle East and Europe. A disruption in the area would devastate trade and destabilize regional security relationships. An intentional disruption, such as a terrorist attack, would have additional psychological consequences that would likely spill over into the economic sphere.

This paper assumes the disruption is caused by a terrorist attack in the Straits and uses this scenario to examine the options available for increasing maritime security in the waterway. It specifically looks at the ways three external actors with high stakes in the Straits – the United States, European Union and People’s Republic of China – can contribute to security. All three stakeholders have strong interests in keeping the Straits open and safe for all international maritime traffic. Each would also benefit individually from cooperating with the other external actors.

This paper argues that security can best be achieved by the three external actors working together to engage the littoral states in multilateral cooperation. It also discusses the platforms on which such cooperation can be built and how it should be implemented.

**Keywords:** Malacca Straits, maritime security, counterterrorism, multilateral cooperation

# 1. Introduction

The Malacca Straits, the 500-mile-long funnel-shaped body of water running between Indonesia and Malaysia and tapering to a mere 1.5 miles wide,<sup>1</sup> has long been a crucial international waterway. It was one of the three keys to the Portuguese empire in Asia (the other two being Goa and Hormuz). Portugal dominated trade in Asia for more than a century, until two setbacks precipitated its decline: the Japanese Shogunate's decision to cut off trade with the outside world and the Dutch conquest of Malacca in 1641 that severed the link between Goa and Macau. For centuries, Malacca has controlled trade in the region.

Imagine this trade were disrupted today. Imagine the Straits were completely blocked by the results of some human action, either intentional or accidental. The impact would no doubt have global reach on many levels: political, security, economic and, last but not least, psychological. The most dynamic economies of the modern world (China, Japan, India) would suffer heavily from sudden shortages but would by no means be the only victims. Are the states that particularly depend on the Malacca Straits sufficiently prepared for such an incident? What would be the impact of such a disruption on global cooperation and, vice versa, how could the global community cooperate to help prepare against such a crisis? With regard to security and regional stability these questions are of particular importance to three major security stakeholders: the United States, the People's Republic of China, and – the European Union.

This paper assumes a terrorist attack causes the disruption, as it is a plausible potential cause for a major crisis in and around the Malacca Straits. It assumes the attack is large and devastating enough to severely disrupt or completely halt shipping through the area for at least five days. Such a disruption would heavily damage the economic and energy interests, not to mention the security and military concerns, of all three external stakeholders. The possibilities for a unilateral response to this scenario would be quite limited. Indeed, many experts and state governments have argued that multilateral cooperation is now more important than ever to deal with today's global challenges. Only through collective action, they say, can states combat transnational issues like terrorism. This scenario is no exception. Given that this terrorist attack would both harm all three actors' interests and allow only restricted unilateral responses, there is good reason for the three external actors to cooperate in preparation for this scenario. Moreover, one could argue that because the Malacca Straits are of high interest to all three parties but not a top priority for any, the actors would be more willing to cooperate here than on other issues (such as Taiwan). This is especially true because the Malacca Straits cannot be controlled or governed by any of the three actors. They are all equally outsiders in this case, yet they would all benefit from cooperation.

Arguing, therefore, that the attack should catalyze a cooperative trilateral response, the paper examines how each actor's interests in the Malacca Straits would be affected by the attack and in what form(s) a cooperative response might develop. It looks at what cooperation (if any) is already happening and, *inter alia*, the existing military, civilian, multilateral and bilateral structures on which further cooperation could be built. It then examines the actors' approaches to counter-terrorism and strategies for crisis response to see where and how common action might be implemented. This scenario thus functions as a test case to analyze some of the dynamics of interaction and cooperation between the U.S., EU and China. Both ASEAN's and the littoral states' style(s) of counter-terrorism and crisis response will also be taken into consideration, as all three outside actors will have to deal with their influence in the area.<sup>2</sup>

After an introduction of the background literature (section 2) and scenario (section 3), the paper examines the three actors' direct military, economic and political concerns in the Malacca Straits (section 4). Restricting the study both geographically and topically in this way allows the researcher to develop one plausible path for how the existing dynamics might play out in the future. What does each actor perceive to be the largest threats to its interests, and how would a terrorist attack affect them? These threat perceptions determine how each actor would want to respond to the at-

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1 Catherine Zara Raymond, "Maritime Terrorism in Southeast Asia: Potential Scenarios," *Terrorism Monitor* IV issue 7 (6 April 2006): 2.

2 ASEAN member states are Burma, Brunei, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam.

tack – what it would prioritize. After analyzing the actors' threat perceptions the project moves on to identify the issues where priorities intersect. It analyzes current security cooperation activities to identify promising foundations for further cooperation (section 5). Finally, it draws some conclusions, makes recommendations for trilateral cooperation and discusses the possibilities for further research (section 6).

This project's significance lies precisely in its limited scope. It does not attempt to look at all the factors influencing relations between the actors in the region; such a comprehensive project would require years of research and analysis. Nor does it attempt to identify the most plausible or probable future of international relations in the region. Instead it uses this very distinct scenario as a model of multilateral security cooperation under relatively conducive circumstances. To maintain a 'petri dish' effect the study does not look at possible external, geo-strategic influences that in reality could hinder cooperation, such as major power rivalries, trade imbalances or human rights in China. This scenario-based analysis is intended to be an initial step toward further research in such areas as U.S.-EU-Chinese cooperation in other regions or multilateral cooperation for maritime security in Southeast Asia. The strategies for cooperation developed in this project should provide fodder for studies on these larger topics.

The issue of a terrorist attack in the Malacca Straits was a hot topic a few years after 9-11 but has cooled since a number of maritime security experts pointed out its improbability. It is not at all certain that an attack will occur or be successful; there is an ongoing debate over the likelihood of a successful terrorist attack in the Straits. However, although there are no visible signs that an attack would really happen the probable costs in terms of lives lost as well as economic and environmental damage make it worthwhile to discuss attack scenarios, develop disaster response plans and work to increase the security and safety of the Straits. Southeast Asia – with its combination of local terrorist groups, history of piracy and sea-based armed robbery, and globally important sea lanes – is certainly an area at high risk of a maritime terrorist attack. It is therefore in the interest of all governments involved to increase maritime security in the region. This project revives the Malacca scenario through the lens of trilateral cooperation between the U.S., EU and China because although unlikely at the moment, it is a plausible future and a useful analytical tool. Looking at this scenario now, in a period of relative calm and security in the Malacca Straits, facilitates careful and unhasty policy analysis and recommendations for cooperation. Moreover, here there is a clear intersection of interests between these three important external powers, which is not often the case. The Malacca Straits scenario offers a rare opportunity to explore plausible options for cooperation between three external actors with little history of working together.

## 2. Background

The Malacca Straits have also been the focus of a great deal of attention from the media, security experts and politicians in the last few years. After 9/11 the Bush Administration began framing Southeast Asia as the “second front” in the Global War on Terror (GWOT). In this context, beginning in 2002 and peaking in 2004-2005, a number of articles were published highlighting the fact that although governments had greatly improved aviation security, other transportation sectors remained extremely vulnerable. Experts began to outline the weak points in the global trade network and elaborate the possible consequences of a terrorist attack. Maritime security was identified as particularly exposed. The Straits, one of the most important waterways in the region as well as arguably one of the most dangerous, attracted a great deal of scrutiny.

Figure 1: The Malacca Straits



Figure 2: The Malacca Straits Close-Up<sup>3</sup>



3 United States Department of Energy, Energy Information Administration, “World Oil Transit Chokepoints,” [www.eia.doe.gov/cabs/World\\_Oil\\_Transit\\_Chokepoints/Full.html](http://www.eia.doe.gov/cabs/World_Oil_Transit_Chokepoints/Full.html) (accessed 07 April 2008).

The predicted consequences of a maritime terrorist attack on the Straits varied widely, but all authors tended to agree that a large-scale disruption in shipping would severely damage both local and global economies. A typical example of such predictions read,

“Were terrorist pirates to hijack a large bulk carrier or oil tanker, sail it into one of the chokepoints, and scuttle it to block the sea-lane, the consequences for the global economy would be severe: a spike in oil prices, an increase in the cost of shipping due to the need to use alternate routes, congestion in sea-lanes and ports, more expensive maritime insurance, and probable environmental disaster.”<sup>4</sup>

These setbacks could cost millions or even billions of dollars, depending on the nature and location of the attack.

## 2.1 Possible Attack Methods

The majority of tactics for employing ships in a maritime terrorist attack fall into three categories: “ship as delivery system,” “ship as target” and “ship as weapon.”

### 2.1.1 Ship as Delivery System

Terrorists could quite easily exploit the global container network to move weapons or dangerous substances around the world. Today’s global production chain employs the “just enough, just in time” delivery system, in which components arrive at their destination precisely when they are needed to reduce or eliminate inventory holding costs. This system relies on a large fleet of various ships, low tariffs and other trade barriers, and minimal security inspection delays in order to function at maximum efficiency. This economic pressure for speed, combined with the vast number of containers being moved around the world at any given time means that only one to five percent<sup>5</sup> of all containers are inspected. Even Singapore, “arguably one of the world’s most sophisticated and well-protected commercial maritime ports,” does not require vessels to declare the contents of their cargo if they are transiting through its waters rather than stopping in the port.<sup>6</sup> Thus “the statistical probability of successfully smuggling a weapon or bomb is much greater than the probability of intercepting one.”<sup>7</sup> Once a weapon was smuggled into a port it could be detonated remotely. Some have suggested detonation by timer, but this seems impractical as there is little way to predict exactly when a given container will reach its destination. A “dirty bomb,” an explosive containing chemical, biological or nuclear material, could be set off in a major port like Singapore or in the middle of the narrowest point of the Malacca Strait to effect considerable damage.

### 2.1.2 Ship as Target

This category includes scenarios such as steering a small, explosives-laden boat into the side of a tanker or military vessel or planting a bomb aboard a (relatively) easily accessible boat such as a passenger ferry or cruise ship. There are precedents for these scenarios. The widely publicized attack on the USS *Cole* in 2000 off the coast of Yemen is an example of a successful “small boat explodes near large vessel,” attack, as was the 2002 *Limburg* oil tanker incident. Alleged planned attacks have included similar suicide missions against U.S. navy ships in Singaporean, Malaysian and Indonesian waters<sup>8</sup> and in the Indonesian port of Surabaya.<sup>9</sup> The *Superferry 14* bombing in the Philippines in 2004 is widely regarded as the most deadly maritime terrorist act in recent history.

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4 Gal Luft and Anne Korin, “Terrorism Goes to Sea,” *Foreign Affairs* 83 issue 6 (Nov-Dec 2004): 67. For another example of similar analysis see Michael Richardson, “A Time Bomb for Global Trade: Maritime-related Terrorism in an Age of Weapons of Mass Destruction,” *Survival* 46 issue 4 (February 2004): 202-203.

5 About 5.2 percent of containers entering the U.S. and less than one percent worldwide are inspected. Donna J. Nincic, “The Challenge of Maritime Terrorism: Threat Identification, WMD and Regime Response,” *The Journal of Strategic Studies* 28 no. 4 (August 2005): 624.

6 Chalk, Peter, *The Maritime Dimension of International Security: Terrorism, Piracy and Challenges for the United States*, Rand Project Air Force Research Monograph (Santa Monica: Rand Corporation, 2008): 28, footnote 31.

7 Chalk, 27.

8 Chalk, 21.

9 Maria Ressa, “Terrorism’s New Frontline,” *CNN International*, 26 February 2004, <http://edition.cnn.com/2002/WORLD/asiapcf/southeast/10/29/asia.jihad.3/index.html> (accessed 06 June 2008).

The crude bomb, made of 16 sticks of dynamite inside a hollow TV, cost less than \$400 to make. It caused 116 deaths and an incredible amount of fear.<sup>10</sup> A U.S. military ship, an oil tanker with a Western flag or a cruise ship would all be attractive targets for any terrorist group wanting to make an iconic political statement against the West. If the ship also happened to be in the Malacca Straits the attack would not only create terror and publicity but also impede the smooth functioning of regional and global trade.

### 2.1.3 Ship as Weapon

In this category terrorists could shoot a missile into the hull of an oil or LNG (liquid natural gas) tanker near a port or shore and ignite the spillout, turning it into a 'floating bomb.' They could hijack a ship and drive it into a busy port, again as a floating bomb if they created an explosion on board as they crashed into their target. They could also sink a ship in the middle of a narrow shipping lane like the Malacca Strait (known as a "chokepoint" where shipping is forced to use one particular route), blocking traffic for at least a few days. The 'floating bomb' concept has received much attention as experts have discussed the logistics of exploding tankers or other cargo vessels or setting fire to volatile substances on board. The most commonly discussed substances are liquefied natural gas (LNG), liquified petroleum gas (LPG), oil and ammonium nitrate. The high volume of oil traveling by ship all over the world, combined with oil's well-known combustibility, makes oil tankers a highly discussed 'floating bomb' possibility. Ammonium nitrate, a common agricultural fertilizer, is another "Dangerous Maritime Cargo"<sup>11</sup> that has received quite a bit of attention. A popular ingredient in bombs because it is easily available and forms an extremely powerful explosive when mixed with fuel oil, ammonium nitrate was the main substance in the bombs used in the 2002 attack on a Bali nightclub.<sup>12</sup> An attack with LNG would cause the most damage of any substance but is also the most difficult to pull off. It is theoretically possible to breach the hull of an LNG ship and cause the liquid to spill out into a pool. The inflammable liquid could then vaporize into a highly combustible, low-lying cloud. A study commissioned by the U.S. Coast Guard and conducted by Sandia National Laboratories asserts that such a cloud, if ignited, would result in a fire hot enough to cause burns on exposed skin 1,600 meters away.<sup>13</sup> If the cloud floated over a populated area the damage caused when it ignited would be severe. The fire would then burn back to the pooled LNG on the water surface and would continue to burn until the fuel had been used up. The heat emitted by such a fire has been reported at 200kW/m<sup>2</sup>. By comparison, an oil fire can burn with as little as 20kW/m<sup>2</sup>.<sup>14</sup> If successful (a highly unlikely possibility, as discussed in section 2.2) such an attack could be devastating to the ships, people and infrastructure within a radius of more than one kilometer. Any of the floating bomb scenarios poses a considerable threat.

## 2.2 Likelihood of Successful Attack

Most experts agree that a successful attack would have serious economic, political and environmental consequences. Yet they come to no accord on whether terrorists would attempt a maritime attack in the Straits or whether an attempted attack would be successfully completed. The media, especially in Southeast Asia, widely reported worst-case scenarios such as the LNG "floating bomb" described above.<sup>15</sup> Many pointed to the relatively high frequency of pirate attacks in Southeast Asia to show how vulnerable ships are in this region. Terrorists could adopt piracy techniques to further their own political goals, to create fear and terror rather than monetary gain.

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10 Chalk, 26.

11 Nincic, 628.

12 Nincic, 628.

13 United States Government Accountability Office, *Maritime Security: Public Safety Consequences of a Terrorist Attack on a Tanker Carrying Liquefied Natural Gas Need Clarification*, GAO Report to Congress, February 2007, <http://www.gao.gov/new.items/d07316.pdf> (accessed 9 June 2008): 7.

14 GAO, 9.

15 Cf. *Associated Foreign Press*, "Experts warn of terrorism, piracy in Malacca Straits," Kuala Lumpur, 13 June 2007, 5. For an overview see Tamara Renee Shie, "Ports in a Storm? The Nexus Between Counterterrorism, Counterproliferation, and Maritime Security in Southeast Asia," *Pacific Forum CSIS Issues&Insights* 4 no. 4 (July 2004): 3-4.

