

Rebooting Bangladesh-Malaysia Relations

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Summary

Of all the leaders presiding over the eight countries in the South Asian region, it was surprisingly the Prime Minister of Bangladesh Sheikh Hasina who was the first among them to congratulate Muhyiddin Yassin on his swearing in as the eighth Prime Minister of Malaysia. In her letter, Hasina called on Malaysia under the Muhyiddin government to “work together” with Bangladesh and “take full advantage of the complementarities in our relations”. The rebooting of Bangladesh-Malaysia relations is on the cards with the hope of making this relationship more significant in each other’s foreign policy in this decade through the following several core elements: strategic confluence, the economic imperative, the humanitarian angle with the Rohingyas and the prospects for maritime engagement and defence cooperation.

Strategic Confluence

After Bangladesh gained independence in 1971, Malaysia, along with Indonesia, were the first among the Muslim majority countries to recognise Bangladesh as a sovereign country in 1972. While Bangladesh has been courting Indonesia over the past decades, its engagement with Malaysia has been sluggish. This is despite there being potential strategic convergence in Bangladesh-Malaysia relations, as was underscored in the congratulatory letter sent by Bangladeshi Prime Minister Sheikh Hasina to the newly minted Prime Minister of Malaysia, Muhyiddin Yassin.

Describing Malaysia as a “trusted partner and stakeholder in a wide range of issues that matter to us in our foreign relations”, Hasina stated in her letter that, “We have taken a common stance in the past on cross-cutting issues in different regional and global forums.”¹ The underlying message calls for a reboot in Bangladesh-Malaysia relations so that there is an upward bilateral trajectory in the 2020s. Whereas Malaysia can act as Bangladesh’s gateway to Southeast Asia along with Indonesia, Bangladesh can also serve as Malaysia’s gateway to South Asia.

Looking to Southeast Asia, which Malaysia is a part of, could enable Bangladesh to diversify its foreign policy that has long been straight jacketed by the international politics of South Asia and its bilateral relations with India. Linking strategically with the Association of Southeast Asian Nations (ASEAN), which boasts the third largest economy in the Indo-Pacific and fifth largest in the world, could facilitate Bangladesh’s Southeast Asia engagement through economic diplomacy.

¹ Hasina congratulates new Malaysia PM Muhyiddin”, *Bdnews24.com*, 2 March 2020.
<https://bdnews24.com/bangladesh/2020/03/02/hasina-congratulates-new-malaysia-pm-muhyiddin>.

Although Bangladesh initially sought to become a full dialogue partner of ASEAN, a more realistic prospect is for Bangladesh to become a sectoral dialogue partner. The ASEAN Dhaka Committee was established in 2013 to look into the possibility of upgrading Bangladesh-ASEAN relations into a formal partnership. Bangladesh has also sought to capitalise on its 'Muslim brotherliness' with Indonesia and Malaysia to hasten its ascent to become an ASEAN sectoral dialogue partner as a steppingstone to full dialogue partnership. It is merely a matter of time before Bangladesh, with its thriving economy and proximity to Southeast Asia, becomes an ASEAN dialogue partner.

The Economic Imperative

The stars are aligned for Bangladesh and Malaysia to step up their economic engagement as both are striving to become middle to high income countries in the 2020s. In fact, Bangladesh's economy is even expected to surpass that of Malaysia in 2024. Malaysia's total trade with Bangladesh of US\$2.37 billion (S\$3.3 billion) as of 2018² pales in comparison to its trade with the South Asian countries of India and Pakistan. Hence, the Muhyiddin government may want to court Bangladesh more aggressively in the economic plane, as Bangladesh is one of the fastest growing economies in Asia, and the eighth most populous country in the world, with approximately 165 million people.

As Muhyiddin is a former international trade and industry minister, he will be inclined as prime minister to promote economic diplomacy in foreign bilateral relations in the hope of benefiting the local populace in Malaysia. Along those lines, Malaysia under Muhyiddin is likely to pursue closer economic relations with Bangladesh as it should boost the country's domestic economy.

As Malaysia, together with Singapore, is a leading investor in Bangladesh among the Southeast Asian countries, the Muhyiddin government will likely maintain the status quo, although there is scope to scale up Malaysia's investment in Bangladesh which stands at only US\$92.74 million (S\$128.45 million) as of 2018.³ That Bangladesh is making efforts to nurture an investment-friendly climate, including by creating economic zones across the country, should encourage more foreign investors like Malaysia to invest further in the country. However, before that, foreign investors need to overcome the 'culture shock' of investing in Bangladesh whilst also reversing the erroneous perception of Bangladesh being the economic backwater of South Asia. As Bangladesh develops economically and enhances its purchasing power, Putrajaya would also want Dhaka to invest in Malaysia.

