

***Key Determining Factors Influencing Small States' Relationships : A Case Study of Malaysia's Relations with Saudi Arabia***

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**Supervised by Prof. David George**

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## *Abstract*

This thesis examines key determining factors influencing bilateral relations between two small states that emanate from different regions but continuously interacting in the international political system. In doing this, the researcher will focus on Malaysia's relations with Saudi Arabia (with the emphasis more on the Malaysian side). The main reason for choosing Malaysia and Saudi Arabia as the case study is because both countries have significant characteristics which they largely share with most of the other small states such as the overwhelming dominance of one single political regime and the idiosyncratic element that control the administration of these two countries (UMNO party for Malaysia and the Al-Saud family for Saudi Arabia), the dependent position (as peripheral states) in the international political economy, and also sharing co-ideological affiliation of Islam. Upon the employment of the multi-level approach with the incorporation of the empirical textuality (see Chapter II), the study has identified four key determining factors that largely influence Malaysia's relations with Saudi Arabia. The four key determining factors are; the nature of state and regime interest, economic determinants, religious affiliation, and the membership in small states' organizations. Throughout the discussion, however, the study has found that the four key determining factors do not uniformly indicate that the character of Malaysia's relations with Saudi Arabia is intimate. Instead, the relations are variable according to the four determining factors discussed. The thesis has supplied two main original contributions for the development of knowledge in the international relations field. Firstly, the analysis of Malaysia's relations with Saudi Arabia can be considered as a 'pioneering' study, and secondly, the employment of the multi-level approach with the incorporation of the empirical textuality may encourage other researchers to evaluate any bilateral relations between two countries, specifically those originating from different regions.

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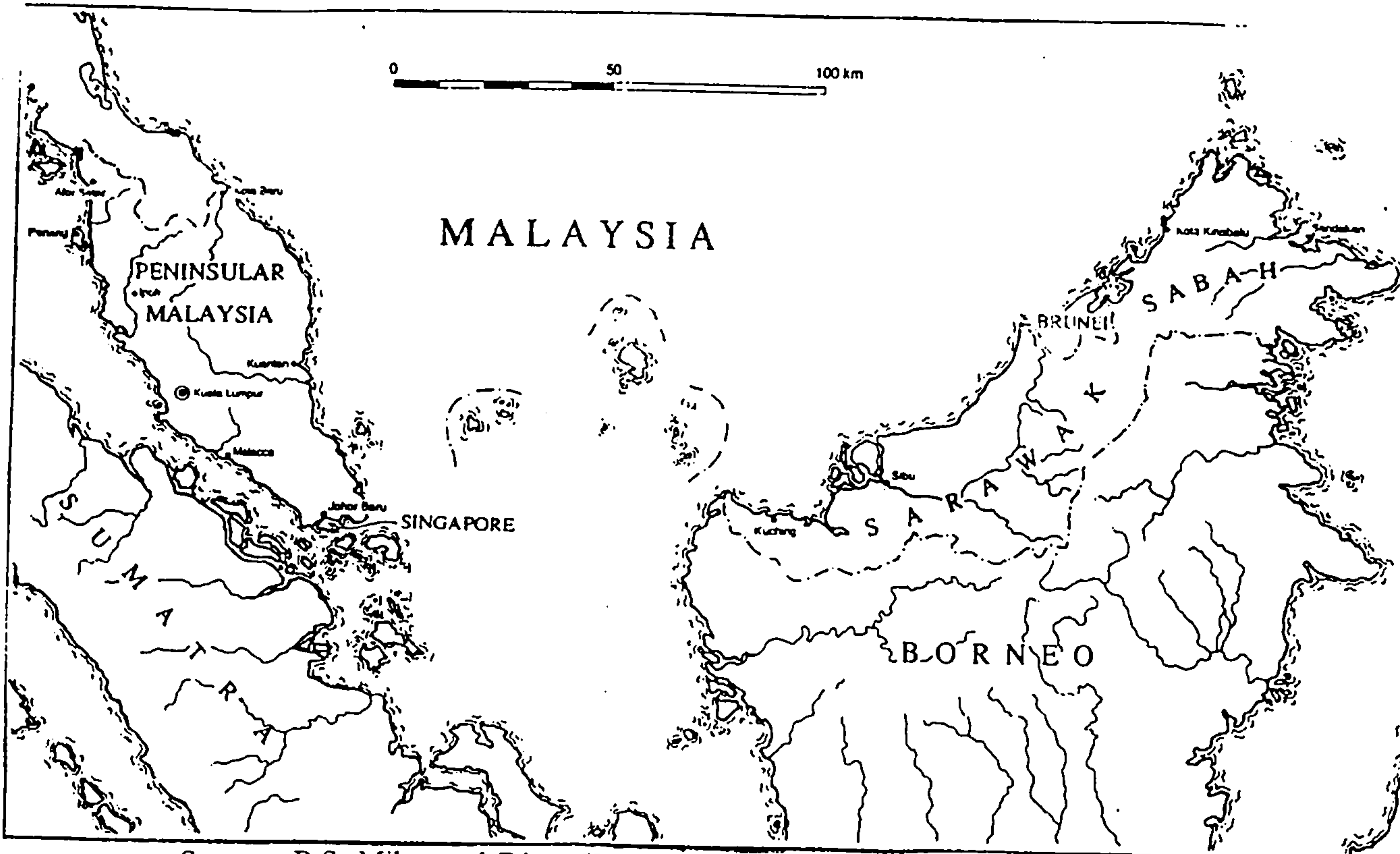
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# Map of Malaysia