Some maritime security experts, engineers and natural scientists accused these protestations of vulnerability of being overly alarmist.<sup>16</sup> They stressed the need for much more nuanced studies of the dangers faced,<sup>17</sup> highlighting the technical problems any attacker would face in most of these scenarios. First, hijacking a large tanker is extremely difficult. The large ships transiting the Straits with valuable cargos like oil and LNG, as well as the global-route container ships and vehicle carriers, would make the biggest “splash” if attacked because they are owned, managed and crewed by non-locals and would cause the most damage if blown up. But they are also by far the hardest types of ship to attack. They are relatively fast, with an average steaming speed of 15-25 knots, making it “virtually impossible, and certainly highly dangerous” for a small speedboat to come alongside. They have very high freeboards (the distance from the water surface to the ship deck), meaning attackers would have difficulties climbing on board while the vessel was underway. They are relatively high-tech, equipped with security systems and staffed with professional, well-trained crews. All new oil tankers as well as LNG vessels are double-hulled, making them far less vulnerable to hull breaches. Thus the most attractive targets are the least vulnerable to attack.<sup>18</sup>

Even if terrorists were successful in taking over a ship, they would face many further difficulties creating the maximum amount of damage as forecast by the ‘alarmists.’ The worst-case LNG scenario described above would almost certainly not occur because so many conditions would have to be precisely, perfectly met. First of all, breaching the ship’s hull such that the LNG spilled out to create a pool of the correct size would be difficult. The hole in the hull would have to be just the right size and in the right location. The weather, composition of the LNG vapor cloud, dimensions of the pool and size of the fire would all help determine how hot the fire burned. If any of these factors were outside the required limits the fire would not cause so much damage. Furthermore the wind could blow the cloud harmlessly out to sea or disperse it before ignition.<sup>19</sup> Oil tankers are similarly damage-resistant. The “missile attacks on tankers during the ‘tanker wars’ of the 1980s showed how difficult it is to ignite a fire on a tanker.”<sup>20</sup> Other factors mitigating the effects of a terrorist attack might include the location of the ship at the time of attack, the size of the explosion, the number of people nearby, and whether the cargo (if oil or chemicals) spilled. Finally, simply sinking a ship in the Malacca Strait, even at One Fathom Bank where the shipping lane narrows to 0.6 nautical miles, would not have the desired effect because the lane is still wide enough that vessels would most likely be able to steer around a shipwreck.<sup>21</sup>

Because these difficulties combine to mean a low probability of successfully carrying out an attack, the ‘anti-alarmist’ experts argue that terrorists are unlikely to even attempt one. However, the majority of experts and government officials agree that the possibility of a terrorist attack on shipping, regardless of its probability, is worrisome enough to warrant increased attention. As Tamara Renee Shie points out, “[w]hether the probability of a maritime terrorist attack is high or low, the United States, or any country, can ill-afford to be unprepared for a devastating marine-based attack on par with that of the World Trade Towers in New York City.” Moreover, a less ambitious attack, for example on a smaller chemical tanker as discussed below, does have a relatively high probability of success and therefore remains within the realm of likely terrorist attack scenarios.<sup>22</sup> Experts therefore continue to discuss the possibilities for an attack. Particularly for this project, the fact that the scenario *could* occur is sufficient. It provides an excellent platform for examining the external actors’ interests and priorities in the Malacca Straits as well as how they would benefit from cooperating with one another to improve security in the Straits.

As demonstrated by the frequency of piracy incidents against the smaller, less well-guarded vessels that primarily sail between ports within the Straits rather than transiting through, these vessels are

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16 Marcus Hand, “SE Asian terrorists no immediate threat: expert,” *Lloyd’s List*, 21 February 2008.

17 For an overview and rebuttal of the most common attack scenarios see Raymond, “Maritime Terrorism in Southeast Asia.”

18 Sam Bateman, Joshua Ho and Mathew Mathai, “Shipping Patterns in the Malacca Straits: An Assessment of the Risks to Different Types of Vessel,” *Contemporary Southeast Asia* 29 no. 2 (2007): 309-32. This paper is an excellent, detailed study of the vulnerabilities of each type of vessel in the Malacca Straits.

19 GAO, 17-20.

20 Bateman, Ho and Mathai, 318.

21 See Raymond, “Maritime Terrorism in Southeast Asia,” 2.

22 Bateman, Ho and Mathai, 318-319.

the most likely to be attacked.<sup>23</sup> For terrorists looking for maximum publicity, a small tanker carrying oil, volatile chemicals or Liquid Petroleum Gas (LPG) would be an attractive option. LPG shares many of LNG's combustible properties but is shipped at a higher temperature on less high-tech vessels. Smaller carriers not only travel more slowly and lie closer to the water surface than the large vessels, but their smaller crews would also be more easily overwhelmed. They are also easier to operate. A second vessel type vulnerable to terrorist attack is a passenger ship such as a ferry or cruise ship. There are a number of ferries and cruise lines operating in the Malacca Straits, the cruise ships with primarily Western passengers. Indeed, "because cruise ships cater to rich, middle-class American and European tourists, these vessels provide the type of high-prestige, iconic target that would likely resonate with extremist Islamist intent and elicit considerable media attention if decisively struck."<sup>24</sup> Although maritime security experts believe terrorists would not attempt to hijack such a vessel "because of the numbers of people onboard and likely problems in boarding and seizing control of the ship," they are quite vulnerable to bomb attacks.<sup>25</sup> Many passenger vessels, especially ferries, have questionable dockside security. Their publicly available routes and timetables facilitate attack planning.<sup>26</sup> It would be relatively simple, as demonstrated by the Superferry 14 attack, to board one of these ships as a passenger and cause an explosion on board. A further scenario is a Malacca-specific twist on the "sink a ship" concept. Because a single sunken vessel would not halt shipping traffic, blocking or claiming to block the Straits with mines would be far more effective.<sup>27</sup> Mines are inexpensive, relatively easy to obtain, and easily deployable.

These three options – small tanker carrying volatile materials, passenger vessel, and mines – represent the three most likely means terrorists would use to carry out an attack in the Malacca Straits. The small tanker scenario could play out in any one of the three ways described above: ship as delivery system, ship as target or ship as weapon. The passenger vessel would most likely be a target rather than delivery system or weapon since it would be difficult to take control of the ship. The mine scenario, of course, does not fit into any of the three categories but is still a probable choice for an attack. All of these scenarios are logistically simple enough, with high enough probabilities of success, that terrorists might conceivably attempt one of them. This threat should make both littoral and user-state governments stand up and pay attention, as the possible consequences of such an attack would be considerable.

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23 As first pointed out by Young and Valencia, it is mistaken to assume a connection exists between the two phenomena. Their motives are very different (economic gain versus political statement), which means that their tactics also differ. Pirates prefer to keep as low a profile as possible so they will not get caught and can continue their activities for as long as possible. Terrorists, on the other hand, hope to attract a great deal of attention and reach a large audience. Furthermore, there is no evidence of any connections between pirates and terrorist groups. However, because the actual method used to attack a ship would be similar it is useful to look at piracy statistics to see where, when, how and against what types of ships attacks have most often been carried out. Adam J. Young and Mark J. Valencia, "Conflation of Piracy and Terrorism in Southeast Asia: Rectitude and Utility," *Contemporary Southeast Asia* 25 no. 2 (August 2003).

24 Chalk, 26.

25 Bateman, Ho and Mathai, 322.

26 Chalk, 25.

27 Raymond, "Maritime Terrorism in Southeast Asia," 3.

### **3. The Scenario**

This paper's centerpiece is a scenario comprising a terrorist attack on the Malacca Straits that blocks shipping traffic for at least five days. The cause could be any of the scenarios discussed in the previous section. Oil or chemicals from a blown-up small tanker could spill into the Strait; a hijacked ship could be rammed into one of the larger ports (Singapore Port would be particularly damaging); a passenger ferry with a bomb on board could explode in a port; the Straits could be mined. Any of these scenarios would probably be enough to force shipping to detour around the Malacca Straits for at least five days. Exactly how shipping becomes blocked is irrelevant to this study. The key point is that somehow so much damage is caused that international shipping cannot pass through the Straits for some time. Vessels would have to re-route through the Lombok-Makassar or Sunda Straits in Indonesia. Cooperative preparation (i.e., cooperative contingency plans) for a multilateral response to such a large crisis would be most logical, as the Malacca Straits are one of the most important international waterways in the world. All three external actors would be heavily affected by the attack, yet no one state would be capable of responding unilaterally – even the United States. Particularly because of the littoral states' sensitivity to outside interference in their affairs and to any perceived violation of their sovereignty, carefully non-threatening cooperation by the three external actors would likely be most effective and productive. This paper examines the possible fallout of this crisis scenario and, based on confluences of the three actors' interests and priorities, identifies opportunities for the U.S., EU and China to cooperate to improve security in the Malacca Straits.

## 4. External Actors' Interests in the Malacca Straits

This section will highlight each actor's interest in maintaining free, functioning shipping through the Malacca Straits, in part by illustrating the consequences of the scenario's blockage. It will first describe the possible consequences of the terrorist attack scenario to global shipping and trade, as all three actors would be affected by and have to deal with this aspect of the fallout. It will then discuss each of the three external actors' individual economic, political and strategic concerns in the event of a five-day blockage. In other words, what investments do the actors have in the Malacca Straits, and how would they be damaged or threatened by a blockage? Exposing each actor's interests and the (perceived) threats to them will facilitate the identification of intersecting interests and, therefore, opportunities for cooperation (elaborated in section 6).

### 4.1 Consequences to Global Shipping and Trade

Global shipping has for centuries been forced by geographic circumstances and weather conditions, not to mention pressure to sail the shortest route, to strongly prefer the Malacca Straits over other possible routes.

Figure 3: Map of World Shipping Lanes<sup>28</sup>  
The Malacca Straits are located in the center of the right third of this map.

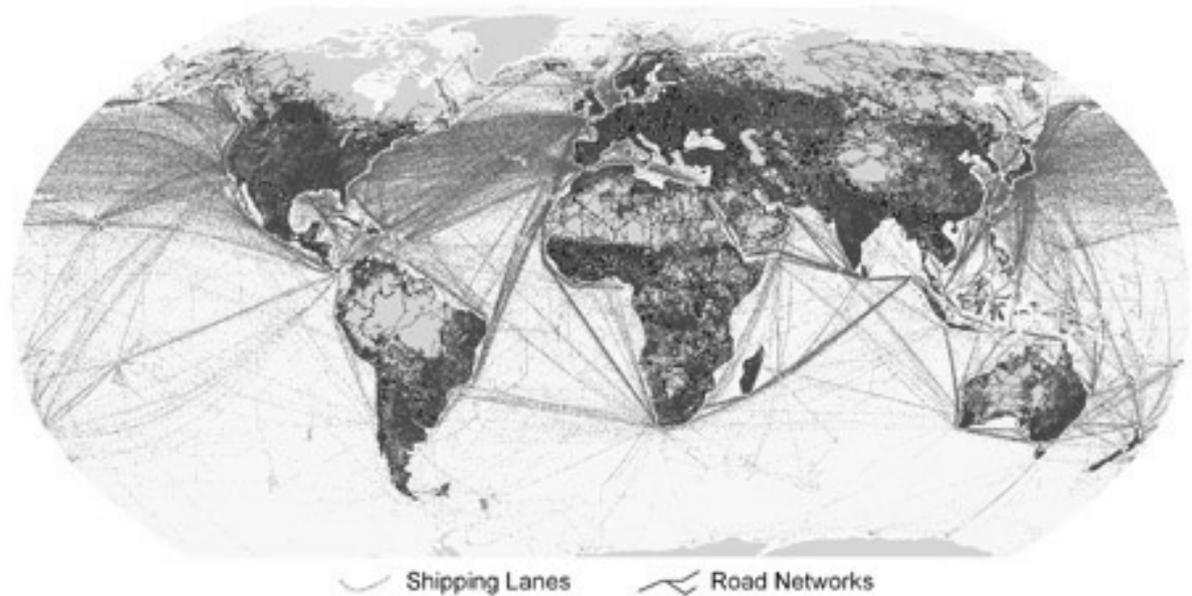


Figure 3, a map of world trade routes, illustrates global shipping's dependence on the Malacca Straits. While trans-Atlantic and trans-Pacific trade spreads out across a wide band of ocean, shipping lanes narrow considerably at certain maritime chokepoints. The Malacca Straits is one of the most important chokepoints in the world. All shipping across the Indian Ocean must steam to the northern tip of Indonesian Sumatra, then turn south-east and maneuver between the northern coast of Indonesian Sumatra and the southern coast of Malaysia. The routes from South Africa and Suez to East Asia converge at the northern end of the Strait of Malacca, while all routes from East Asia to the Indian Ocean converge at Singapore. The density of shipping is hence much higher in Malacca's narrow sea lane.

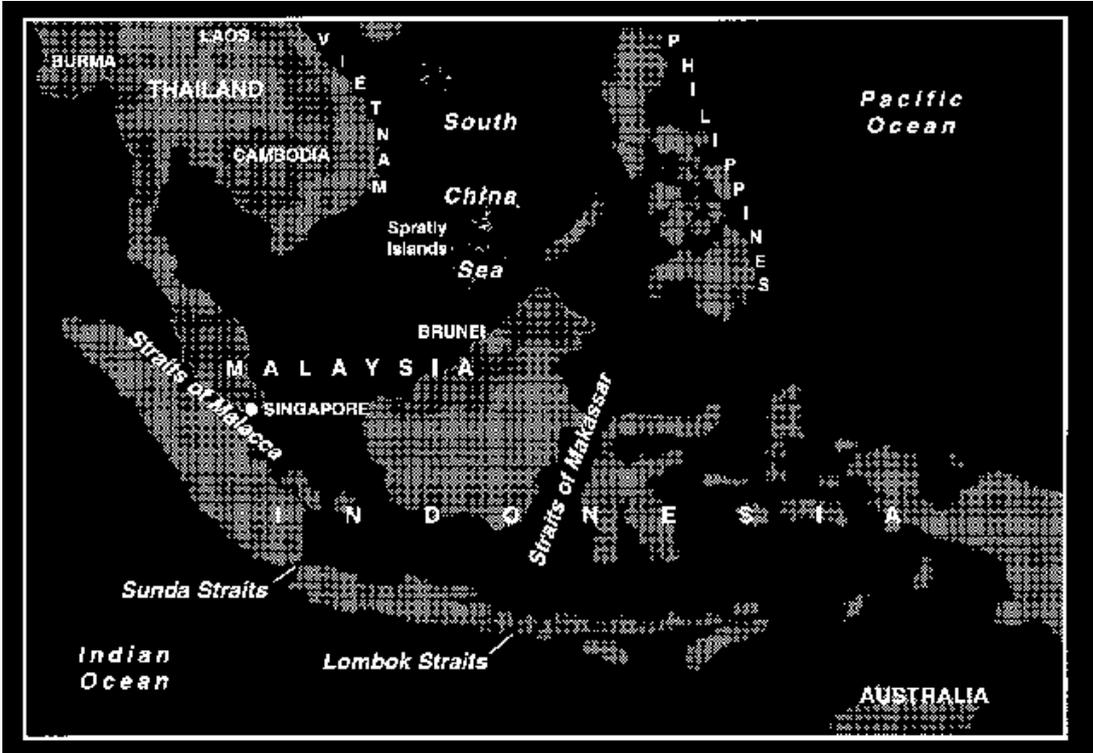
Experts agree that a terrorist attack on the magnitude of this paper's scenario would cause severe economic damage. Indeed, About 400 shipping lines and 700 ports worldwide regularly utilize the

28 Christine Dell'Amore, "Photo in the News: Wild Earth No More?" *National Geographic News*, 28 June 2007, [http://news.nationalgeographic.com/news/2007/06/images/070628-human-footprint\\_big.jpg](http://news.nationalgeographic.com/news/2007/06/images/070628-human-footprint_big.jpg) (accessed 24 July 2008).

Malacca Straits for transit.<sup>29</sup> The consequences would quickly reach all corners of the globe. Yet many of the authors predicting dire consequences for global trade fail to go any further, providing no estimates of what the actual costs might be. Although it is indeed difficult to make such estimates without knowing the exact nature of the attack, it is possible to look at current trade data and extrapolate some of the costs of a five-day blockage. Increased shipping costs would be caused by additional steaming costs (fuel, crew salaries, etc.), higher insurance premiums and strain on spare vessel capacity.