At a time when India had restricted and later banned palm oil exports from Malaysia, the leaders in Putrajaya are looking to sell their palm oil to other countries, whilst trying to convince India to remove restrictions on the purchase of Malaysian palm oil. Besides Pakistan, which has agreed to increase its purchase of Malaysian palm oil, Bangladesh could be another destination for Malaysia. In fact, Agriculture Minister Abdur Razzak stated that

² "Kuala Lumpur eyes stronger ties with Dhaka", *Dhaka Tribune*, 30 August 2019. <https://www.dhakatribune.com/bangladesh/foreign-affairs/2019/08/30/kuala-lumpur-eyes-stronger-ties-with-dhaka>.

³ "Efforts on to improve trade: Malaysian Envoy", *The Daily Star*, 31 August 2019. <https://www.thedailystar.net/city/news/efforts-improve-trade-malaysian-envoy-1793284>.

Bangladesh is open to buying more palm oil from Malaysia provided the prices are competitive.⁴

The next step forward is to bring a free trade agreement (FTA) into fruition. The Bangladesh-Malaysia FTA, which was mooted in 2005, has made little headway and has since stalled. With a new prime minister now in Malaysia and Hasina's desire to improve Bangladesh-Malaysia ties, there is no better time to bring about the FTA, making Malaysia thus the first Southeast Asian country to have an FTA with Bangladesh. The role of Bangladesh-Malaysia Chamber of Commerce and Industry, which favours the FTA, will be important in lobbying the two governments to get this done.

For Dhaka, it sees the bilateral FTA as a launching pad towards achieving a minilateral cross-regional FTA called the South East Asian Cooperation (SEACO), which straddles two Muslim countries from South Asia – Bangladesh and the Maldives – and three Muslim countries from Southeast Asia – Malaysia, Indonesia and Brunei. Fronted by Bangladesh as the lead Muslim South Asian country to engage Southeast Asian Muslim countries economically, SEACO has been working closely with the Malaysia-fronted World Islamic Economic Forum to pilot the creation of an Islamic Common Market, which is a core goal of the Organisation of Islamic Cooperation, two of its members being Bangladesh and Malaysia. If SEACO is realised, it will be a feather in the cap of the Hasina government, demonstrating that Bangladesh can play a leading role in the Islamic world, whilst also benefiting economically from a huge consumer market of SEACO countries.

As members of the Muslim-centric Developing-8 (D-8) Organisation for Economic Cooperation, Bangladesh and Malaysia have also been working together to improve bilateral and multilateral economic cooperation. As D-8 host in 2020, Bangladesh is likely to step up its economic cooperation with Malaysia, alongside six other countries – Egypt, Nigeria, Indonesia, Iran, Pakistan and Turkey.

One other area where Bangladesh and Malaysia can capitalise on their Muslim majority populations is to jointly develop a halal ecosystem and become pacesetters to create a halal market hub for Asia. One other area for bilateral cooperation is in Islamic finance as Bangladesh and Malaysia are both keen to invest in this concept in the hope of making it feasible and creating an attractive blueprint for emulation by others. The Central Bank of Malaysia and Bangladesh Bank could work together to design this blueprint so as to market Islamic banking and finance to the rest of Asia.

As remittances are a major contributor to Bangladesh's economy, Malaysia is valued by Hasina's government as it is the fifth highest source of remittance. That is why Hasina noted in her letter to Muhyiddin that "Bangladesh is extremely thankful to Malaysia for providing employment opportunities to a huge number of skilled and semi-skilled workers from Bangladesh."⁵ Although Malaysia suspended labour recruitment in the past due to unsavoury labour issues and domestic pushback, it later lifted the ban but with a stricter system in place. Recognising that Malaysia requires blue-collar workers in the plantation,

⁴ "Bangladesh keen to raising palm oil imports from Malaysia", *Daily Sun*, 16 January 2020. <https://www.daily-sun.com/post/454630/Bangladesh-keen-to-raising-palm-oil-imports-from-Malaysia>.

⁵ "Hasina congratulates new Malaysia PM Muhyiddin", op. cit.

construction and manufacturing sectors, Dhaka hopes Malaysia under Muhyiddin will further open up its labour market to Bangladesh.

The Rohingya Factor

Among the Southeast Asian countries, Malaysia has been most vocal on the plight of the Rohingyas, especially under the administration of Mahathir Mohamad, calling for justice to be brought to those who have committed atrocities against the Rohingyas whilst providing them with a safe haven in Myanmar's Rakhine state. In fact, Mahathir's Malaysia has even lambasted a fellow ASEAN member, Myanmar, for enabling the persecution of the Rohingyas, and criticised the country's State Counsellor and democracy turncoat Aung San Suu Kyi for complicity in her government's inaction and defending its decisions on the international stage. Discharging its role as a Muslim country, Malaysia has been home to scores of Rohingya refugees.

The persecution of the Rohingyas in Myanmar resulted in them fleeing as refugees particularly to Bangladesh, precipitating a crisis in the country. This is why Hasina opined in her letter that "We are grateful to Malaysia for standing beside the persecuted Rohingyas. Bangladesh hopes that Malaysia would continue its political pressure on Myanmar so that the latter creates a conducive environment in the Northern Rakhine state facilitating full repatriation of the Rohingyas at the earliest."⁶ While Malaysia will continue to put pressure on Myanmar to solve the Rohingya crisis, Muhyiddin will not be as vocally blunt as Mahathir as it belies his mild personality. What could be possible is the Muhyiddin government playing the role of an honest broker between Myanmar and Bangladesh to mitigate the Rohingya crisis by cultivating good relations with both countries.