Source : R.S. Milne and Diane K. Mauzy, Malaysian Politics Under Mahathir (London : Routledge, 1999), xix.

# Map of the Kingdom of Saudi Arabia



Source : World Atlas, "Saudi Arabia map by World Atlas", Graphic Maps, Copyrighted 1996-2004, (<http://worldatlas.com/webimage/countrys/asia/lgcolor/sacolor.htm>).

## *Abbreviation*

AAPSO	: Afro-Asian People's Solidarity Organization
ABIM	: Muslim Youth Movement of Malaysia
ADF	: African Development Fund
ADFAED	: Abu Dhabi Fund for Arab Economic Development
AMU	: Arab Maghreb Union
ARAMCO	: Arabian-American Oil Company
ASEAN	: Association of Southeast Asian Nations
CAEU	: Council of Arab Economic Unity
CIEC	: Conference on International Economic Co-operation
EC	: European Community
EU	: European Union
FPDA	: Five Power Defence Arrangement
GATT	: General Agreement on Tariffs and Trade
GCC	: Gulf Co-operation Council
GMP	: Good Manufacturing Practice
GSP	: Generalized System of Preferences
GSTP	: Generalized System of Trade Preferences
HICOM	: Heavy Industries Corporation of Malaysia
IBRD	: International Bank for Reconstruction and Development
IDB	: Islamic Development Bank
IFED	: Iraqi Fund for External Development
IIUM	: International Islamic University of Malaysia
IKIM	: Institute of Islamic Understanding Malaysia
IMF	: International Monetary Fund
IPC	: Integrated Programme Commodities
JAKIM	: Jabatan Kemajuan Islam Malaysia
KFAED	: Kuwait Fund for Arab Economic Development
MAS	: Malaysian Airline System
MIDA	: Malaysian Industrial Development Authority

NAM	: Non-Aligned Movement
NEAC	: National Economic Action Council
NEP	: New Economic Policy
NIEO	: New International Economic Order
OAU	: Organization of African Unity
ODA	: Japan's Official Development Assistance
OIC	: Organisation of Islamic Conference
OPEC	: Organization of Petroleum Exporting Countries
PAS	: Islamic Party of Malaysia
PERKIM	: Muslim Welfare Organization of Malaysia
PETROMIN	: General Petroleum and Mineral Organization
PETRONAS	: Petroliam of Nasional Sdn. Bhd.
PLO	: Palestine Liberation Organization
PROTON	: Perusahaan Otomobil Nasional
RISEAP	: Regional Islamic Da'wah Council of Southeast Asia and the Pacific
SAUDIA	: Saudi Airline
SEATO	: Southeast Asia Treaty Organization
SFD	: Saudi Fund for Development
SOCAL	: Standard Oil Company of California
UMNO	: United Malay Organization
UNCTAD	: United Nations Conference on Trade and Development
UNDP	: United Nations Development Programme
WTO	: World Trade Organization
YADIM	: Islamic Dakwah Foundation of Malaysia
ZOPFAN	: Zone of Peace, Freedom and Neutrality