The length of the envisioned blockage was chosen because it is long enough to have considerable immediate economic consequences. At first glance these consequences may not seem so large. There are relatively short alternative routes that bypass the Malacca Straits. The the Straits of Lombok and Makassar route, which passes through Indonesia, would only add a few days to ships' journeys. It would require approximately 3.5 to four days to steam the additional 2960 kilometers through the Lombok-Makassar Straits, assuming an average speed of 15 knots (27.6 km/h). Smaller ships could take the shorter detour through the shallower, more dangrous Sunda Straits.<sup>30</sup>

Figure 4: Avoiding Malacca – The Straits of Lombok/Makassar and Sunda<sup>31</sup>



Not only are the possible detours relatively short, but shipping goods or natural resources by sea is also extremely cost-effective. This scenario's economic consequences for each ship, therefore, would not be great. The real damage results from the sheer volume of shipping that would have to be re-routed. The volume of shipping through the Straits has been summarized in various ways: 65,000 ships in 2006;<sup>32</sup> 50 percent of the world's annual merchant fleet tonnage and 15 percent of

29 Vivian Ho, "New radar system to boost Malacca Strait security near completion," *Kyodo News International* 12 June 2007.  
 30 Mokhzani Zubir, "The strategic value of the Strait of Malacca," analysis paper, Maritime Institute of Malaysia, 2004, <http://www.mima.gov.my/mima/htmls/papers/pdf/mokhzani/strategic-value.pdf> (accessed 10 June 2008): 2.  
 31 John H. Noer, "Southeast Asian Chokepoints: Keeping Sea Lines of Communication Open," *Institute for National Strategic Studies Strategic Forum* 98 (December 1996): 3.  
 32 Nazery Khalid, "Maintaining Security in the Strait of Malacca: A New Dawn," paper presented at the Council for Security Cooperation in the Asia Pacific (CSCAP) 6th General Conference, Jakarta, 7-8 December 2007, available at [http://www.mima.gov.my/mima/htmls/papers/pdf/nazery/CSCAP%202007%20\\_6Nov07\\_.pdf](http://www.mima.gov.my/mima/htmls/papers/pdf/nazery/CSCAP%202007%20_6Nov07_.pdf) (accessed 16 April 2008): 2.

the total value of annual world trade;<sup>33</sup> oil at 15 million barrels per day in 2006;<sup>34</sup> 25-30% of world trade and 50% of global energy supplies annually;<sup>35</sup> more than one trillion USD in goods and services annually.<sup>36</sup> Any way one puts it, the quantity and value of trade passing through the Straits is extremely high. Each ship's additional cost if forced to take a longer route would quickly amount to huge losses for the global economy.

To gain an initial glimpse of how much money an attack like this would cost shipping, it is useful to calculate the immediate flat cost per ship of an extra four days' steaming. First, one must estimate the average shipping rates for various types of vessel. Most cargo vessels on global routes are contracted on a daily charter rate, commonly reported as Time Charter Equivalent (TCE). Charter rates fluctuate rapidly and extremely with market conditions. For example, in late 2007 average rates for Very Large Crude Carriers (VLCC, the largest size of oil tanker) skyrocketed from USD 20,000 per day to USD 200-300,000 per day, with even higher numbers recorded in some cases. The average single-voyage freight rates for 2007, which were slightly lower than in previous years, ranged from USD 21,800 per day for a small tanker to USD 51,000 per day for a VLCC.<sup>37</sup> The rates for the last week in May 2008 ranged from USD 14,560 per day for a small tanker from Singapore to the Far East to USD 134,119 for a VLCC from West Africa to China.<sup>38</sup> Average rates for various sizes of dry bulk carriers ranged from USD 22,600 to 43,400 in 2006; the averages for 2007 were almost double these amounts, a drastic change from previous years.<sup>39</sup> The huge variations in charter rates depending on ship size, voyage length and market conditions mean that any approximation of costs will be gross in the extreme and useful only to get a very general idea of the amount of money in play.

Not only is information about VLCCs most readily available, but VLCCs are the most economical and therefore most preferred vessel for transporting oil long-distance from the Middle East to the Far East. We will therefore start with an estimate of VLCC re-routing costs. All VLCCs would be forced to take the longer detour through the Lombok-Makassar Straits since they are too big for the Sunda Straits. Taking USD 100,000 as a conservative average for current charter rates passing through the Malacca Straits, the cost to each charterer would be approximately USD 400,000 for the four extra days – a negligible amount compared to the value of the cargo or vessel.

The costs begin to add up, however, when the number of vessels involved comes into play. 3,753 VLCCs in the Malacca Straits were reported to Malaysia's Marine Department Klang Vessel Traffic Separation Scheme (VTS).<sup>40</sup> If, then, an average of ten VLCCs normally pass through the Malacca Straits each day, a five-day blockage would cause about 50 rerouted VLCCs at a cost of approximately USD 20 million. For LNG carriers, the daily charter rate can be estimated at USD 60,000.<sup>41</sup> There were 3,413 LNG vessels reported in 2007, amounting to a five-day blockage cost of about USD 11.2 million. These ships would also have to take the longer route because of their size. Next we calculate the costs for the smaller vessels plying the intra-Asian routes that would reroute through the Sunda Straits. Each of these ships would only face additional costs of about USD 30-50,000, assuming an average TCE of USD 15-20,000, for an extra two days' underway. Klang VTS recorded 14,931 smaller tanker vessels, 23,736 container ships and 3,137 Ro-Ro (Roll-on, Roll-off) and vehicle carrier vessels in 2007. Keeping in mind that the charter rates for these

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33 Rommel C. Banaloi, "Maritime Terrorism in Southeast Asia," *Naval War College Review* 58 no. 4 (Autumn 2005): 1.

34 U.S. DoE EIA, "World Oil Transit Chokepoints."

35 Ian Storey, "'Triborder sea' is SE Asian danger zone," *Asia Times Online*, 18 October 2007, [http://www.atimes.com/atimes/Southeast\\_Asia/IJ18Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/IJ18Ae01.html) (accessed 18 March 2008).

36 Jonathan Gardner, "Strait of Malacca off high-risk list," *Business Insurance* 40 issue 33 (14 August 2006): 25.

37 R.S. Platou Economic Research a.s., *The Platou Report 2008*, (Oslo: R.S. Platou Shipbrokers, 2008), <http://www.platou.com/loadfileservlet/loadfiledb?id=1205311719484PUBLISHER&key=1205499801725> (accessed 11 June 2008): 14.

38 R.S. Platou Weekly Rate Assessment Week 22/2008, <http://www.platou.com/EconomicResearch/MarketInformation/WeeklyFreightRates> (accessed 11 June 2008).

39 R.S. Platou, *The Platou Report 2008*, 19.

40 Malaysia Marine Department, *Type and Total of Vessel Report to Klang VTS, Year 2007*, [http://www.marine.gov.my/service/statistik/BKP/report\\_all\\_kapal\\_07.pdf](http://www.marine.gov.my/service/statistik/BKP/report_all_kapal_07.pdf) (accessed 11 June 2008).

41 U.S. Energy Information Association, *The Global Liquefied Natural Gas Market: Status and Outlook*, Report no. DOE/EIA-0637, December 2003, <http://www.eia.doe.gov/oiaf/analysispaper/global/Ingindustry.html> (accessed 11 June 2008).

vessels vary enormously in reality, taking USD 20,000 per day as a gross average the total cost of a five-day blockage would be approximately USD 23 million. This number would likely be slightly higher because some of the larger non-VLCC vessels would have to use the Lombok rather than Sunda Straits.

This total immediate cost of about USD 54 million represents simply the extra money shippers would have to pay because for five days all vessels, chartered at a fixed rate, had to take a longer route. The additional economic costs would be more substantial but are also even more difficult to estimate. After a terrorist attack charter rates would most likely skyrocket, affecting all shipping in the area for some time. Indeed, “the experience with the closing of the Suez Canal [during the Suez Crisis in 1956] seems to indicate that such a disruption [blocking Malacca] might increase freight rates by as much as 500 percent.”<sup>42</sup> This number may be even higher today for some types of vessel because of the political and fear factors involved in a terrorist attack. Higher charter costs would reflect higher insurance premiums, including “hull war risks and strikes” coverage, as well as higher market prices (especially of oil) caused by supply insecurity and delivery vessel scarcity.

In 2005, when the Joint War Committee of the Lloyd’s Market Association added the Strait of Malacca to its Hull, War, Strikes, Terrorism and Related Perils Listed Areas, the market placed a surcharge equal to 0.01 percent of the value of the vessel, per trip, on ships using the Strait.<sup>43</sup> A year later Lloyd’s removed the Strait from the list, but it is reasonable to assume that if a terrorist attack did occur a surcharge of at least the same percentage, possibly more, would be re-imposed. For example, a normal hull insurance policy varies between 2.5 percent and 3.75 percent of a tanker’s value on an annualized basis. “Thus, a tanker owner operating a \$130 million VLCC can expect to pay \$8,900-\$13,300 a day in insurance costs.” Because premiums for perilous zones “can climb to 7.5 percent to 10 percent of a ship’s value on a per-trip basis,” the same VLCC operator would face “between \$8.9 [*sic*] and \$13.3 million per trip to insure his ship while it was in the danger zone.”<sup>44</sup> An actual terrorist attack would confirm the area’s high danger risk and likely push premiums toward the top end of this range. Given the huge volume of trade going through the Straits these premiums would heavily impact shipping and, eventually, the entire global economy.

The other major factor that would drive up shipping costs would be the shortage of available extra vessels.<sup>45</sup> If the blockage lasted for some time, shipping rates would quickly rise as each vessel spent more days at sea hauling one cargo load a longer distance than usual. If Malacca were blocked for only four days, for example, China would need an extra “40 VLCC’s worth of spare tanker capacity.”<sup>46</sup> There are only about 500 VLCCs in the world; the fleet has very little spare capacity. However, most of the oil-dependent countries in East Asia have strategic reserves and would not suffer too badly from a short supply delay. Even China is building a 30-day strategic reserve. Other less time-crucial commodities such as automobiles and textiles would also not suffer much, only incurring some extra costs for longer holding times. Nonetheless, the simple fear of another attack or supply shortages would probably be enough to drive prices up. Even if rates rose no further than the peak 2007 prices of USD 300,000 for VLCCs and LNG carriers and USD 100,000 for smaller vessels, prolonged periods at these inflated rates would mean significant additional costs to operators (and therefore customers).

Another cost would be if a cruise ship were attacked, which would kill the cruise/tourist industry in the area. This would affect the local economy more than the global, but it would have huge global political implications since most tourists in the Straits come from Western countries.

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42 Noer, 2.

43 Keith Bradsher, “Terror fears put squeeze on ships in Asian strait,” *International Herald Tribune*, 25 August 2005, [www.iht.com/articles/2005/08/24/business/ships.php](http://www.iht.com/articles/2005/08/24/business/ships.php) (accessed 17 April 2008).

44 Gabriel B. Collins and William S. Murray, “No Oil for the Lamps of China?” *Naval War College Review* 61 no. 2 (Spring 2008): 85-86. It appears, however, that Collins and Murray made a mathematical error in their calculations, as 7.5 percent of 130 million is 9.75 million, not 8.9 million. The other calculations appear correct.

45 See Jad Mouawad, “A Tanker Shortage contributes to Rising Oil Costs,” *New York Times* late edition, 20 October 2004; Heather Timmons, “Got Oil? Now, Try to Find Tankers to Carry It,” *New York Times* late edition, 9 June 2004.

46 Collins and Murray, 86.

## 4.2 People's Republic of China

China's interests in the Malacca Straits can be divided into two general paths: strategic and economic. The first path indicates China's concern that in case of crisis or war its energy supply lines will be cut off, the second its desire to keep the Straits open to all trade at all times. A blockage of the Malacca Straits would severely damage both types of interest.

China's strategic interests in the Straits are longstanding but have intensified and attracted more attention since its incredible economic success caused increasing dependence on oil imported from the Middle East. PRC President Hu Jintao first introduced the "Malacca Dilemma" concept in late 2003. The dilemma essentially describes Beijing's concern that if the Malacca Straits or certain other Southeast Asian SLOCs were blocked, China would suffer severe trade and energy supply disruptions. China's dependence on the Malacca Straits for energy supply is remarkably deep. About 80 percent of Chinese oil imports pass through the Straits; in 2006 Chinese imports from countries in the Middle East totalled almost USD 40 billion.<sup>47</sup> Any downturn in energy supply frightens the PRC leadership in Beijing, since it would likely bring "massive unemployment, social unrest, and antigovernment protests"<sup>48</sup> that "could derail the economic growth on which the Chinese government depends to shore-up its legitimacy and pursue its great power ambitions."<sup>49</sup> Beijing believes that if a crisis arose in Southeast Asia due to a terrorist attack or outbreak of war (for example a blowup across the Taiwan Strait), "a continuing lack of a Chinese strategic presence in the Malacca region could swiftly become an area of vulnerability."<sup>50</sup> The PRC's naval capabilities are still far from what is required to unilaterally protect its energy supply lines.<sup>51</sup> China must rely on other nations' navies, especially the U.S. Navy's Seventh Fleet, to maintain security in the Straits.<sup>52</sup> The strategic weakness of such reliance is obvious.

Chinese officials and experts tend to focus heavily on the war rather than terrorism scenario. They consider war more likely given existing tensions over Taiwan, the South China Sea and regional influence. The Malacca Dilemma therefore primarily describes a war scenario in which a foreign (read: American) military power blocks Chinese access to the Straits. While the considerations regarding war have no relevance for this paper's scenario, because the terrorist attack would also block the Straits and affect China's energy supply many of the issues and concerns encompassed by the Malacca Dilemma also apply here. The Malacca Dilemma moreover illustrates how highly China rates the Straits' importance.

Beijing is currently addressing the Malacca Dilemma from a number of angles. It is trying to diversify its energy supply by securing oil from countries outside the Middle East, investigating alternative shipping routes for oil coming from the Middle East, helping maintain security in the Malacca Straits, looking into more efficient or alternative energy options like LNG, and modernizing the People's Liberation Army Navy (PLAN) to be able to protect its own supply lines in the future.<sup>53</sup> China would like to import more oil from countries like Indonesia, Venezuela and the Central Asian republics. Possibilities for bypassing the Malacca Straits include a pipeline through Burma to Yunnan province in southwestern China, a canal across the Kra Isthmus in Thailand and railroads or pipelines from Russia and Central Asia. The PLAN is trying to develop a blue-water navy capable of extended deployments far from the Chinese coast. Each of these possible solutions to the Malacca Dilemma, however, is rife with political and technical difficulties. With the exception of some measures contributing to security in the Straits they are also all very long-term. None will greatly decrease China's dependence on the Malacca Straits within the next five years. Beijing is building a 30-day strategic petroleum reserve and calling for larger commercial stocks so it can

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47 National Bureau of Statistics of China, *China Statistical Yearbook 2007*, [www.stats.gov.cn/tjsj/ndsj/2007/indexeh.htm](http://www.stats.gov.cn/tjsj/ndsj/2007/indexeh.htm) (accessed 25 June 2008).

48 Ian Storey, "The United States and ASEAN-China Relations: All Quiet on the Southeast Asian Front," analysis paper, Strategic Studies Institute, October 2007, [www.strategicstudiesinstitute.army.mil](http://www.strategicstudiesinstitute.army.mil) (accessed 14 June 2008): 8.

49 Ian Storey, "China's 'Malacca Dilemma,'" *China Brief* 6 issue 8 (12 April 2006): 4.

50 Marc Lanteigne, "China's Maritime Security and the 'Malacca Dilemma,'" *Asian Security* 4 no. 2 (2008): 148.

51 Cf. Collins and Murray.

52 Lanteigne, 148.

53 See Storey, "China's Malacca Dilemma"; Xuegang Zhang, "China's Energy Corridors in Southeast Asia," *China Brief* 8 issue 3 (31 January 2008): 2-3.

endure short supply disruptions. This strategic reserve will certainly lessen China's immediate Malacca Dilemma somewhat, but will not provide a long-term solution. The PRC thus has and will continue to have significant security interests in the Malacca Straits for some time.

China also has large commercial interests in the Malacca Straits in addition to its strategic oil concerns. For example, China is heavily involved in the dry bulk trade, particularly in iron ore, steel products and coal. China was the main exporter of steel in 2006, with the USA, Europe and the Middle East as the primary importers.<sup>54</sup> Virtually all of Chinese trade with Europe, the Middle East and Africa passes through the Straits, as does a good deal of its trade with India, Brazil and the east coast of the United States.<sup>55</sup> Some trade, mostly lightweight or urgently needed cargo, travels by air but the vast majority is sent by ship. Almost everything that does travel by ship transits the Malacca Straits. In 2006 Chinese trade with Europe, the Middle East and Africa totalled USD 1.46 trillion.<sup>56</sup> The USD 40 billion in oil imports from the Middle East for that year almost pales in comparison to this volume of trade. Furthermore, Chinese nationals frequently conduct business with overseas Chinese in Singapore and Malaysia.

The combined influence of the strategic energy security and trade factors means the consequences of this paper's attack scenario for China would be extreme. In the worse case, the blockage of the Straits would disrupt not only energy supplies but also commercial trade to such a degree that domestic confidence in the PRC government plummeted and the leadership's legitimacy became jeopardized. It should be noted that this is an extremely unlikely outcome since China is building its 30-day petroleum reserve and the envisioned blockage would only last five days. Still, continued discussion of the Malacca Dilemma indicates that Beijing gives a good amount of weight to such worst-case scenarios. The high consequences apparently outweigh the low probability of occurrence. Moreover, even if the government's leadership remained secure the longer-term commercial consequences caused by inflated shipping rates would strongly impact Chinese trade. Beijing is "hypersensitive to any factors which may disrupt its growing need for regional and cross-regional trade."<sup>57</sup> Shippers would have to deal with the costs discussed in Section 4.1 above. These costs could possibly encourage multinational corporations to relocate some parts of their production chain closer to home to reduce outlay – in a reversal of the trends that led these companies to China in the first place. These decisions would depend on how long the higher shipping costs last.

