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Malaysia Capitalizes on Saudi King Salman's Visit

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EXECUTIVE SUMMARY

- Beginning on 26 February 2017, King Salman bin Abdulaziz Al Saud of Saudi Arabia made a one-month tour to several Asian countries. The first stop was a four-day state visit to Malaysia, after which he went on to Indonesia (including Jakarta and Bali). The tour also includes Brunei, Japan, China and the Maldives.
- The visit was done for economic and diplomatic reasons, and to boost cooperation in defence, science and education. The Saudis were keen to promote investment opportunities in their country, as the kingdom is struggling to diversify its economy beyond oil exports. With global oil prices decreasing, alternative energy sources being developed, and oil demand by the US falling, the Saudi government are looking to Asian economies to purchase their petroleum products.
- While economics and business ties also topped Malaysia's agenda during the Saudi visit, the Najib Razak government was also keen to score domestic political points. The visit gave him a chance to signal to his critics that his government is also open to investors outside China. To the Malay/Muslim ground, the King's visit amounted to the Custodian of Two Holy Mosques honouring their Prime Minister.
- However, the Saudi King's and his entourage's extravagant behaviour raised eyebrows among some Malaysian Muslims. Moreover, portraying the Saudi-Malaysia relations to be this close provided the opposition, with additional ammunition to further condemn Najib, who had claimed that the RM 2.6 billion in his bank account saga was a donation from a Saudi.

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INTRODUCTION

On 26 February 2017, King Salman bin Abdulaziz al-Saud of Saudi Arabia arrived in Malaysia for a state visit. He was welcomed by the Malaysian King (Yang di-Pertuan Agong), Muhammad V, and Prime Minister Najib Razak. Greeted with a 21-gun salute, the Saudi King inspected the guard-of-honour in the Parliament compounds.¹ Malaysia was King Salman's first stop during his month-long Asian tour which covers Indonesia, Brunei, China, and Japan. The last Saudi monarch to visit Malaysia was King Salman's half-brother and predecessor, King Abdullah bin Abdulaziz Al Saud, in 2006.

This paper discusses the significance of King Salman's visit to Malaysia's foreign policy and domestic politics. The purpose of the visit was to deepen economic and diplomatic ties between the two Muslim-majority countries. The Saudis are responding to the changing geo-political and global economic climate, especially after Donald Trump's election as US President and Brexit (Britain's exit from the European Union). The Saudis are seeking to strengthen ties with countries that import its oil, and to promote investment opportunities in Saudi Arabia, as it grapples to diversify its economy. The Saudi government also intends to sell a stake in Saudi Aramco, a state-owned oil company.

The Saudis are also using soft power in its oil diplomacy: Mecca is the centre of Islamic world, hosting pilgrims to its holy sites such as the Kaaba. Besides, the Saudi government wants to foster cooperation with Malaysia in promoting "moderate" Islam.

I argue that the Malaysian government also sought to capitalise on King Salman's visit to score political points on the domestic front. It wanted to boost its image as "protector of Islam" in front of an increasingly conservative electorate, emphasising the point that the Custodian of the Two Holy Mosques (title for Saudi King) is honouring strong ties with Malaysia under Najib Razak. Playing up the Islamic card through foreign policy is consistent with Najib's recent call to stand in solidarity with the Rohingyas in Myanmar. Previously, the Malaysian media has covered the Prime Minister's several pilgrimages to Mecca (*umrah* dan Haj) showcasing his piety. Moreover, the media also publicised the Prime Minister's request to the Saudi government to increase the Haj quota for Malaysian pilgrims.

