

Malaysia to buy navy vessels from China in blow to US

MalaysiaKini.com

Oct 28th, 2016

Tom Allard & Joseph Sipalan, Reuters

Malaysia will sign a contract to purchase Littoral Mission Ships from China when Prime Minister Najib Abdul Razak visits Beijing next week, according to a Facebook posting by the country's Defence Ministry.

The text of a speech to be delivered by Malaysian Defence Minister Hishammuddin Hussein was posted on Facebook on Tuesday, but was later removed after *Reuters* asked a Defence Ministry spokesperson for comment.

The purchase of the patrol vessels, if it proceeds, would be Malaysia's first significant defence deal with China and comes amid rising tensions in the South China Sea and as the United States and China compete for influence in the region.

Malaysia's ties with the United States became strained after the Department of Justice filed lawsuits linked to a money-laundering investigation at state fund 1Malaysia Development Berhad (1MDB), which Najib founded and had overseen as chairperson of its advisory council.

Najib is traveling to China on Sunday for a week-long visit.

"On Nov 5, 2016, the Defence Ministry will sign a contract for the procurement of Littoral Mission Ships (LMS) with the State Administration for Science, Technology and Industry for National Defence (Sastind), which is an important part of the schedule during the prime minister's official visit to China," the Facebook post quotes Hishammuddin saying.

However, a video recording of the speech at the Malaysian Defence Ministry by Hishammuddin does not mention this contract.

A Defence Ministry spokesperson declined to comment and the Prime Minister's Office did not immediately respond to requests for comment.

Littoral Mission Ships are fast patrol vessels that can be equipped with a helicopter flight deck and carry missiles. They are primarily used for coastal security, maritime patrol and surveillance, but can also be deployed for disaster relief and search and rescue operations.

China claims most of the South China Sea as its territory. But Brunei, Malaysia, the Philippines, Taiwan and Vietnam also have rival claims to parts of the waterway, which commands strategic sea lanes which carry some US\$5 trillion worth of trade a year.

Peak in ties

Ties between Malaysia and China reached a new peak in December when China came to Najib's rescue with a US\$2.3 billion deal to buy assets of scandal-hit state fund 1MDB,

helping ease Najib's concern over the firm's mounting debt.

Najib is travelling with dozens of government leaders and business people to China. In a statement on Wednesday, he said Malaysia was committed to strengthening friendship with China and pushing ties to "new highs".

The push to strengthen China ties come after July lawsuits filed by the US Justice Department implicating Najib in a money-laundering scandal.

The lawsuits allege over US\$3.5 billion was misappropriated from 1MDB, some of which ended up with a 'Malaysian Official 1,' identified later by US and Malaysian authorities as Najib.

Najib has denied any wrongdoing and said Malaysia will cooperate in the international investigations.

Malaysia could buy up to 10 of the littoral mission ships at a cost of approximately RM300 million each, said Lam Choong Wah, senior fellow at Refsa, a Malaysia research institute. He is also the author of a book on Malaysian military capability.

"The truth is we could have bought these from a number of countries. But China is the only country that has provided political support for Malaysia during the 1MDB scandal. This is payback for that political support."

Najib's visit follows that of the Philippines President Rodrigo Duterte, who announced the country's "separation" from the United States and signed a raft of memoranda of understanding for Chinese investment in the country.

Last week, Malaysia announced a RM2 billion cut to its 2017 defence budget from last year's levels.

A project to develop an amphibious corps was among those jettisoned, said Euan Graham, director of the international security program at the Lowy Institute, a Sydney-based think-tank.

"It was the US marines who were liaising with the Malaysians on that," Graham said.

"So a US-backed initiative has effectively died now," Graham said. "At the same time, a new bridge has been opened to China. If you put those together, whether it's been by Malaysia's design or not, it does send a combined signal of pulling back from the US and outreach to China."

- Reuters