These considerations mean China wants the Malacca Straits to stay open and safe at all times. They provide an enormous incentive for China to contribute to improving security in the Straits. Its concern with keeping trade open in peacetime and the Malacca-area SLOCs open in wartime means Beijing is very willing to help maintain security in the Straits at all times.

### 4.3 European Union

The European Union's interests in the Malacca Straits are, unlike the other two actors', overwhelmingly economic. As mentioned above, almost all EU trade with China passes through the Straits – and China is the EU's second-largest trade partner, after only the USA. The EU imports more from China than from the United States. Almost all EU-East Asia non-airborne trade passes through the Malacca Straits. For example, every single shipping route from Europe to East Asia offered by Maersk Shipping, one of the largest container shipping companies in the world, passes through the Malacca Straits. Hence more than 26 percent of EU merchandise trade, or the equivalent of about EUR 3.8 trillion, probably passed through the Malacca Straits in 2006. A blockage caused by a terrorist attack would wreak havoc on this trade. For example, China and Japan are the EU's third and fourth largest import partners, respectively. A blockage of the Malacca Straits would virtually cut off the EU's trade with two of its largest suppliers. Moreover, because Singapore is the EU's

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54 R.S. Platou, *The Platou Report 2008*, 19.

55 This is illustrated by the shipping routes offered by the A.P. Moller-Maersk Group, one of the biggest shipping companies in the world, <http://www.maerskline.com/link/?page=brochure&path=/routemaps/newnetwork> (accessed 25 June 2008).

56 National Bureau of Statistics of China, *China Statistical Yearbook 2007*.

57 Lanteigne, 149.

eighth-largest trading partner, with Malaysia and Indonesia at numbers 13 and 20, respectively, an attack in the Malacca Straits would harm the EU by devastating some of its major trade partners.<sup>58</sup>

A further EU economic interest in the Malacca Straits is driven by European investment in the region. EU shipowners account for almost ten percent of all freight transiting the Malacca Straits. EU energy companies are heavily involved in oil exploration in Southeast Asia. European arms firms provide significant amounts of armaments and training to the littoral states. For example, in 2005 Singapore hired a Danish company (among others) to build its new Anti-Terror Center.<sup>59</sup> These economic interests provide a strong incentive for the EU to work for unfettered, safe shipping in the Malacca Straits.

The EU also has some security interests in the Malacca Straits, mostly centering on its concern about global terrorism and its prioritization of international maritime security, which produce a strong interest in maintaining security in the Malacca Straits. The European Commission's communication *A new partnership with South-East Asia*, published in 2003, listed fighting terrorism as a top priority in its work with the region.<sup>60</sup> In early 2006 then-EU anti-terrorism coordinator, Gijs de Vries, said that although the number of acts of piracy in the Straits has decreased, the area is still vulnerable to terrorist attacks: "I think no one is under any illusion: the Straits are a potential target."<sup>61</sup> Even before 11 September 2001 the European Commission made the security of sea transport a priority, not only in European waters but globally. This includes, of course, shipping through the Malacca Straits.

Moreover, a few EU member states have particularly strong security interests in Southeast Asia that encompass the Malacca Straits. Great Britain and France both have military presences in the region and have made (non-binding) security commitments to some Southeast Asian countries, including Singapore and Malaysia.<sup>62</sup> Great Britain is a member of the Five Power Defense Arrangement, a military alliance with Australia, New Zealand, Singapore and Malaysia. France even sent a warship on patrols through the Malacca Straits, with Singapore's permission.<sup>63</sup> Germany, although it does not have any direct security concerns in the region, has worked to promote regional confidence building, conflict prevention and cooperation. The German military conducts training programs with Southeast Asian countries such as Thailand and the Philippines. All of this military involvement has a marine component and therefore relies on secure passage through the Malacca Straits, to a greater or lesser degree depending on the countries concerned.

Because it is not as politically active in Southeast Asia as the other two external actors, and because its member states have hardly any military presence in the region, the European Union has shown less direct interest in the Malacca Straits than have the U.S. or China. However, as discussed above the Union does have significant economic interests as well as some security concerns that produce quite a large overall interest in keeping the Straits secure and open to shipping traffic.

#### 4.4 United States

Since the vast majority of China-U.S. trade travels across the Pacific Ocean and therefore does not rely on the Malacca Strait, the U.S. has slightly different interests in the Straits than the EU or China. These interests focus primarily on the United States' perceived need to maintain military superiority in the region, including naval preeminence in the Malacca Straits. The U.S. also has an interest in its major trade partners' continued economic health. Taking this second item first, even

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58 European Commission, External Trade, "Top Trading Partners," [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_122529.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122529.pdf) (accessed 25 June 2008).

59 Kay Moeller, "Maritime Sicherheit und die Suche nach politischem Einfluss in Südostasien," SWP Study Paper 35, (Berlin: Stiftung Wissenschaft und Politik, 2006): 24-25.

60 European Commission, *A new partnership with South-East Asia*, Com (2003) 399/4, 5.

61 Nancy-Amelia Collins, "EU Anti-Terror Head Urges Vigilance in Malacca Strait," *Voice of America Online*, 2 February 2006, [www.voanews.com/english/archive/2006-02/EU-Anti-Terror-Head-Urges-Vigilance-In-Malacca-Strait.cfm](http://www.voanews.com/english/archive/2006-02/EU-Anti-Terror-Head-Urges-Vigilance-In-Malacca-Strait.cfm) (accessed 27 June 2008).

62 Paul Stares and Nicolas Regaud, "Europe Has a Major Role to Play in Asia-Pacific Security," *International Herald Tribune*, 9 July 1997.

63 Moeller, 24.

though most of the cargo traveling to or from U.S. shores does not actually pass through the Straits, the USA would still be economically affected by a blockage of the Malacca Straits. If China, Japan, South Korea and the EU – all top-ten U.S. trade partners – suffered from a blockage, the U.S. economy would also feel the impact. Even in 1996, U.S. analysts recognized this fact. John H. Noer of the Institute for National Strategic Studies put it succinctly: “Japan, Australia, and the nations of Southeast Asia send over 40 percent of their trade through these narrow waterways [the Malacca Straits and the SLOCs through the South China Sea]. Their economic vitality depends on free access to these sea lanes. U.S. prosperity in turn relies on the economic health of our trade partners.”<sup>64</sup> Though the facts are slightly outdated – China has certainly by now earned a place on the list of important U.S. trade partners – the concept remains true. The U.S. would also be affected by the higher shipping rates caused by increased insurance premiums and vessel shortages. Finally, since the blockage would disrupt the flow of oil as discussed above, global oil prices might rise even higher than their current record prices.

From a regional security standpoint the U.S. has even stronger interests in the Malacca Straits. These interests are twofold: first, the U.S. wants to maintain its traditional military superiority in Southeast Asia for various geo-political and geo-strategic reasons that go beyond the scope of this paper. Sufficient here is that they do want to keep a strong presence in the region, which is already large at 200 ships (including six aircraft carriers on standby) and 250,000 soldiers. A Congressional Research Service expert on Southeast Asia, Bruce Vaughn, points out the “United States’ relative lack of attention to Asia” compared to the Middle East and cites a report by the East-West Institute that “Washington must actively re-engage if it is to maintain its influence.”<sup>65</sup> Addressing this same perception, Secretary of Defense Robert M. Gates spent much of his speech to the 2008 Shangri-La Dialogue, the foremost Track II dialogue on East Asian security held each year in Singapore, arguing for a continued strong U.S. military presence in the region. He said, “For the last 60 years, America has added consistent value to the Asian security equation. That remains a reality today just as it has been in the past. The security of all Asian countries – whether large or small – is strongly and positively enhanced by a strong U.S. presence.”<sup>66</sup> A book published by National Defense University includes at least three chapters arguing for a strong United States naval presence in Southeast Asia as part of the new U.S. defense strategy. These chapters all support a U.S. role as the benevolent hegemon maintaining stability in the region.<sup>67</sup> One vital component of this presence is U.S. Navy access to Changi naval base in Singapore, the only base in the region equipped to accommodate the Nimitz-class aircraft carriers and other large vessels of the 7<sup>th</sup> Fleet. For some analysts, uninhibited access through the Indonesian archipelago, including the Malacca Straits, “is of vital national security importance for the United States.”<sup>68</sup> Such general agreement on the importance of a strong U.S. military presence in East/Southeast Asia, combined with the more specific recommendations for uninhibited access through the Malacca Straits, indicates an extremely strong U.S. security interest in the Straits even without the terrorism factor.

Second, the U.S. wants to pursue the global war on terror in Southeast Asia. After 9/11 the Bush administration dubbed Southeast Asia the “second front” in the war on terror. The U.S. Office of the Coordinator for Counterterrorism, in its *Country Reports on Terrorism* of April 2007, praised Singapore, Malaysia and Indonesia for their successful cooperation to increase security in the waterway. While these littoral states are primarily concerned with using these measures to combat piracy and armed robbery in the Straits the U.S. emphasis lies clearly on terrorism. For example the *Country Reports on Terrorism* states, “The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre (ISC) continued its operations, connecting 14 governments in Asia to enhance piracy-related information sharing.”<sup>69</sup>

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64 Noer, 2.

65 “The United States and Asia: Assessing Problems and Prospects,” East-West Center, Senior Policy Seminar, 2006, cited in Bruce Vaughn, *U.S. Strategic and Defense Relationships in the Asia-Pacific Region*, CRS Report for Congress RL33821, 22 January 2007, 2.

66 Robert M. Gates, “Remarks As Delivered by Secretary of Defense Robert M. Gates,” Singapore 31 May 2008, <http://www.defenselink.mil/speeches/speech.aspx?speechid=1253> (accessed 30 June 2008).

67 Sam J. Tangredi, ed., *Globalization and Maritime Power* (Washington DC: NDU Press, 2002).

68 Donna J. Nincic, “Sea Lane Security and U.S. Maritime Trade: Chokepoints as Scarce Resources,” in *Globalization and Maritime Power*, edited by Sam J. Tangredi (Washington DC: NDU Press, 2002), 10.

69 United States Department of State, *Country Reports on Terrorism 2007*, State Department Report to Congress, 30

The State Department's decision to mention a maritime security regime that specifically targets piracy and armed robbery in its report on global terrorism indicates not only an overwhelming concern with terrorism above other considerations but also a confluence of piracy and terrorism within U.S. governmental thinking. The available literature indicates that U.S. experts and governmental officials take the Malacca terrorist attack scenario quite seriously, widely accepting it as a real threat to U.S. security. By contrast European and Chinese analysts tend to prioritize other concerns regarding the Straits, such as trade or environmental protection.

Finally, the U.S. would suffer additionally if the terrorist attack were on a cruise ship as discussed above. Cruises are not a necessary part of life. As a luxury item, if cruise vacations were marred even once by being a target of terrorism, "the industry will be in big trouble. People just won't sail any more – either with the company owning the vessel or with one of its [few] competitors."<sup>70</sup> Those companies operating in the Malacca Straits would obviously be hardest hit, but a general fear of cruises caused by a terrorist attack and the subsequent (highly probable) media frenzy would affect cruise lines all over the world, including Europe and the United States.

#### **4.5 Summary**

All three external actors would suffer considerably from a terrorist attack that blocked the Malacca Straits. All three would face economic problems as shipping rates and therefore the costs of trade increased – China and the EU more so than the United States, although the U.S. would be hit by the repercussions of its trade partners' suffering. In addition, each actor would encounter problems specific to its situation. The U.S. is primarily concerned about regional military influence and terrorism, the EU about trade and some security interests, and China about energy security and trade. Although the actors prioritize different aspects of security, they all do have significant interests in keeping the Straits safe and open – especially from such an attack that would impact all of the interests listed above. Given these strong interests in the waterway and the possible consequences of a terrorist attack, it would behoove the actors to increase their efforts to improve security in the Straits. Also given the virtual impossibility of acting unilaterally in foreign waters as well as all three actors' recent rhetorical emphasis on the importance of multilateral cooperation to address the challenges of today's world, working together either trilaterally or multilaterally is the best available option. Such cooperation is the focus of the next section.

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April 2007, <http://www.state.gov/s/ct/rls/crt/2007/103706.htm> (accessed 2 July 2008).

70 Interview with Control Risks Group, London, September 2005, quoted in Chalk, 38.

## 5. Cooperation and Competition

Divided into three parts, this section first examines each external actor's interests in cooperating either bilaterally or multilaterally on security in Southeast Asia (not necessarily the Malacca Straits specifically). It then discusses the measures already in place to improve security in the Straits and concludes with an overview of past and current counter-terrorism cooperation between the relevant actors. Some of the external actors' interests in cooperation are motivated by factors not directly related to the Malacca Straits but which nevertheless create impulses for Straits-relevant or Straits-centered cooperation. In terms of actual cooperation efforts, the littoral states are extremely jealous of their national sovereignty and sensitive to any actions that might impinge upon it. The external actors have therefore to date played only a limited role in securing the Malacca Straits. Moreover, differences of opinion regarding terrorism and how to fight it have led to problems in cooperation, or even to non-cooperation. Despite these difficulties, some progress has been made toward forging structures for security cooperation. These successes form the basis upon which the external actors should build further cooperation. They mark the means and methods acceptable to all parties for improving maritime security and countering terrorism and thus indicate where multilateral security cooperation in the Malacca Straits may be grown, if carefully nurtured. The second and third parts of this section therefore not only discuss current cooperation but also highlight opportunities to expand or add to it. This paper's terrorist attack scenario brings together the actors' concerns about maintaining unrestricted shipping, the attack's and blockage's consequences for each actor, and their individual interests in cooperation. The scenario highlights the fact that the actors would benefit more from cooperation than from acting alone. It could and should therefore catalyze much deeper, more extensive cooperation than currently exists.

### 5.1. Interests in Cooperation

In addition to their interests in keeping the Malacca Straits open to functioning shipping traffic, the external actors also have interests in bilateral or multilateral cooperation that may be determined by factors unrelated to shipping traffic, the safety of sea lanes, or even terrorism. These interests should further motivate the actors to cooperate on Malacca Straits security issues.

As China expert Marc Lanteigne points out, China would be much better served by cooperating to solve its Malacca Dilemma than by acting unilaterally.

“Beijing's and others' interests would be far better served by the employment of a multilateral approach to maintaining the Straits as a safe passageway for all lawful trade, developing alternative regional trading routes for its maritime cargo, and encouraging confidence-building initiatives among regional actors concerned about the waterways' economic security.”<sup>71</sup>

Multilateral cooperation would prevent backlashes from both ASEAN states concerned that China might be attempting to become a regional hegemon and a United States trying to maintain its own regional influence and possibly contain Chinese expansion. To protect its interests in the Malacca Straits the P.R.C. has been modernizing its military but at the same time conducting careful diplomacy in the hopes of preventing an arms race. One way to secure the Straits and also prevent zero-sum mentalities that might lead to balancing or competitive armaments acquisitions is multilateral cooperation.

A further motivation for China to cooperate is a positive, political one. Cooperation would open a door for China to further pursue its current policy of engaging ASEAN states and demonstrating its own good intentions. China could not only deepen its current dialogue with ASEAN on security issues but also provide services such as training and information exchange. As a bonus China would probably be able to use this cooperation to increase not only its political and economic but also its military influence and presence in the region, something it has been trying to do for some time.<sup>72</sup> Finally, China would learn quite a bit in terms of technical expertise by cooperating with the other two external actors to teach the littoral states how to improve their security capabilities in the

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71 Lanteigne, 145.

72 See Lanteigne; Collins and Murray.

Malacca Straits. These considerations should push Beijing towards multilateral cooperation rather than unilateral action to secure its interests in the Straits.

Cooperation on security in the Straits is in keeping with the EU's general interest in expanding its influence as a global actor. The EU has recently developed a goal of becoming not only an economic powerhouse but also a global security actor, as its attempts to formulate a Common Foreign and Security Policy as well as a European Security and Defence Policy attest. Some analysts argue that naval capabilities are some of the easiest to introduce into a new theater of operations;<sup>73</sup> maritime security in the Malacca Straits would thus be a nice first step for the EU to become more involved in Southeast Asian security. Although this goal does not represent direct EU interests in the Malacca Straits, it nonetheless provides a strong impetus for the EU to cooperate to increase security there.