However, the move to use the Saudi monarch's visit for political gains have several pitfalls. First, some quarters in Malaysia disagree with Wahhabi-Salafism, a puritan school of thought that the Saudis are promoting. The ideology is not in line with the Sunni and Shafie school of thought upheld by Malaysian muftis. Second, the visit, the show of cordial bilateral relations, and the treatment given to Saudi King and official, only strengthens the perception of Saudi involvement in clearing the Prime Minister of the 1MDB (1 Malaysian Development Berhad) issue. The Prime Minister once claimed that the RM 2.6 billion (US\$607 million) donation into his private bank account was from a member of the Saudi royal family. The Saudi King has not refuted the claims nor stated the reasons for the donation.

¹ Al Arabiya, "King Salman arrives in Malaysia during month-long Asian tour," 28 February 2017.

The following section discusses Malaysia's bilateral ties with Saudi Arabia. This will be followed by a discussion of how the Najib Razak government capitalises on the visit. This paper concludes by discussing some of the trade-offs that the Malaysian government will face in playing up the Islamic card too hard during the Saudi King's visit.

MALAYSIA-SAUDI ARABIA RELATIONS

Malaysia established diplomatic ties with Saudi Arabia in 1961. Its ties with the oil Kingdom, and the Middle East in general, deepened in the 1970s after the Arab-Israeli war of 1973 and oil crises that followed.² The Saudi Ministry of Foreign Affairs described Malaysia-Saudi Arabia relations as "strong political and economic relations based on mutual respect and common interest."³ Malaysia imports crude oil and polypropylene from Saudi Arabia, and exports TV and video devices to the kingdom.

Another indicator of the strength of the two countries' bilateral relations is the Haj quota allocated for Malaysian pilgrims. For Muslim-majority countries such as Malaysia, the quota allocated would be 0.1 percent of the total population of the country. According to this, the official quota for Malaysian pilgrims is 27,800 per year, but in 2013, this was cut by 20 percent because of a major reconstruction of the holy mosque. This year, Malaysia had its original quota restored, and the King Salman had given a positive response to Malaysia's request to increase its quota to 30 000 pilgrims.⁴

The two countries however, follow different Islamic schools of thought. Saudi Arabia upholds the strict and puritan Wahhabi-Salafi brand of Islam, and its religious elites (ulama) would frown upon some of the religious rituals practised by Malaysian Muslims: such as the celebration of the Prophet Muhammad's birthday (*maulid Nabi*), visitations to graves of pious Muslims (*ziarah kubur*), and the recitation of special prayers accompanying the death of fellow Muslims (*talqin* and *tahlil*). The Wahhabi-Salafis consider these practices as innovations (*bid'ah*) and forbidden. Malaysia, on the other hand, practices Sunni Islam and the Shafie School of jurisprudence. By orientation, the majority of Malaysian Muslims are traditionalist Sufis, coloured with a mix of ritualism and mysticism.

So far, there has not been any major tensions between the two countries except for the recent case regarding massive private donations to Prime Minister Najib allegedly from a Saudi source.⁵ Najib admitted that he received RM2.6 billion (US\$607 million)—deposited into

² Shaikh Mohd Saifuddeen Shaikh Mohd Salleh and Suzalie Mohamad, "Malaysia and the OIC," in Abdul Razak Baginda (Ed), *Malaysia and The Islamic World*, (London: ASEAN Academic Press, 2004), p.72.

³ Ministry of Foreign Affairs Saudi Arabia, <http://www.mofa.gov.sa/sites/mofaen/ServicesAndInformation/news/MinistryNews/Pages/Article1D2017226145515283.aspx> (Date Accessed: 1 March 2017)

⁴ AstroAwani, "Raja Arab Saudi beri respon positif hasrat Malaysia tambah kuota haji," 27 February 2017.

⁵ In 1990, the stampede that occurred during the Haj ritual in Mina could have caused a diplomatic row. The incident resulted in the death of thousands of pilgrims, including 153 Malaysians. Malaysian pilgrims who survived the disaster began to openly speak about the incident, which

his bank account before the 2013 Elections—from the Saudi royal family. The reason for the “donation” remains unclear, but the Malaysian Attorney General declared that Najib had returned US\$620 million in August the same year.⁶ The AG’s claim conflicted with Saudi Foreign Minister Adel al-Jubeir’s earlier claim that the money was part of a business deal and not a political donation.⁷ The Minister then clarified that it was a genuine donation and did not expect anything in return.⁸ The identity of the Saudi donor remains a mystery to this day.