Prospects for Maritime Engagement and Defence Cooperation

Despite both Malaysia and Bangladesh being maritime countries that are geographically not too distant from each other, their maritime engagement has been limited. With a new government in Malaysia and a fast-growing economy in Bangladesh, it is now an opportune moment for Dhaka and Putrajaya to make maritime engagement a critical facet of Bangladesh-Malaysia relations.

One palpable arena for maritime engagement between Bangladesh and Malaysia is in the Bay of Bengal, which has fast grown in importance as a critical maritime artery in the eastern part of the Indian Ocean. Malaysia is not a member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Bangladesh, which is a member, could lobby for Malaysia to join this minilateral organisation. As Malaysia has been sceptical of China's intentions behind its grandiose Belt and Road Initiative, BIMSTEC could prove to be an attractive option for Malaysia to boost its connectivity not only with mainland Southeast Asia but also South Asia. As the Bay of Bengal is geopolitically, geostrategically and geoeconomically significant as a maritime arena, it should entice the Muhyiddin government to make Malaysia engage the bay actively.

⁶ Ibid.

One obvious starting point is through the Malaysian state of Penang, which, via its seaport, can serve as a critical node linking the Straits of Malacca to the Bay of Bengal. For centuries, the Bay of Bengal, which has gotten its name from the Bengal region that comprises the Indian state of West Bengal and modern-day Bangladesh, was a critical passageway for the movement of people and trading goods, Calcutta to Penang being one such route. This interconnectedness resulted in Penang becoming a maritime hub of economic activity, which then produced a vibrant Indian diaspora (including Bengalis) that still exists today in the state. Penang could serve as a conduit for increased maritime engagement between Malaysia and Bangladesh in the Bay of Bengal.

As defence relations between Bangladesh and Malaysia have been underdeveloped, the time is opportune, and the conditions are ripe for the defence planners in both countries to look for ways to kick off their bilateral defence cooperation in a more significant way. For a start, the Muhyiddin government should pick up the threads of the work done by the Mahathir government to bring into fruition a memorandum of understanding (MoU) between Bangladesh and Malaysia on defence training and technical assistance. The quicker this MoU is negotiated and signed, the earlier the defence cooperation between Dhaka and Putrajaya can pick up speed in the 2020s.

To be fair, the Malaysian Armed Forces medical personnel have been running a field hospital at Cox's Bazar in Bangladesh to meet the healthcare needs of thousands of Rohingya refugees in the spirit of humanitarianism since 2017. What was started by the Najib Razak government was continued by the Mahathir government and will likely be continued by the Muhyiddin government. Moreover, Bangladesh has benefitted from courses on peacekeeping conducted at the Malaysian Peacekeeping Centre and technical and development assistance through the Malaysian Technical Cooperation Programme in the spirit of South-South cooperation. The rendering of assistance to a Muslim country like Bangladesh can be attributed to Malaysia's practice of good international citizenship in the Islamic world and conduct as a middle power with Islamic characteristics.

The problem, however, is that it is a one-way street as far as defence relations are concerned, with Malaysia giving benefits to Bangladesh but not vice versa. However, with Bangladesh rapidly growing its economy, policymakers in Putrajaya hope that Dhaka will soon have the financial resources necessary for Bangladesh to conduct joint defence and military exercises with Malaysia.

Looking Ahead in Bangladesh-Malaysia Relations

Hasina's timely congratulatory letter to Muhyiddin can serve as a turning point in Bangladesh-Malaysia relations becoming more significant in each other's foreign policy. The bilateral needle is moving in the right direction to reprioritise Bangladesh-Malaysia relations. The more both countries are able to harness the potential of their bilateral relations, the more the people of both countries will be able to benefit from closer Bangladesh-Malaysia cooperation.

As the political dust begins to settle in Malaysia after a tumultuous series of events engendered a change of government in Putrajaya, the Muhyiddin administration will likely

focus much of its efforts towards strengthening itself whilst keeping the domestic house in order. Although foreign policy may take a backseat for now, the new Malaysian government will certainly take cognisance of Hasina being the first among the leaders of South Asian countries to congratulate Muhyiddin, and her willingness to work with Muhyiddin to strengthen Bangladesh-Malaysia relations.

Accordingly, Muhyiddin should accept Hasina's invitation, as was extended in her letter, to visit Bangladesh in 2020 as the country is commemorating the birth centennial of Sheikh Mujibur Rahman, who is described as the 'Father of the Nation'. Doing so will not only reciprocate Hasina's kind congratulatory gesture but will also pave the way for better Malaysia-Bangladesh relations. However, much will depend on whether Covid-19 is still a pandemic and when normalcy resumes.

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