The EU's general policy of promoting multilateral cooperation also pushes it toward cooperation in this paper's scenario. The European Commission policy paper on Southeast Asia, published in 2003, lists supporting regional stability and the fight against terrorism as the first of six strategic priorities for the region. The "action points" designed to implement this strategic priority are conducting political dialogue in multilateral fora and cooperating in the fight against terrorism.<sup>74</sup> The overall EU focus on multilateralism and cooperation thus, as might be expected, also covers counterterrorism activities. Reflecting this EU perspective former EU counterterrorism coordinator Gijs de Vries commented, "It's essential that we combine our forces to combat this threat. Terrorism is a threat to human lives. It is also a threat to economic development." Because terrorism is a global problem affecting all countries and all societies, they must cooperate to address the problem. De Vries hence argued for further, strengthened regional cooperation to combat terrorism in the Malacca Straits.<sup>75</sup> The EU similarly emphasizes cooperation to increase maritime security, not only due to its general policy of encouraging multilateralism but also because maritime security, like terrorism, simply cannot be addressed by one state alone. Current EU cooperation partners in improving maritime security include, among others, both the United States and China.<sup>76</sup> The EU thus has significant interests in – even an established policy of – cooperation on both counterterrorism and improving maritime security that should motivate it to actively encourage multilateral cooperation on these issues in the Malacca Straits.

U.S. interests in cooperation follow similar lines as some of China's: as U.S. resources are increasingly thinly stretched due to the campaigns in Iraq and Afghanistan multilateral cooperation will become more and more attractive. The U.S. cannot possibly ensure maritime security all over the globe. It does not have the ships, manpower or other resources to do so. It thus has a strong interest in cooperation to achieve those security goals it cannot reach by itself. Moreover, as with China multilateral cooperation would assuage local states' and other powers' concerns about American hegemony and unilateralism. Recent increases in cooperation-focused rhetoric from Washington indicate the U.S. government has reached similar conclusions and decided cooperation is in its interests. The title of the naval services' most recent strategy paper, "A Cooperative Strategy for 21<sup>st</sup> Century Sea Power," at least indicates Washington's intention to increase cooperation on maritime security – though critics have argued the strategy in reality says nothing new. Still, the document was produced with consultation from as many different maritime actors as possible, including merchants and some international actors. It makes continual references to the importance of collaboration. Some inside the Navy and White House are also arguing for ratification of UNCLOS, the UN Convention on the Law of the Sea on which many of the international efforts for maritime security cooperation in Southeast Asia are based.<sup>77</sup> By demonstrating its willingness to cooperate on security issues in Southeast Asia through multilateral cooperation to ensure security in the Malacca Straits, the U.S. would regain some of the reputation it has lost in recent years.

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73 James H. Bergeron, "Beyond Integration: Globalization and Maritime Power from a European Perspective," *Globalization and Maritime Power*, edited by Sam J. Tangredi (Washington DC: NDU Press, 2002): 10.

74 European Commission, *A new partnership with South East Asia*, 14-15.

75 Nancy-Amelia Collins, "EU Anti-Terror Head Urges Vigilance in Malacca Strait."

76 European Commission. Directorate General Energy and Transport, "Security in Transport & Energy," [http://ec.europa.eu/dgs/energy\\_transport/security/maritime/cooperation\\_en.htm](http://ec.europa.eu/dgs/energy_transport/security/maritime/cooperation_en.htm) (accessed 30 June 2008).

77 Geoffrey Till, "A Cooperative Strategy for 21st Century Seapower: A View from Outside," *Naval War College Review* 61 no. 2 (Spring 2008): 25-38.

In sum, not only would each actor individually benefit from improved security in the Malacca Straits but each would also profit from trilateral or multilateral cooperation on these issues. Despite some tensions caused by power rivalries between the U.S. and China and among the littoral states, working for security in the Malacca Straits is a relatively uncontroversial issue. All actors – the three external actors and other Straits user states as well as the littoral states – agree that increased security for shipping traffic in the Straits is necessary. This paper’s scenario should therefore provide an impulse for further, deeper multilateral cooperation to provide this security. Working together on this comparatively agreed-on topic would be a good way for the six relevant actors to ease into multilateral cooperation, since they are not used to working with each other and remain somewhat suspicious of one another’s intentions.

## 5.2 Efforts to Improve Security in the Straits

This overview of the existing mechanisms for maintaining and improving security in the Malacca Straits highlights those efforts with the potential to support deeper, closer multilateral cooperation. Focusing on these opportunities, it indicates where the three external stakeholders can work together to engage the littoral states in security cooperation.

### 5.2.1 Local Efforts

The three littoral states have long cooperated bilaterally to patrol the Malacca Straits. Since 2004 they have considerably increased trilateral cooperation as well. Indonesia, Malaysia and Singapore introduced a coordinated patrol system, MALSINDO, in July 2004. This initiative, intentionally restricted in scope to avoid problems regarding national sovereignty, consists of each state’s force patrolling within its own waters. Forces are not allowed to cross national boundaries even when in hot pursuit of a target. Instead, they communicate with the other littoral states’ patrols and hand off responsibility for the pursuit at the border. An additional initiative, the “Eyes in the Sky” program entailing combined air marine patrols, began in September 2005. This program allows on-duty aircraft to cross national boundaries. The three littoral states rotate patrols, with a foreign liaison officer on board at all times to monitor the goings-on over his or her national territory. The program is only for surveillance. It does not allow aircraft to aid in pursuing or apprehending targets. This surveillance-only mandate as well as the program’s presence only in the air rather than on the surface works to mitigate any sovereignty-related tensions.<sup>78</sup>

A possible local platform for multilateral security cooperation in the Straits is the new command and control center under construction near Singapore’s Changi naval base. The Changi Command and Control (C2) Centre will contain the Singapore Maritime Security Centre, the Information Fusion Centre and the Multinational Operations and Exercise Centre (MOEC). The MOEC will “be able to support the planning and conduct of bilateral and multilateral exercises or operations.” It will facilitate multilateral exercises as well as regional maritime security operations and provide humanitarian assistance or disaster relief should the need arise.<sup>79</sup> Expected to become operational in 2009, this center could provide the logistical support necessary for close multilateral security cooperation.

### 5.2.2 Regional Efforts

The only regional mechanism specifically for maritime security, ReCAAP, came into force in September 2006. Parties to the agreement include the ten ASEAN countries plus Bangladesh, China, India, Japan, South Korea and Sri Lanka. The initiative’s Information Sharing Center (ISC), based in Singapore, collects information provided by a designated Focal Point in each country (for example, a contact within the country’s Coast Guard, Marine Police, Navy etc.). Each focal point han-

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78 See Victor Huang, “Building Maritime Security in Southeast Asia: Outsiders Not Welcome?” *Naval War College Review*, 61 no. 1 (Winter 2008): 97.

79 Singapore Ministry of Defence, “New Maritime Command and Control Centre at Changi,” press release, 27 March 2007, [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2007/mar/27mar07\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2007/mar/27mar07_nr.html) (accessed 8 July 2008).

dles any piracy or armed robbery incidents within its territorial waters; exchanges information with the ISC; facilitates investigations of any crimes within its jurisdiction; and coordinates with neighboring focal points on all issues relating to piracy and armed robbery. ReCAAP also includes capacity-building activities such as joint exercises and training workshops. It has brought the member countries together in closer security cooperation than ever before. However, it is still only a mechanism for information exchange and coordination. It has no operational role in helping catch criminals or prevent attacks. Moreover, the fact that neither Indonesia nor Malaysia has ratified the Agreement renders the entire program somewhat useless. ReCAAP cannot cover major international waterways such as the Malacca, Lombok and Sunda Straits because large parts of these waters belong to one of the two nations. Both states' resistance to ratification has been attributed to the ISC's location in Singapore, which in turn indicates ongoing competition among the littoral states as well as concerns over sovereignty.<sup>80</sup> Moreover, the U.S. and EU are not participating states. Finally, ReCAAP has no provisions for maritime terrorism. These last two considerations make this initiative, for the time being, largely irrelevant for this paper's purposes. However, as Joshua Ho argues in his recent article on ReCAAP, the program could become the basis for regional cooperation against maritime terrorism precisely because it has "a regional network of focal points already established."<sup>81</sup> If the above difficulties can be overcome, ReCAAP could make great contributions to multilateral security cooperation on maritime terrorism in the Malacca Straits.

The ASEAN Regional Forum (ARF) is the only regional organization in which the U.S., EU and China all participate. Although many analysts (and many politicians, though they do not say so) agree the ARF is largely a "talk shop-photo op" forum and nothing more, maritime security is one exception to this general rule. In March 2005, for example, Singapore and the United States co-hosted an ARF confidence-building exercise entitled "Regional Cooperation in Maritime Security." Twenty-four participants joined in the exercise, including Malaysia, Indonesia, the EU and China in addition to the two hosts. The meeting sought to identify "concrete 'solution sets' through focused discussion in four key areas: multilateral cooperation, operational solutions to maritime security, shipping and port security and applicable technology for maritime security."<sup>82</sup> In January 2007 a total of 21 out of 26 ARF members, including the six important for this paper, participated in their first shore-based simulated maritime security exercise. This was the first concrete military exercise conducted by the ARF. Held in Singapore, the simulation involved locating a vessel that had gone missing. The exercise aimed to improve international and inter-agency information sharing.<sup>83</sup> The forum is planning further capacity-building exercises for maritime security, focusing on disaster relief, in 2008 and 2009.<sup>84</sup> The ARF may thus be an excellent platform for the three external to cooperate in response to this paper's scenario, since it not only has proven itself open to multinational cooperation on maritime security but also includes all three actors in its membership. However, cooperation would need to be stepped up from the current dialogue and consensus building to an operational level.

### 5.2.3. International Efforts

One international cooperation initiative has recently made great headway. The "Co-operative Mechanism" for enhancing navigational safety, security and environmental protection in the Malacca and Singapore Straits was agreed in September 2007 after more than two years of meetings, dialogues and negotiations. Engendered by the International Maritime Organization's push to protect major international waterways, the Co-operation Mechanism provides 1) a forum for regular dialogue between littoral states, user states and individual users of the Straits; 2) a committee to

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80 Huang, 98.

81 Joshua Ho, "Combating Piracy and Armed Robbery in Asia: Boosting ReCAAP's Role," *RSIS Commentaries*, 23 June 2008, [www.rsis.edu.sg](http://www.rsis.edu.sg) (accessed 3 July 2008): 3.

82 ASEAN Regional Forum, *ARF CBM on Regional Cooperation in Maritime Security Chairman's Report*, 2-4 March 2005, Singapore, 1.

83 Singapore Ministry of Defence, "Singapore Hosts First Ever ASEAN Regional Forum Maritime Security Shore Exercise," press release 23 January 2007, [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2007/jan/23jan07\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2007/jan/23jan07_nr.html) (accessed 8 July 2008).

84 John D. Wheeler and Herschel Weinstock, "The Enduring Value of Military-to-Military Cooperation in Southeast Asia," *Joint Force Quarterly* 47 (4th Quarter 2007): 67.

coordinate and manage six designated joint projects on navigational security; and 3) an Aids to Navigation Fund to accept and manage voluntary monetary contributions for the upkeep of navigation aids in the Straits.<sup>85</sup> It is “a first in terms of the operationalisation of Article 43 of the United Nations Convention on the Law of the Sea.”<sup>86</sup> The Convention, or UNCLOS, is the most comprehensive international maritime regime to date. It specifies the rights and duties of littoral versus user states on issues such as rights of passage, navigational safety and pollution. The Aids to Navigation voluntary fund was a tricky issue and represents a compromise between the littoral states and international shipping. The littoral states, most vocally Malaysia, have long been calling for users transiting the Straits to pay a small fee to help finance the maintenance of the shipping lane in the Straits. The shipping industry was concerned that if transit fees were established for the Malacca Straits then similar measures would be introduced in other major waterways such as the Suez and Panama Canals or the Strait of Hormuz. Such fees would amount to a significant rise in the cost of shipping. The Aids to Navigation Fund is therefore voluntary. A giant step forward in terms of maritime security cooperation, the Co-operative Mechanism will contribute greatly to maintaining navigational and environmental security in the Straits. It does not, however, address terrorism. While the Mechanism may provide a channel for communication between user and littoral states in the future, maritime counterterrorism cooperation does not appear to be in the cards.<sup>87</sup>

Another international regime also promoted by the IMO, the International Ship and Port Facility Security Code, was introduced in December 2002. It does not specifically target the Malacca Straits but its provisions do affect security there. The Code aims “to provide a standardized framework to assess security risks to ships and ports and to systematically reduce vulnerabilities.”<sup>88</sup> It requires all contracting parties to conduct risk assessments of their port facilities, set security levels (i.e., rate how much risk exists) and corresponding security measures, and bring all ships into compliance with the minimum-security standards set by the IMO. However, these measures only apply to passenger and cargo ships of 500 tons or more that are sailing internationally and to the port facilities servicing these vessels. It does not cover smaller ships or ports.<sup>89</sup> Nonetheless, bringing all qualified ports in the Malacca Straits into accordance with the code would be a great step in improving security – especially the security of the larger international ports and vessels in which the EU, U.S. and China have stakes.

Other major efforts to improve maritime security include the Proliferation Security Initiative (PSI) and the Regional Maritime Security Initiative (RMSI), both introduced by the United States. Washington’s intent for these initiatives clearly reflects its perception of terrorism as the largest threat currently in existence. The PSI aims to prevent the spread of weapons of mass destruction by recommending that participating states interdict any suspicious ships in their territorial waters. The PSI assiduously recommends rather than requires; the “activity” is non-binding. Participating states need not take any action, only seriously consider doing so. The PSI “attempts to promote multilateral cooperation without a cumbersome treaty apparatus” and was for all intents and purposes sanctioned by United Nations Security Council Resolution 1540, which requires all states to take measures against proliferation.<sup>90</sup> The PSI was designed to allay concerns about U.S. heavy-handedness, carefully emphasizing its voluntary and multilateral nature. The RMSI began similarly. When he first introduced the initiative, which failed, U.S. Pacific Command Commander Admiral Timothy Fargo described it as

“a partnership of willing regional nations with varying capabilities and capacities to identify, monitor, and intercept transnational maritime threats under existing international and domestic laws. This collective effort will empower each participating nation with the timely information and capabilities it needs to act against maritime threats in its own territorial seas. As always, each nation will have to decide for itself what response, if any, it will take in its own waters. Information sharing will also contribute to the security of international seas, creating an environment

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85 Mohd Nizam Basiron, “Steady as She goes: Co-operation in the Straits of Malacca and Singapore Enters a New Era,” analysis paper, Maritime Institute of Malaysia 2007, <http://www.mima.gov.my/mima/htmls/papers/pdf/MNB/Steady%20as%20She%20Goes.pdf> (accessed 18 July 2008): 2.

86 Basiron, 2.

87 “Milestone agreement reached on co-operation over the Straits of Malacca and Singapore,” *IMO Briefing* 29/2007, 18 September 2007.