CAPITALISING ON SAUDI’S OIL DIPLOMACY

Since 2014, Saudi Arabia’s economy, the world’s largest oil producer, has been struggling to revive its economy due to falling oil prices. In June 2014, oil prices was at US\$115 a barrel, but by December that year, it had dropped to US\$70 per barrel.⁹ There are several reasons for this: oversupply of oil—largely due to Organisation of Petroleum Exporting Countries (OPEC) not reducing oil production despite low demand—, and increasing availability of alternative energy sources, such as shale gas from the US. The Saudis refused to curb oil production because it was reluctant to forgo its grip on the oil market, discouraging other countries from switching to alternative energy sources.

Saudi’s economy is unlikely to recover any time soon because oil prices remain low. The International Monetary Fund estimates that in 2017, the Saudi Arabia economy will only grow by 0.4 percent.¹⁰

Concerned about the state’s overreliance to oil, King Salman undertook several measures to diversify the kingdom’s economy. In 2016, the King embarked on Saudi Arabia Vision 2030 which includes the National Transformation Program. Saudi Arabia envisages itself to be an investment powerhouse within the next 15 years.¹¹ The government has established several bodies across 24 government institutions to increase overall efficiency, delivery,

could potentially have embarrassed both governments. The Malaysian government decided to issue a Special Report on the disaster to set the record straight. This nevertheless did not lead to any diplomatic implication. See Shanti Nair, *Islam in Malaysian Foreign Policy*, (London: Routledge, 1997), p. 146

⁶ ChannelnewsAsia, PM Najib cleared after returning ‘personal donation’ to Saudi royal family: Malaysia AG,” 26 January 2016, <http://www.channelnewsasia.com/news/singapore/pm-najib-cleared-after/2458506.html> (Date Accessed: 1 March 2017)

⁷ ChannelnewsAsia, “Funds deposited into Malaysia PM’s accounts not donation, but investment: Saudi Minister,” 7 February 2016, <http://www.channelnewsasia.com/news/asiapacific/funds-deposited-into/2494916.html> (Date Accessed: 1 March 2017)

⁸ The Guardian, “Saudi Arabia says money sent to Malaysian PM was a ‘genuine donation,’” 14 April 2016, <https://www.theguardian.com/world/2016/apr/15/saudi-arabia-money-malaysian-pm-najib-genuine-donation> (Date Accessed: 7 March 2017)

⁹ *The Economist*, “Why the oil price is falling,” 8 December 2014.

¹⁰ See analysis by Gregory Brew, “Can Saudi Arabia Survive With Oil Below \$60,” *OilPrice.com*, 18 Jan 2017. <http://oilprice.com/Energy/General/Can-Saudi-Arabia-Survive-With-Oil-Below-60.html> 18 Jan 2017. (Date Accessed: 1 March 2017)

¹¹ Kingdom of Saudi Arabia Vision 2030 Website, <http://vision2030.gov.sa/en> (Date Accessed: 1 March 2017)

and project management. As part of the country's economic transformation plan, the government decided to sell off 5 percent of Aramco, a state-owned oil company.

Part of King Salman's visit to Asia is to consolidate economic ties with the region through investments and business partnerships. Unsurprisingly, the Malaysian government welcomed Saudi Arabia's interest to invest in Malaysia with open arms. On the one hand, the Saudi's offer was too hard to resist. One of the major hallmarks of King Salman's visit was the signing of the Share Purchase Agreement (SPA) between Saudi's Aramco and Malaysia's Petronas (Malaysia's state-owned petroleum company). The agreement states that Aramco will own 50 percent of Petronas' Refinery & Petrochemical Integrated Development (RAPID) project in Pengerang, Johor. The deal, worth RM 31 billion (US\$6.9 billion), means that the Johor town will be a regional hub for oil and gas refinery, while Saudi Arabia will be the leading supplier of crude feedstock. Aramco will supply 70 percent of crude oil for RAPID, while Petronas will provide the natural gas, energy and other facilities.¹²

Besides the RAPID deal, both countries signed seven MOUs worth RM9.74 billion (US\$2.1 billion) in order to boost trade and investment ties. This will cover areas such as health care, construction education, and the halal industry. Several agreements related to security and defence were also discussed, which include the building of the King Salman Centre for International Peace in Malaysia to combat terrorism.¹³

Furthermore, the visit may deflect criticism from the opposition that Malaysia is selling off its sovereignty to China. Recently, the opposition opposed the government's Forest City project in Johor which draws massive Chinese investments. Najib and his mentor-turned-nemesis, Dr Mahathir Mohamad had a bitter exchange on the issue. Mahathir claimed that the project, which will be built on artificial islands, would welcome 700,000 residents from China. The Sultan of Johor, Ibrahim Ibni Almarhum Sultan Iskandar, repudiated Mahathir's accusations. The government contends that the project resulted purely from foreign direct investments, and not as part of a deal to bail out 1MDB. The Aramco-Petronas deal strengthens Najib's argument that the government is willing to do business with any country, not only with China.¹⁴

More importantly, the Malaysia government is using the Saudi King's visit as a form of show-and-tell aimed at the Malay/Muslim community. The visit coincided with the ruling party UMNO's (United Malays National Organisation) increasing assertiveness towards Muslim plights domestically and internationally. Since 2014, UMNO has been playing the Islamic card and courting Islamic opposition party, PAS (Islamic Party of Malaysia) into its fold. Recently, the government pledged to support amendments to ACT 355, proposed by PAS President, Abdul Hadi Awang, which is intended to increase maximum punishments enforced by the syariah courts. The message behind the government's move to support the controversial bill was its commitment towards empowering Islam in the country, and Malay-Muslim unity.

¹² *Utusan Malaysia*, "Perjanjian R31b dimeterai," 1 March 2017.

¹³ Azura Abas and Hashini Kavishtri Kannan, "Saudi King Ends Visit On High Note," *New Straits Times*, 2 March 2017

¹⁴ Shannon Teoh, "Saudi investment a confidence vote in Malaysia: Najib," *Straits Times*, 28 February 2017.

King Salman's visit could not have come at a better time for the Malaysian government. It can now boast to its domestic audience that the Custodian of the Two Holy Mosque (title for the Saudi Arabia King) chose Malaysia as its first stop in Asia. Glorifying Malaysia's ties with the Saudis is not unprecedented for the Najib administration. Najib had previously invited the charismatic Imam from the Grand Mosque in Mecca, Sheikh Abdurrahman As Sudais, to meet him at his office.¹⁵ The Grand Imam has also led the Friday Prayers at the Federal Territories Mosque in Kuala Lumpur. The Prime Minister has also visited Saudi Arabia several times, for official visits in Riyadh, or performing the *umrah* (minor pilgrimage) in Mecca. He has cleverly used these visits for photo opportunities portraying his piety. Pictures of him performing the Haj in 2011 and praying with his wife Rosmah Mansor in the Grand Mosque were widely circulated in the media and his books. In fact, Najib is not the first politician to use this strategy. After the splits in 1987 in UMNO, Ghafar Baba (former Deputy Prime Minister), Musa Hitam (former Deputy Prime Minister), Tengku Razaleigh Hamzah (former UMNO vice-President), Mohamad Rahmat (former Information Minister), and Mahathir Mohamad (former Prime Minister) undertook the Haj and *umrah*. This move is likely to act on Malaysian Muslims' emotions because there is a belief only "chosen" individuals are invited to Mecca as "God's guest" (*tetamu Allah*).