88 Shie, 19-20.

89 Shie, 20.

90 Huang, 94.

hostile to terrorism and other criminal activities. Any RMSI activity in international waters will, again, be in accordance with existing international law.”<sup>91</sup>

Despite U.S. attempts to ease other states’ concerns, a significant number of Asian countries hesitated to join these initiatives due to concerns over their implications for state sovereignty. Some states, such as China, also felt threatened by the United States’ leading role. Indeed, the RMSI failed because the media incorrectly reported that Admiral Fargo had testified to Congress that U.S. Special Forces and Marines would patrol the Malacca Straits in high-speed vessels. This claim was unfounded and untrue. As the above quote illustrates the RMSI was carefully crafted and presented as neutrally and multilaterally as possible. Its creators deliberately incorporated respect for national sovereignty. Yet the media reports scared off the politically sensitive Asian countries and ultimately led to the RMSI’s downfall. Both Indonesian and Malaysian leaders “immediately blasted” the initiative, “condemn[ing] the proposed deployment of U.S. forces in the strait as a direct affront to their sovereignty.”<sup>92</sup> Beijing feared the initiative might be intended to contain Chinese regional influence but did not voice these concerns.<sup>93</sup> China and Indonesia have rejected the PSI for the same reasons, even though Washington also deliberately made it as legal (i.e. in accordance with UN conventions) and neutral as possible.<sup>94</sup> Today only Singapore and most EU states participate in the PSI; Malaysia, Indonesia and China still do not.<sup>95</sup>

The relative failure of externally sponsored initiatives to improve security in the Malacca Straits led Major Victor Huang, in his excellent analysis of maritime security in Southeast Asia, to three conclusions. First, “ambitious attempts at regime building by extraregional powers are unlikely to succeed, because of major-power rivalries” such as between the U.S. and China. The rivalry causes regional states to remain unaligned, not wanting to displease either great power. Second, “offers of external operational assistance run up against sovereignty concerns related to direct intervention by foreign powers,” as happened to the RMSI and PSI. Externally mooted initiatives do not have the same promise of success as locally sponsored ones precisely because they are often perceived as attempts by external powers trying to impose their wills on the littoral states. Third, “there is evidence of a strong desire to preserve the status quo under existing international law and of resistance to new precedents that might compromise future actions or negotiations.” Indonesia in particular regards itself as a regional power and is unwilling to give up any of the freedom of movement that joining a maritime security regime might require.<sup>96</sup> The EU, U.S. and China find themselves stuck within this quite hostile environment, having many economic as well as security interests in the Malacca Straits but unwelcome by the littoral states in any real security cooperation. After discussing the actors’ cooperation on counterterrorism issues this paper returns to this issue, exploring the ways the three external actors might contribute to security in the Straits with minimal resistance from the littoral states.

### 5.3 Counterterrorism Strategies and Cooperation

Both bilateral and multilateral cooperation on counterterrorism is only minimal, comprising information exchange, best practice sharing and mutual agreements on security practices. Inter-regional dialogues like the Asia-Europe Meeting (ASEM) and ARF, while far more expansive and in-depth than previously, are still just dialogues. Little concrete cooperation has occurred. Nonetheless, an examination of the six actors’ current counterterrorism strategies and cooperation reveals a surprising number of confluences of preferences and approaches behind the tension. These common approaches and their consequent successful cooperation activities should be fully exploited. They

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91 Admiral Timothy Fargo, Speech to the Military Operations and Law Conference, Victoria, British Columbia, 3 May 2004, <http://www.pacom.mil/speeches/sst2004/040503milops.shtml> (accessed 7 July 2008).

92 Huang, 93.

93 Denny Roy, “Lukewarm Partner: Chinese Support for U.S. Counter-terrorism in Southeast Asia,” analysis paper, Asia-Pacific Center for Security Studies, 2006, <http://www.apcss.org/Publications/APSSS/LukewarmPartnerChinaandCTinSEA.pdf> (accessed 19 July 2008): 5.

94 Huang, 96.

95 United States Department of State, “Proliferation Security Initiative Participants,” updated 22 May 2008, <http://www.state.gov/t/isn/c19310.htm> (accessed 7 July 2008).

96 Huang, 96.

should be built on, expanded and deepened into full-fledged multilateral cooperation on maritime security, including counterterrorism, in the Malacca Straits.

### 5.3.1 United States-Southeast Asia

United States policy toward Southeast Asia has, like much of its policy elsewhere in the world, centered on counterterrorism. Washington has run into some trouble in the ASEAN region because of states' unwillingness to subsume their counterterrorism efforts under the U.S. global war on terror. They are afraid that not only would cooperation with the U.S. allow Washington room to interfere in their internal affairs but also that their domestic populations would protest, since "their publics feel that the 'War on Terrorism' is in fact a war against Islam."<sup>97</sup> The most recent U.S. *National Strategy for Combating Terrorism*, released in February 2006, makes a clear effort to assuage such fears by separating terrorist-exploited Islam from other Islam. It states that terrorists aim to establish regimes that "rule according to a violent and intolerant distortion of Islam," that Islam "has been twisted and made to serve an evil end."<sup>98</sup> Yet such language has proven unsuccessful in swaying public opinion in some Southeast Asian countries toward a more positive view of the United States. Indonesia and Malaysia, with their large Muslim populations' caution toward the U.S. compounding existing post-colonial issues, remain acutely sensitive to perceived U.S. impositions on their internal decision-making and policies. In the Malacca Straits these sensitivities manifest themselves in the two littoral states' absolute insistence that no foreign actors have any military or police presence there. They claim they are able to patrol and protect the Straits on their own – but are more than willing to accept monetary or technical assistance.

Despite this resistance, Washington has managed to push through some small steps toward increasing counterterrorism cooperation. The August 2002 joint ASEAN-U.S. declaration on counterterrorism cooperation was a significant political achievement stating the two parties' intention to share information and intelligence regarding terrorist financing, liaise between law enforcement agencies, increase capacity-building efforts, assist on transportation, border and immigration control issues, and comply with the relevant UN resolutions on international terrorism.<sup>99</sup> Singapore and Malaysia have made progress implementing these initiatives, while Indonesia has been slower. Actual cooperative projects began in late 2005 when the U.S. and ASEAN presented a new U.S.-ASEAN Enhanced Partnership intended to "foster cooperation" on political, security, economic, social and educational issues. So far the U.S. strategy has been to implement relatively non-controversial projects such as "post-tsunami assistance, research scholarships, artistic and cultural cooperation, a Trade and Investment Framework Agreement and work on FTAs, and the development of a science and technology agreement."<sup>100</sup> As the nature of these projects demonstrates, operational, concrete U.S.-ASEAN security cooperation is quite limited, with no cooperation on counterterrorism despite the 2002 joint declaration.

More cooperation occurs on the bilateral level in the form of joint training and exercises, though it is still limited. The U.S. Pacific Command conducts a number of yearly bilateral or multilateral military exercises with regional states, the largest being Cobra Gold in which both Singapore and Indonesia participate. Washington has praised both Indonesia and Malaysia on their recent improvements in countering terrorism. In February 2005 the Bush administration invited Indonesia to participate in the International Military Education and Training Program (IMET). In May 2005 it re-started sales of non-lethal military equipment to Jakarta and in November 2005 waived the Foreign Military Financing restrictions for Indonesia.<sup>101</sup>

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97 Rizal Sukma, "National Success and Regional Deficits in Southeast Asia's Battle against Terrorism and Insurgency," in *CSCAP Regional Security Outlook 2007* (Victoria, BC: CSCAP, 2007): 29.

98 United States Executive Branch, *National Strategy for Combating Terrorism 2006* (Washington DC: The White House, 2006): 5, 10.

99 Association of Southeast Asian Nations and United States of America, *ASEAN-United States of America Joint Declaration for Cooperation to Combat International Terrorism*, Bandar Seri Begawan, 1 August 2002, [www.aseansec.org/10574.htm](http://www.aseansec.org/10574.htm) (accessed 10 July 2008).

100 Vaughn, 9.

101 Vaughn, 14.

U.S.-Malaysian cooperation has also seen much improvement recently. Malaysian Prime Minister Abdullah Badawi has been lauded as a vocal supporter of moderate Islam and his country credited with taking steps to improve its legal framework for handling terrorists.<sup>102</sup> Malaysia and the United States signed a Memorandum of Understanding (MoU) on counterterrorism in May 2002 that formed the basis for the U.S.-ASEAN joint statement. The Bush administration has “downplayed U.S. human rights concerns over Malaysia’s use of its Internal Security Act (ISA) to imprison political opponents without trial, especially since Kuala Lumpur has employed the ISA against suspected members of [the terrorist groups] JI and Kampulan Mujiheddin Malaysia (KMM).”<sup>103</sup> Like Indonesia, Malaysia participates in the Foreign Military Sales and IMET programs. It “also hosts between fifteen and twenty U.S. Navy ship visits annually and provides U.S. Navy SEALs the opportunity to train twice a year in jungle warfare in the country.”<sup>104</sup> Malaysia opened the Southeast Asian Regional Centre for Counter-Terrorism (SEARCCT) in 2003. The U.S. Department of State as well as other agencies such as the Pacific Command and Department of Defense collaborates with SEARCCT on a number of projects, both bilateral and multilateral, each year.<sup>105</sup>

Singapore and the United States have extremely close ties and cooperate on some quite sensitive issues. Singapore was a founding member of the PSI and was the first Asian country to join the Container Security Initiative (CSI), another U.S.-sponsored maritime security regime.<sup>106</sup> The U.S. is trying to work with all three littoral states to develop the command, control and communications infrastructure along the Malacca Straits to facilitate maritime surveillance cooperation.<sup>107</sup>

In sum, U.S. involvement in Southeast Asian counterterrorism is relatively extensive at the bilateral level. The United States’ joint declaration with ASEAN guides cooperation. However, neither the U.S. focus on military means of countering terrorism nor its perceived association of terrorism with Islam sits well with some regional states. U.S. counterterrorism strategies do not mesh well with the local states’ current policies, which center on rehabilitation rather than punishment of captured terrorists.<sup>108</sup> (For a more detailed discussion of ASEAN counterterrorism policies see section 5.2.7 below). The cooperation that has been achieved is hence largely the result of U.S. “prodding” and power politics.<sup>109</sup> In order to facilitate more productive cooperation on counterterrorism, the United States should accommodate local states’ perspectives and approaches. Working together with China and the European Union on the Malacca Straits terrorist attack scenario could result in precisely this productive counterterrorism cooperation with the littoral states, since both the EU and China advocate softer counterterrorism strategies than the U.S. and might provide a balance to anti-American perceptions in the region.

### 5.3.2. United States-People’s Republic of China

There is some cooperation between the U.S. and China on container and port security. Because the United States is such a large market and therefore essential to China’s continued economic growth, Beijing has aligned itself in support of the war on terror and cooperated with Washington in a number of ways. Just after 9/11 it voted with the rest of the UN Security Council to combat terrorism. China participates in the CSI, the United States Megaports Initiative and the U.S. Global Initiative to Combat Nuclear Terrorism and is signatory to agreements on freezing terrorist financing. Beijing hosted the fourth ARF meeting on counterterrorism in April 2006. PRC leadership also allowed the FBI to establish a legal attaché office in Beijing.

However, Beijing claims the war on terror has been defined too narrowly. As the self-proclaimed and increasingly accepted voice of the South/Third World, China and the Southeast Asian nations

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102 Vaughn, 22; U.S. Department of State, *Country Reports on Terrorism*.

103 Bruce Vaughn, Emma Chanlett-Avery, Mark E. Manyin, and Larry A. Niksch, *Terrorism in Southeast Asia*, CRS Report for congress RL34194, 11 September 2007, 24.

104 Sheldon W. Simon, “Southeast Asia’s Defense Needs: Change or Continuity?” in *Strategic Asia 2005-2006: Military Modernization in an Era of Uncertainty* (Seattle: National Bureau of Asian Research, 2005): 272.

105 Southeast Asian Regional Centre for Counter-Terrorism, “Courses&Seminars,” [http://www.searcct.gov.my/site1/index.php?option=com\\_content&task=view&id=12&Itemid=26](http://www.searcct.gov.my/site1/index.php?option=com_content&task=view&id=12&Itemid=26) (accessed 10 July 2008).

106 Vaughn et al., 25.

107 Gopal Ratnam, “U.S. Asia Policy Faces Myriad Challenges,” *Defense News*, 13 June 2005, 24.

108 See U.S. Department of State, *Country Reports on Terrorism*.

109 Simon, 271.

share many of the same objections to U.S. counterterror strategies. Chinese leaders and analysts say the U.S. approach relies too heavily on military means and does not adequately address the root causes of terrorism, such as poverty in developing countries. Many experts in China “generally believe the Bush Administration’s approach to counterterrorism is overly aggressive, diplomatically impatient, and pays too little attention to the political and economic discontent of the Third World that gives rise to terror activities.”<sup>110</sup> In line with its current policy of engaging Southeast Asia to demonstrate the non-threatening nature of its involvement in the region, China would likely stand up against U.S. wishes regarding counterterrorism in support of Southeast Asian priorities. For example, Dennis Roy of the Asia-Pacific Center for Security Studies points out that Beijing would probably not support any U.S. counterterrorism initiative perceived as “heavy-handed” by Southeast Asians, “both because China perceives the threat as less compelling and because the Chinese would see another opportunity to score public relations points against the Americans.”<sup>111</sup> Contrary to Roy’s analysis, the Malacca Dilemma means that in this paper’s scenario Beijing would see the terrorist threat as compelling – perhaps not because China is as concerned about international terrorism as the United States, but certainly because the attack would block Chinese energy supply lines. Yet Roy’s overall point still applies. The public relations factor would likely encourage China to seize the opportunity to present itself as the good guy against the U.S., thus hampering any attempts at counterterrorism cooperation.

A great deal of mutual suspicion also hinders cooperation. The U.S. worries about Chinese ties to Pakistan, Iran and other states with questionable or rogue leaders. China is concerned that if the U.S. steps up its counterterrorism operations in Southeast Asia, the ensuing increase in U.S. military presence would encircle China, block its energy supply routes and/or keep it from achieving its objectives in the region. Beijing particularly resists any perceived American attempt to control the Malacca Straits because China’s energy supply security depends so heavily on free access through the waterway.

These perceived threats, which reflect Beijing’s largely realist worldview, have led the PRC to hedge in its counterterrorism cooperation with the U.S. Although “China provided substantive intelligence in some counterterrorism cases ... more work remained to be done in terms of its overall responsiveness to U.S. requests.”<sup>112</sup> For example, in April 2002 the commanders of the Central and Pacific Commands separately confirmed that the intelligence China shared was “not specific enough, particularly as compared to cooperation from the Philippines, Singapore, and Malaysia.”<sup>113</sup> The PRC has thus been accused of being a “lukewarm partner” in the war on terror.<sup>114</sup>

In sum, somewhat incompatible counterterrorism approaches, mutual suspicion and regional competition have thus far constrained U.S.-Chinese cooperation to some port security initiatives and declarations of support for counterterrorism. The two countries have very different approaches to security and counterterrorism. Chinese counterterrorism at least rhetorically resembles Southeast Asian strategies, focusing on multilateral, comprehensive approaches, addressing the roots of terrorism and targeting rehabilitation rather than retribution. Also like ASEAN the PRC prefers consensual, informal security agreements rather than legally binding treaties. There is thus very little in the way of an existing U.S.-China cooperation framework upon which trilateral or multilateral cooperation could be built. Models for cooperation will have to be found elsewhere. As discussed in section 4, though, both countries have such strong interests in keeping the Malacca Straits open and safe that this scenario may provide the jump-start necessary to overcome the cooperational difficulties they now face. China could, moreover, take the lead in approaching ASEAN states for cooperation since it has proven itself adept at ASEAN (Asian?)-style dialogue and decision making.

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110 Roy, 2.

111 Roy, 6.

112 U.S. Department of State, *Country Reports on Terrorism*, China section.

113 Shirley A. Kan, *U.S.-China Counterterrorism Cooperation: Issues for U.S. Policy*, CRS Report for Congress RL33001, 10 October 2007, 2.

114 Roy, *Lukewarm Partner*.

### 5.3.3 United States-European Union

In contrast to the U.S.-China relationship, the United States and European Union work together closely on counterterrorism. Unfortunately for this study their cooperation primarily takes place transatlantically rather than in Southeast Asia. Still, such close cooperation between two powers with extremely different approaches to and perceptions of terrorism gives hope that some cooperation may also be possible in the Malacca Straits.

The U.S. and EU define terrorism in fundamentally different ways. The U.S. sees terrorism as an act of war, to be protected against at home and preemptively fought overseas. Europe, on the other hand, views terrorism as a crime, a matter for law enforcement and the justice system. The U.S. Departments of Defense and Homeland Security deal with terrorism, while in Europe terrorism is under the purview of the police, intelligence communities and the judiciary. The EU tries to include as many countries as possible in counterterrorism efforts to help build “an international system of norms and rules working against terrorism.” It attempts “to integrate third states into a network of managerial counter-terrorism tasks.”<sup>115</sup> By contrast the U.S. counterterrorism approach is far more unilateral, despite rhetoric to the contrary. Thus, even between these close allies difficulties persist because the U.S. often perceives EU institutions and policies as too weak while the EU sees the U.S. as too demanding of one-sided “cooperation” in which the U.S. “expects intelligence from others, but does not readily share its own.”<sup>116</sup> Moreover, because the EU has only limited military presence in Southeast Asia through its member states the UK and France, there is no EU-U.S. hard security cooperation in the region. Although France and the UK have both collaborated with the SEARCCT in Malaysia on some counterterrorism training seminars, with which the United States also cooperates heavily, the U.S. is not normally involved in the same programs as the EU states.<sup>117</sup>

Despite these differences of approach the U.S. and EU have established closer contacts between all levels of law enforcement and government officials since 9/11. The Secretary of State, U.S. Attorney General and Secretary of Homeland Security meet with their EU counterparts at least once a year. There is a U.S.-EU working group comprising senior officials who meet biannually to discuss police and judicial counterterrorism cooperation. Europol and the FBI have exchanged both liaison officers and information about suspected terrorists and their financing.<sup>118</sup> Recent agreements on exchanges of personal information were pushed through despite some resistance among European populations concerned about data security and individual privacy rights. The two parties have also agreed treaties on extradition, border control and transport security.