Cementing the strength of bilateral relations between the two countries through soft power, two Malaysian universities conferred awards to the Saudi King. First, the International Islamic University Malaysia (IIUM) conferred him with the Honorary of Doctor in Political Science and Outstanding Lifetime Achievement Award. The honorary doctorate was to recognise the King's promotion of moderate Islam and global peace, while the second award was for his struggle for the Islamic cause and donations for humanitarian crises. Second, the University of Malaya (UM) conferred on him the Honorary of Doctor of Letters. The Malaysian King also awarded King Salman with Malaysia's highest award, The Darjah Seri Mahkota Negara. The awards accorded to King Salman in a way reciprocates the 2010 King Abdul Aziz Order of Merit (First Class) awarded to Najib Razak by the Saudi King then.¹⁶

CONCLUSION: SOCIETY'S PERCEPTION OF THE VISIT

King Salman's visit to Malaysia appears to have achieved the objectives of both the Malaysia and Saudi Arabia governments. On the economic front, Saudi Aramco has secured a win-win cooperation with the Malaysian oil company Petronas which could help revive Saudi Arabia's declining oil revenues through going downstream in the petroleum industry. Malaysia too has achieved its economic and political objectives. Apart from dispelling the notion that Malaysia is a stooge of China, the government can now claim that it is willing to do business in any country in the best interest of Malaysia. On Islamic matters, Najib can now argue that the Custodian of the Two Holy Mosques has endorsed his leadership and his fight against extremists. The awards conferred on the King only strengthens the two leaders' trust of one another.

¹⁵ Najib Tun Razak, *Agenda Islam Dalam Transformasi Negara*, (Kuala Lumpur: Sekretariat Ulama-Umara, 2012), p.34-35

¹⁶ Najib Tun Razak, *Agenda Islam Dalam Transformasi Negara*, (Kuala Lumpur: Sekretariat Ulama-Umara, 2012), p.34-35

However, the Prime Minister should not overly play the Saudi card on the domestic front. Some Malaysian Muslims are already uncomfortable with what they see as excessive Saudi presence in the state. For instance, they are not comfortable with the exportation of the Saudi brand of Wahhabi-Salafism into Malaysia, which is largely Sufist and traditionalist. Saudi oil money has been changing the religious make-up of Malaysians since the 1970s, but more direct penetration of Saudis in the religious sphere may change the outlook of ordinary Malaysians further. Already, there have been complaints about the Saudi private university—International University of Al-Madinah (Mediu)—in Selangor (Malaysia) for promoting exclusivist and intolerant views.¹⁷ The 10-year-old university’s spokesman denied that the university is promoting extremism.¹⁸ Also, graduates from Saudi Arabia are seen as more conservative than those from Al Azhar (Egypt). The Saudi brand of Islam is not welcomed in Malaysia, even when Malaysians are becoming more pious. Moreover, too much media coverage of the King’s visit may expose the overly luxurious lifestyle of the King and his delegates, who brought along enormous amounts of luggage, and a huge entourage on the tour.

Lastly, the visit failed to address rumours about Saudi involvement in the 1MDB issue. The reason given that the donation was to reward Najib for his efforts in combating terrorism does not convince many Malaysians. Some UMNO bloggers argue that the fact that the King came to Malaysia shows that the RM2.6 billion issue was settled. However, the fact that the issue was not even mentioned during this visit is a missed opportunity on the part of both governments to bury the issue once and for all.

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¹⁷ Today, “Islamic university under probe has history of promoting extremism,” 22 December 2016, <http://www.todayonline.com/world/asia/islamic-university-under-probe-has-history-promoting-extremism> (Date Accessed: 6 March 2017)

¹⁸ Astro Awani, “Mediu raps claim it encourages extremism,” 23 December 2016, <http://english.astroawani.com/malaysia-news/mediu-raps-claim-it-encourages-extremism-126632> (Date Accessed 6 March 2017)