The EU’s emphasis on multilateralism could provide important lessons learned for counterterrorism cooperation in Southeast Asia. As discussed above, both Southeast Asian states as well as China resist anything that appears to be heavy-handed or unilateral U.S. policies in the region. The EU has experience agreeing on common counterterrorism standards with third parties. It has “mainstreamed” counterterrorism cooperation into its external relations with its immediate neighbors, meaning it “consciously exerts ‘soft pressure’ in order to make partners meet international counter-terrorism requirements or standards agreed upon in bilateral agreements.” Soft pressure can be applied through dialogue, technical assistance or trade agreements.<sup>119</sup> Of course, the United States also uses such pressure to push through its wishes. The difference is a matter of approach and perception: the U.S. has long been, and been seen as, a military great power in the region. The EU has cultivated its image as a soft power, though it is now aiming for ‘security actor’ status. If the two powers work together in the Malacca Straits, they may (with China) balance one another to present a more acceptable face not only to the local states but also to one another.

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115 Paul Cornish, Regina Heller, Martin Kahl, Jonathan Knight und Amal Tarhuni, *Homeland Security and the European Security Strategy: Linking the Internal and External Dimensions of EU Counter-Terrorism Policy*, (Brussels: European Parliament, 2008): 2.

116 Kristin Archick, *U.S.-EU Cooperation against Terrorism*, Congressional Research Service Report for Congress RS22030, 16 October 2006, 5.

117 SEARCCT, “Courses&Seminars.”

118 Archick, 2.

119 Cornish et al, 31.

#### 5.3.4 European Union-Southeast Asia

EU involvement in Southeast Asian security affairs was until very recently almost nonexistent. To date it remains mostly rhetorical. However, the increasing number and scope of EU meetings and dialogues with East and Southeast Asian states on security affairs attests to Brussels' interest in becoming more involved. More specifically the EU has already shown some interest in joining counterterrorism efforts in Southeast Asia.

The EU and ASEAN have recently been engaging in more inter-regional cooperation. In 2003 they signed a Joint Declaration on Cooperation to Combat Terrorism and in November 2007 released a Plan of Action to implement the March 2007 Nuremberg Declaration on an EU-ASEAN Enhanced Partnership. The section on terrorism within this highly detailed plan of action emphasizes information sharing and capacity building; the UN in a leading role and the UN's counter-terrorism strategy as the guiding document for EU-ASEAN counter-terrorism cooperation; and EU support of regional and national counter-terrorism efforts in Southeast Asia. The document highlights the priorities and preferences shared by the two sides: focus on the UN, capacity building, a comprehensive approach, and multilateral cooperation. It mentions EU technical assistance to ASEAN states a number of times. EU policy links counterterrorism to countries' development strategies and the development aid it provides. The 2003 European Commission strategy paper on Southeast Asia, for example, emphasizes the "broader issues of political, social, economic and financial governance" in the fight against terrorism.<sup>120</sup> As in many other regions, EU counterterrorism cooperation with Southeast Asia focuses on capacity building, economic and social development and local ownership of initiatives. The plan of action's section on disaster management and emergency response contains similar foci. It envisions the EU helping ASEAN states improve their own emergency response capabilities rather than the EU swooping in with its own resources only when needed.<sup>121</sup>

In general, the EU's counterterrorism cooperation in Southeast Asia reflects its overall policy of soft influence and multilateralism – as well as its current inability to sustain a significant military presence in such a far-flung region. In terms of harder security cooperation, the two EU member states with military presence in Southeast Asia, France and the UK, have also involved their police and security services in training seminars with the SEARCCT in Malaysia.<sup>122</sup> This cooperation was always minimal, however, and has been nonexistent since 2005. Nonetheless it did take place and could be revived. The EU's increasing political engagement in counterterrorism in recent years does indicate its willingness and desire to become more involved as a political and security actor in the region. Cooperating in the Malacca Straits to build on existing training and capacity-building programs would be a good way to deepen this involvement.

#### 5.3.5 European Union-People's Republic of China

The EU and China have not initiated any bilateral counterterrorism initiatives, although the annual EU-China Summit addresses terrorism and releases a statement that, like many ASEM and ASEAN-EU documents, normally highlights the two sides' similar approaches. In fact, some of the exact sentences from the Joint Statement of the 10<sup>th</sup> EU-China Summit appear in the Chair's Summary of the ASEM Conference on Counter-Terrorism. Shared EU-PRC values include "recognition of the United Nations as the only truly global forum for the fight against terrorism" as well as universal adherence to and implementation of all UN conventions and protocols, de-linking terrorism from association with any specific religion or culture, and respect for "international law, in particular international human rights law." One telling sentence in both documents states that "[e]ffective counter-terrorism measures and the protection of human rights are not conflicting, but complementary and mutually reinforcing goals."<sup>123</sup> That the EU and China have systematically agreed on this

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120 European Commission, *A new partnership with South East Asia*, 16.

121 Association of Southeast Asian Nations and European Commission, *Plan of Action to Implement the Nuremberg Declaration on an EU-ASEAN Enhanced Partnership*, 22 November 2007, <http://www.aseansec.org/21122.pdf> (accessed 8 July 2008).

122 SEARCCT, "Courses & Seminars."

123 Presidency of the European Union, *Joint Statement of the 10th EU-China Summit*, Beijing, 12 March 2007,

set of values indicates they may be willing to work together on more concrete counterterrorism projects.

It remains to be seen, however, whether this agreement will hold under pressure from the United States to take harder or more military measures. For example, German analyst Kay Moeller pointed out that Europe must clearly understand it is far more dependent on the U.S. than on strategic partners such as China, Japan or India in the fight against terrorism.<sup>124</sup> For all its rhetoric favoring multilateral cooperation and combatting the roots of terrorism, the EU has bent to pressure from Washington on personal data information sharing, airplane passenger data, and law enforcement for suspected terrorists. These changes not only fail to address the roots of terrorism but also allow the U.S. to act more unilaterally against individuals suspected of terrorism.<sup>125</sup> Yet the ASEAN states as well as China support a more EU-style, softer, roots-based approach to counterterrorism. The EU and China could possibly work together to encourage the U.S. to take a softer approach in the Malacca Straits. Cooperating under the framework of some of the applicable UN conventions may be possible and would certainly be agreeable to the littoral states as well as China and the EU.

### 5.3.6 People's Republic of China -Southeast Asia

As in other fields, cooperation between China and Southeast Asia on terrorism and other non-traditional security issues has skyrocketed in the last decade, particularly since 2002. A Joint Declaration on non-traditional security cooperation was signed at the 6<sup>th</sup> ASEAN-China Summit in November 2002, followed by a Memorandum of Understanding in January 2004. Since 2004 the two parties have conducted annual informal ministerial meetings on transnational crime and published Annual Work Plans to guide capacity building exercises and other cooperation. This cooperation is not directed specifically against terrorism, though it does include terrorism as one issue to be addressed. The MoU focuses on such “non-traditional security issues as trafficking in illegal drugs, people smuggling including trafficking in women and children, sea piracy, terrorism, arms smuggling, money laundering, international economic crime and cyber crime.” Cooperation takes place in the areas of information exchange, personnel exchange and training, law enforcement cooperation, and joint research. Importantly, China takes a leading role in the cooperation, organizing workshops to exchange experiences and holding training courses to “upgrade the level of capacity of each Party in the region.”<sup>126</sup> China gains valuable experience as the teacher rather than the student in PRC-ASEAN cooperation. Of course, cooperation is conducted in strict accordance with the ASEAN principles of respecting national laws and sovereignty and not interfering in domestic affairs. Both parties seem pleased with the way cooperation is developing, as they decided in November 2007 to extend the MoU for one year after its expiration date in January 2009. Ministers from both sides are tasked with reviewing and revising the MoU during the extension period to bring cooperation in line with “the emerging challenges and increasing scope of transnational crime cooperation.”<sup>127</sup> Some very limited bilateral cooperation on biological and chemical terrorism also takes place within the SEARCCT.<sup>128</sup>

Despite these significant political steps, military cooperation is still hesitant. After the 7<sup>th</sup> ASEAN-China Summit in 2003, which produced the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity, the two parties developed an extensive, detailed Plan of Action to implement the strategic partnership. This document lists a wide variety of initiatives and activities

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[http://www.eu2007.pt/ue/ven/noticias\\_documentos/20071202china.htm](http://www.eu2007.pt/ue/ven/noticias_documentos/20071202china.htm) (accessed 8 July 2008).; Asia-Europe Meeting. *Chair's Summary on the Sixth ASEM Conference on Counter-Terrorism*, Madrid, 3-4 April 2008, [http://www.aseminfoboard.org/content/documents/ASEMCT6\\_Chair-Statement.pdf](http://www.aseminfoboard.org/content/documents/ASEMCT6_Chair-Statement.pdf) (accessed 19 July 2008).

124 Moeller, 25.

125 Archick, “U.S.-EU Cooperation Against Terrorism.”

126 Association of Southeast Asian Nations and People's Republic of China, *Memorandum of Understanding Between the Governments of the Member Countries of the Association of Southeast Asian Nations (ASEAN) and the Government of the People's Republic of China on Cooperation in the Field of Non-traditional Security Issues*, Bangkok, January 2004, [www.aseansec.org/15648.htm](http://www.aseansec.org/15648.htm) (accessed 16 July 2008): 1-2.

127 ASEAN Plus China Meeting, *Informal ASEAN Ministerial Meeting on Transnational Crime Plus China Consultation*, joint press statement, Bandar Seri Begawan, 7 November 2007, [www.aseansec.org/21045.htm](http://www.aseansec.org/21045.htm) (accessed 16 July 2008).

128 SEARCCT, “Courses & Seminars.”

to increase cooperation and bring the two parties closer together. One of the shortest sections is on military exchanges and cooperation. It lists five action points: promoting mutual confidence and trust in the defence and military fields with a view to maintaining peace and stability in the region; conducting dialogues, consultations and seminars on security and defence issues; strengthening cooperation on military personnel training; considering observing each other's military exercises and exploring the possibility of conducting bilateral or multilateral joint military exercises; and exploring and enhancing cooperation in the field of peacekeeping.<sup>129</sup> Note that nothing is phrased in definite or absolute language. The parties must only consider observing military exercises or conducting joint exercises. This uncommitted language partly indicates continuing ASEAN suspicion of Chinese intentions but also reflects the ASEAN (or Asian) penchant for informal agreements over binding, legal ones. In order for further cooperation to take place ASEAN mistrust of China will have to be dispelled. As mentioned above, multilateral cooperation may be one effective way for China to demonstrate its non-hegemonic intentions.

### 5.3.7 Multilateral Cooperation

The primary multilateral fora for discussing security issues and counterterrorism in Southeast Asia are ASEAN and the ARF. ASEM plays a smaller role. The ARF has been conducting meetings on counterterrorism and international crime since 2003. These regular dialogues have become increasingly specific and concrete, though much remains to be done. Cooperation is still limited to dialogue and confidence building rather than concrete cooperative exercises. The 2007 ARF Security Policy Conference noted that in order to deal more effectively with terrorism, states must work together. It recommended that, *inter alia*, member states improve their abilities to manage the consequences of disasters and increase cooperation between security forces and other actors "such as the academe."<sup>130</sup> Not only could both recommendations easily be applied to security in the Malacca Straits, but their implementation would also likely help accustom member states to concrete multilateral security cooperation within the ARF.

ASEAN has recently made significant progress, at least on paper, toward regional counterterrorism cooperation. The legally binding ASEAN Convention on Counter Terrorism (ACCT) was signed in January 2007. ASEAN is developing a regional approach to counterterrorism that not only embodies agreed values such as "identifying and effectively addressing the root causes of terrorism," but also specifically stresses the organization's desire to strengthen and deepen regional cooperation. The ASEAN counterterrorism approach also focuses on rehabilitation of convicted terrorists rather than retribution. However, as is often the case with ASEAN the Convention is more a political statement of unity than a document outlining a concrete strategy. It is hampered by ASEAN's ever-present emphasis on sovereignty, territorial integrity and respect for domestic laws. It only encourages (rather than 'requires' or even 'calls on') member states to accede to all relevant international conventions and protocols on terrorism. It makes suggestions for what states could do to counter, suppress or prevent terrorism but does not go into detail about how to do so. It does outline some details on cooperation between the states but indicates that on the international level ASEAN will only support initiatives with significant United Nations involvement.<sup>131</sup> The document is a significant political step for ASEAN – concrete evidence of its intent to become more than an economic cooperation organization – but it lacks teeth.

The ASEAN Convention cannot function as a platform upon which the external actors can build multilateral security cooperation simply because, not being ASEAN states, they are not parties to the agreement. Rather, it indicates the direction ASEAN intends to head in the future and therefore acts as a guide for what the external actors can expect from the regional states in terms of counter-

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129 Association of Southeast Asian Nations and People's Republic of China, *Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity*, Bali, 8 October 2003, <http://www.aseansec.org/16806.htm> (accessed 16 July 2008).

130 ASEAN Regional Forum, *Chairman's Summary Report of the 4th ASEAN Regional Forum Security Policy Conference*, Manila, 24 May 2007, <http://www.aseanregionalforum.org/PublicLibrary/ARFChairmansStatementsandReports/tabid/66/Default.aspx> (accessed 29 July 2008).

131 Association of Southeast Asian Nations, *Convention on Counter Terrorism*, Cebu, 13 January 2007, [www.aseansec.org/19251.htm](http://www.aseansec.org/19251.htm) (accessed 8 July 2008).

terrorism strategies and policies. The Convention hints at how the external actors might fit themselves into the regional scheme for countering and preventing terrorism. They could cooperate in accordance with this document to increase security in the Malacca Straits without inciting resistance from local states. Since ASEAN has indicated elsewhere (in its declaration of intent to create an ASEAN Security Community, the Bali Concord II of 2003) that it places heavy emphasis on maritime security issues, the Malacca Straits may provide a particularly good opportunity for external cooperation to support such security-building.<sup>132</sup> The ARF would be a good platform for this support and cooperation.

The Asia-Europe Meeting (ASEM) excludes this paper's third important external actor, the United States. Unsurprisingly, ASEM statements on counterterrorism contain much of the same, or similar, language as many ASEAN and EU documents and reflect a decidedly different approach to terrorism than that employed by the United States. As mentioned in section 5.3.5, Europe and East Asia share many of the same perceptions of and approaches to terrorism, such as the belief that dealing with the root causes of terrorism must be prioritized; that the United Nations should play a leading role in the global fight against terror; that countering terrorism requires "broadening and enhancing mutual understanding among cultures and civilizations"; and that "the fight against terrorism requires a comprehensive approach by the international community comprising political, economic, diplomatic, legal and other means, fully respecting the rule of law."<sup>133</sup> Note that military means were specifically not mentioned. Instead, the ASEM counter-terrorism vision comprises primarily information sharing, reducing poverty, promoting inter-faith and inter-cultural understanding and countering radicalization. The most recent ASEM conference on counter-terrorism indicated that participating parties would cooperate in capacity-building and technical assistance, meaning essentially that European states would help Asian ones improve their own abilities.<sup>134</sup>

Some concrete multilateral counterterrorism cooperation does already take place under the auspices of the SEARCCT in Malaysia. For example, a seminar in 2005 on the prevention and crisis management of biological terrorism included participants from France, the United States, China, Malaysia, Indonesia and Singapore. This seminar was the exception to the rule, however. Most of the seminars and courses at SEARCCT involve either intra-ASEAN cooperation or ASEAN-USA bilateral cooperation.<sup>135</sup> Still, SEARCCT is an established, functioning center for counterterrorism cooperation. It has worked with all the parties involved in this paper's scenario, if one considers EU member states as representatives of the EU.<sup>136</sup> SEARCCT is thus positioned to provide the foundations for much more extensive multilateral counterterrorism cooperation. This cooperation could easily be funneled into the Malacca Straits.

#### 5.4. Summary: Overlapping Interests

Although numerous efforts have been made both to improve maritime security and counter terrorism, resistance from and competition among the littoral states (as well as geopolitical great-power competition outside the scope of this paper) have thus far prevented truly successful, operational cooperation. The external actors should still make attempts to help improve security in the Malacca Straits, however, if only because of their extensive interests in the waterway. Their economic and security interests would be immensely damaged by a terrorist attack in the Straits. Although their approaches to terrorism differ, each actor's individual interests in the Straits should bring the three together for this scenario.

As discussed in section 4, all three actors have economic interests in the Malacca Straits – the EU and China direct interests, the U.S. indirect. They all want to ensure the free flow of shipping

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132 Association of Southeast Asian Nations, *Declaration of ASEAN Concord II (Bali Concord II)*, Bali, 7 October 2003, [www.aseansec.org/15160.htm](http://www.aseansec.org/15160.htm) (accessed 8 July 2008).

133 Asia-Europe Meeting, *Chair's Summary*.

134 Asia-Europe Meeting, *Chair's Summary*.

135 SEARCCT, "Courses & Seminars."

136 Since member states control their foreign policy individually, their decisions do apply in this case. Moreover, the presence of EU member states could smooth the way for an official EU role in counterterrorism cooperation in the Malacca Straits.

through the Straits since all of their economies would suffer greatly from a five-day blockage. The actors also all have security interests in the waterway. The U.S. wants to maintain its military superiority in the region, which requires free passage through the Straits. The EU wants to ensure international maritime security and has recently linked security in the Malacca Straits with its efforts to counter international terrorism. Some EU member states also have individual security interests in the Straits. China wants both to secure its energy supply, which depends heavily on unrestricted passage through the Malacca Straits, and to mitigate U.S. influence in the region. The apparent tension here between U.S. and Chinese interests should not apply in this scenario since both countries have acknowledged the benefits of multilateral cooperation and neither one wants a regional power struggle or arms race. Though they might compete for regional influence, they may both agree to cooperate on this specific issue given the importance of security in the Straits to each of them individually. Overlapping interests in ensuring free, safe passage through the Straits for all shipping (military and merchant) should induce the three external actors to cooperate on Malacca Straits security issues.

A further impetus for the three stakeholders to work together is their overlapping interests in multilateral cooperation in Southeast Asia. These interests may not directly relate to terrorism in the Malacca Straits. The EU wants to establish itself as a global security actor while also promoting its core norm of multilateralism. China has established a policy of cooperation with ASEAN to demonstrate its benign intentions toward the region. China would also benefit enormously from cooperation with the other actors. It would improve its technical abilities by learning from the U.S. and EU as well as its teaching abilities by providing training to the ASEAN states. Cooperation would benefit the U.S. by showing it is neither as heavy-handed nor unilateral as most regional states expect. Reflecting these interests in cooperation, the EU and China continually encourage multilateral cooperation under UN law. The U.S. has also started to include more multilateral cooperation in its rhetoric, for example with the naval services' new strategy paper or its failed RMSI proposal. There is thus a trilateral convergence of not only interests in cooperation but also strategies for approaching security issues. All three stakeholders at least rhetorically support a strategy of multilateral cooperation. This paper's scenario would be an excellent opportunity for the actors to practice what they preach about multilateralism, given the imperative of working multilaterally to avoid angering the littoral states.

Finally, the external actors share a primary concern about a large-scale attack that blocks the Straits, unlike the littoral states who focus on piracy, navigational safety and environmental issues. At their September 2007 meeting in Jakarta, the Council for Security Cooperation in the Asia Pacific (CSCAP) Study Group on the Security of the Malacca and Singapore Straits acknowledged this difference in priorities. The study group stated that the

“concerns of the user countries relate mainly to low probability, high consequence scenarios like terrorism, while the concerns of the littoral countries relate mainly to high incidence, high environmental consequences that may occur frequently but attract less attention internationally.”<sup>137</sup>

Unfortunately for the external actors, the littoral states' concerns have taken priority. The CSCAP study group meeting began “by acknowledging the decreasing attention towards piracy and maritime terrorism, although there has been increasing attention to address the less controversial issues of navigational safety and marine environmental protection.”<sup>138</sup> Indeed, the most recent and successful initiative to date, the Cooperative Mechanism, deals far more with navigational safety and environmental protection than piracy or terrorism. Even ReCAAP, the other relatively successful cooperation effort, covers only piracy, not terrorism. SEARCCT, which deals specifically with terrorism, has only conducted two maritime terrorism-related seminars in the last five years.<sup>139</sup> As discussed in section 2.2, the three external actors are not as affected by piracy as are local states due to the types of ships they send through the Straits. Thus, although there are security concerns in the Malacca Straits that require multilateral responses, differing priorities may hinder cooperation. The three external actors' shared concern about a devastating terrorist attack that damages their

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137 Council for Security Cooperation in the Asia Pacific, Study Group on the Security of the Malacca and Singapore Straits, *Chairman's Report*, Jakarta, 8-9 September 2007, 1.

138 CSCAP Study Group, 1.

139 SEARCCT, “Courses & Seminars.”

international shipping and regional or global security interests, in contrast to the littoral states' pre-occupation with everyday security, is a final compelling reason for the three to cooperate.

## 6. Recommendations and Further Research

In light of the interests, strategies, priorities and current cooperation discussed above, this paper makes a number of recommendations for the three external actors to implement concrete multilateral cooperation to improve maritime security in the Malacca Straits, particularly to defend the Straits against terrorist attacks like the scenario examined here. These recommendations incorporate the external actors' interests in keeping the Straits open to all shipping and in trilateral or multilateral cooperation as well as the littoral states' and ASEAN's concerns about national sovereignty and perceived interference in internal affairs. It is crucial that the external actors remain sensitive to the littoral states' concerns, or they will encounter only resistance.

This paper developed a hypothetical scenario in order to see how the three external actors interact with one another in the Southeast Asian context, how they interact with the littoral states, and what opportunities exist for them to further their interests in cooperation and maritime security in the Malacca Straits. The recommendations for cooperation are thus based on the assumption that certain inhibiting geopolitical influences – such as the very real tension between China and the United States – would not affect the relationships inside the scenario's "petri dish." This paper has demonstrated that multilateral cooperation to improve security in the Malacca Straits is in the interests of all three external actors and would benefit them all in a number of different ways. It has shown not only that opportunities for cooperation do exist, but also that some foundations for constructing further cooperation are already in place. The recommendations below indicate how such cooperation can and should be built. However, the larger geopolitical influences must be factored in before cooperation can succeed. The next step for research is therefore a much longer, more extensive study of the larger influences on maritime security in the Malacca Straits. More specific suggestions for further research follow the recommendations section.

### 6.1 Recommendations

*Littoral States as Key Actors and Key Partners:* The littoral states need to be included as the primary actors in any cooperation, with the three external actors in facilitating and supporting roles. There is no way for the three external actors to cooperate trilaterally; they must include the littoral states in multilateral cooperation. ASEAN states are highly sensitive to any perceived interference in their internal affairs. Malaysia in particular loudly protests any foreign forces patrolling the Malacca Straits, considering it a violation of national sovereignty. The external actors must therefore exercise extreme diplomacy when making suggestions for maritime security and/or counterterrorism initiatives or activities. They must allow the littoral states to take the lead in organizing and promoting cooperation. They should avoid appearing to "gang up" on the littoral states, instead emphasizing the equal, multilateral nature of the cooperation. They should stress their role as facilitators (of capacity building, development cooperation, counterterrorism initiatives, joint exercises, etc.) rather than primary actors. They should also draw on the ASEAN Convention on Counter Terrorism as well as the relevant UN conventions for guidance on the littoral states' policies and priorities.

*Emphasis on a Comprehensive Approach to Terrorism:* The EU, China and ASEAN states all place heavy emphasis (at least rhetorically) on involving not only military but also political, economic, legal and social methods to address terrorism. The United States increasingly incorporates these non-military methods into its policy papers as well. Similar emphasis during multilateral cooperation on security in the Malacca Straits would therefore be helpful. In particular, the actors should base their cooperation on the comprehensive approach to counterterrorism outlined by the United Nations Global Counter Terrorism Strategy and elaborated in the relevant ASEAN, ASEM and EU-China/EU-ASEAN/China-ASEAN documents. The external actors should pool their resources to fund and facilitate programs that build on the counterterrorism methods outlined in these documents. For example, countering the roots of terrorism is one popular issue among the six relevant actors. However, the fundamental causes of terrorism may vary from country to country and context to context. The external stakeholders could therefore sponsor or organize programs designed to

first identify and then (hopefully) alleviate the circumstances that drive people to terrorism in Southeast Asia.

*Focus on Capacity Building:* All three external actors already have some kind of capacity-building program(s) with the littoral states to improve local abilities to secure the Straits. These programs indicate a convergence of strategies between the three external actors. Capacity-building programs would thus be an excellent platform for further cooperation between the three actors – especially since these programs inherently include the littoral states as the primary parties. Capacity building programs on maritime surveillance and interdiction, for example, could be conducted by the external states’ coast guards – not their navies. Navies are a widely accepted symbol of hard power and would likely be seen as intruding into sovereign territory. The littoral states could even construe external naval presence as a push for physical control of the Straits, which would lead to political and possibly military confrontation. Coast guards can provide many of the same capacity-building services but do not carry the same hard power connotations as navies. The United States Coast Guard already conducts some capacity building exercises such as the Cooperation Afloat Readiness and Training (CARAT), which trains Southeast Asian nations including the three Malacca littoral states in maritime law enforcement and search and rescue.<sup>140</sup> The Five Power Defence Arrangement has already conducted at least one maritime counterterrorism exercise, the “Bersama Lima 04” drill in which the parties tracked and boarded a “hijacked ship” in the South China Sea.<sup>141</sup> These exercises could be expanded to include the other external stakeholders as well as new topics. Other areas for capacity building could include emergency disaster response (a particular EU strength), including disasters other than terrorism, or helping implement the IMO safety and security code in all applicable ports in the Straits. Incorporating counterterrorism into a package of capacity-building on larger non-traditional security issues would be more easily accepted by both ASEAN states and China, as demonstrated in the ASEAN-China agreements on non-traditional security. The external states should take advantage of the improved communications systems in the Straits (for example the Changi C2 Centre) when conducting these capacity-building programs.

*Develop Existing Multilateral Cooperation Mechanisms:* As discussed above, there are a number of promising institutions for expanding multilateral cooperation on maritime security and counterterrorism in the Malacca Straits. First, the external actors should strengthen their concrete cooperation within the ASEAN Regional Forum. The ARF is the only multilateral forum in which all three external actors participate. It has been expanding the scope of its activities and now incorporates both counterterrorism and maritime security into its regular dialogues. The ARF has also been a platform for joint military exercises. To date, however, most cooperation within the ARF has been no more than dialogue and confidence-building. The external actors should work together to encourage and facilitate more joint exercises, including real-life exercises rather than just simulations. The ARF would also be an excellent forum for hosting the capacity-building initiatives discussed above. Cooperation within the ARF would automatically keep the littoral states in the limelight, as required, since the ARF is an ASEAN institution. Before cooperation within the ARF could take place, however, the United States would need to step up its engagement in the forum. Specifically, it should accede to the ASEAN Treaty of Amity and Cooperation (TAC). China has already signed the TAC, as has France. The UK and EU have both signalled their intention to join, although the EU must wait for ASEAN to revise the treaty so that non-states can join.<sup>142</sup> The U.S. should also join as a display of its willingness to cooperate multilaterally.

In addition, the three external actors should significantly increase their cooperative engagement in such institutions as the SEARCCT, the Changi C2 Centre and the ReCAAP Information Sharing Centre. These three locally-based, locally-operated centers already have much of the communications structures and resources to support multilateral cooperation. SEARCCT is positioned to support further counterterrorism cooperation but lacks a significant maritime component, while the

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140 “USCG Cutter Deploys to Asia; Participates in International Training Exercise,” *Oil Spill Intelligence Report*, 4 May 2006, 4.

141 Joshua Ho, “The Security of Sea Lanes in Southeast Asia,” *Military Technology* 5/2005, 18.

142 United Kingdom Foreign and Commonwealth Office, *Treaty of Amity and Co-operation in Southeast Asia*, explanatory memorandum presented to Parliament July 2007, <http://www.fco.gov.uk/en/about-the-fco/publications/treaty-command-papers-ems/explanatory-memoranda/explanatory-memoranda-2007a/amity-asean> (accessed 16 July 2008).

Changi C2 Centre and ReCAAP ISC are strong in maritime security but weak in counterterrorism. The external actors should facilitate cross-communication and cooperation between these three centers, bringing in as many actors with as much expertise as possible. They should promote a more maritime component in SEARCCT courses and seminars and more counterterrorism activities in Changi C2 and ReCAAP ISC. These centers are all relatively new; they are ripe for a great deal of capacity-building and experience-sharing. The three external actors could contribute their expertise within this setting, working together to engage the littoral states. Moreover, the centers are also explicitly multinational. They are designed for international and multilateral coordination and cooperation and are therefore an excellent forum for the external actors to become more involved in security cooperation in the Malacca Straits without threatening the local states. Strengthening cooperation between these three centers would be a giant step in promoting multilateral cooperation to increase security in the Malacca Straits.

## 6.2 Further Discussion/Research

*Further examine the littoral states' actual position on trilateral cooperation.* Even if the three external actors are careful to keep the littoral states in the center of the action, they might find their attempts to cooperate rebuffed. Malaysia and Indonesia have been highly vocal in protesting outside involvement in Malacca Straits security issues. They are willing to accept foreign funds and some capacity building but are indignant when they perceive outsiders as getting too closely involved. It is necessary for researchers to thoroughly investigate these two littoral states' positions on external involvement. It may be that they are more receptive to cooperation with external actors than their public statements suggest. On the other hand, they may also be just as against such cooperation as it seems. In either case the external actors must consider the littoral states' positions and design their policies accordingly.

*Do an extensive study of the actual possibilities for cooperation, taking into account the geopolitical challenges to such cooperation.* As indicated above, there are a number of geopolitical influences this paper does not take into account but which would certainly affect any real attempts at cooperation. The very real U.S.-China tension over regional influence has already been mentioned. Other possible geopolitical challenges include resistance from EU member states that do not want to engage in such a far-flung region, that are concerned about the large EU-China trade imbalance, or that protest human rights abuses in China; similar resistance from groups in the U.S.; insistence from some in the U.S. on acting unilaterally or more heavy-handedly than the other actors like; a decision in Peking that unilateral military buildup and engagement is the best solution to the Malacca Dilemma; and/or a judgment in Washington, Brussels or Beijing that other risks outweigh the terrorist threat in Malacca and should be given priority. Any of these factors could hamper cooperation in the Malacca Straits. Yet as this paper has shown, the three actors have very real, very strong interests not only in protecting free shipping through the Straits but also in multilateral cooperation in the region. Researchers should therefore conduct an in-depth, long-term study on the realistic possibilities for cooperation, taking into account all identifiable hindrances and developing options for overcoming or avoiding them. Such research should be conducted in close contact with the national governments in order to produce as clear and accurate a picture of the situation as possible.

*Examine the possibility of including Japan in cooperation.* Japan has interests in the Malacca Straits similar to China's. The vast majority of Japanese energy imports passes through the Straits. Although Japan does not seek regional military influence, it does have strong security interests in maintaining regional peace and stability. Moreover, unlike China or most of the other regional powers, Japan has not only been heavily involved in regional peace- and security-building for many years but has also designated a large amount of funds for research and activities in these areas. The Japan International Cooperation Agency (JICA), for example, was founded in 1974 specifically to provide funds and technical assistance to poorer countries. It has been very involved in counterterrorism capacity-building projects with SEARCCT since at least 2003. Japanese think tanks and institutions already conduct a significant amount of research on regional security issues. Japan is thus a regional power with the resources, institutional scaffolding and willpower already in

place to support and participate in security cooperation in the Malacca Straits. The possibilities for bringing Japan in as a major cooperation partner should therefore be explored.

*Explore EU-U.S.-China cooperation in other regions/on other issues.* Cooperation in the Malacca Straits would, hopefully, demonstrate that these three major powers all benefit from working together more than they would from going it alone. It might also open doors for cooperation on more sensitive issues, such as Taiwan, or in other regions, such as Africa. This expanded cooperation is most likely wishful thinking, given the current geopolitical situation. Yet it is nonetheless extremely important to encourage governments to consider working together on these issues. Further research and discussion on the possibilities for these three global actors to cooperate in other fields would highlight their common or intersecting interests as well as the positive effects of working together. Further research should also carry this idea into wider areas and broader topics to explore the possibilities for trilateral or multilateral cooperation in other fields.

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