# CHAPTER I

## 1.0 INTRODUCTION

### 1.1 Introduction to the Study

In International Relations studies, interstate relations have long been a core feature of world politics. Once a state emerges, it tends to seek relations with other states. Through this continuous relationship, a state will be able to consolidate its position in the international system. Over the years, a state will further develop a larger network of interstate relations, either through war or global co-operation, to build a world of civilization, or an empire.<sup>1</sup>

The above phenomenon has been successfully manifested in the Tigris-Euphrates and Nile Valleys, the Greek city-states system, old empires and dynasties, to the present day. The character of interstate relations, in fact, has been parallel to Aristotle's argument that man is by nature a political animal, so he needs to form social groups (these can be interpreted as a state, or non-governmental organization) to realize his and others' needs. These social groups, although they differ in their nature and scope, reflect the structure within the group and the relationship with others,<sup>2</sup> and through the formation of social groups and political organizations lead men (and states) to safeguard their interests because, as was argued by Jean Jacques Rousseau, in the absence of an organized power, it is impossible for men (or states) to live together with even a modicum of peace.<sup>3</sup>

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<sup>1</sup> Joseph Frankel, International Relations in a Changing World (Oxford : Oxford University Press, 1988), 15.

<sup>2</sup> Frankel, International Relations in a Changing World, 12.

<sup>3</sup> Kenneth N. Waltz, Man, the State and War : A Theoretical Analysis (New York : Columbia University Press, 1968), 4-5.

Various assumptions can be simply made as to why a state has a tendency to enhance its relations with others. Among other purposes are to maximize influence (power), to secure protection from external threats and challenges, to increase a state's wealth, to form regional or international organizations, to practise cultural and religious affairs, to resolve some interconnected issues and so forth. The achievement of all these ends depends on certain factors such as historical linkages, geographical proximity, the nature of state and regime interests, socio-economic necessities, and systemic factors (or external environment).

The interactions of small states<sup>4</sup> or their foreign policies in the international system are largely associated with the survival of their own political regimes (corresponding to the nature of the state and its capabilities against most powerful-developed states). Most researchers, however, have different outlooks on the best conceptual approaches to be applied in identifying the significant factors influencing the foreign policy or the behaviour of these small states. The overemphasis of the three theoretical approaches of International relations, namely Neo-Realist, Neo-Liberal and Structuralism on systemic factors, the Foreign Policy Analysis on states' internal elements like bureaucratic decision-making (for further explanation see Chapter II), or

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<sup>4</sup> The term 'small states' here is preferably used to refer to those countries that emanate from, at least, three major 'undeveloped' regions; Asia, Africa, and Latin America. The usage of 'small states' is also to differentiate from those superpowers, the US and the former Soviet Union, and other major regional powers, namely European states like the UK, France, Germany and Italy, China, and Japan as well as those 'small states' geographically located both in western and eastern Europe, with the exception of the former Federation of Yugoslavia, Cyprus, and others which had participated in small states' organizations like the Non-Aligned Movement. Nevertheless, due to the complexity of the character of 'small states', other terms like 'less developed countries', and 'Muslim countries' (also part of small states' communities) will be interchangeably applied in the case study, especially in Chapter VII.

the most common approach of using the dominant factor of idiosyncrasies or the dependent position (the powerlessness) vis-à-vis the pressures of systemic environment,<sup>5</sup> are found to be less than adequate to better understanding of the foreign policy or the behaviour of small states in the international system. Therefore, the study believes that a multi-level approach (the combination of domestic and international factors) with the incorporation of the empirical contextuality of the small states under study (the field to obtain the data required), and not depending solely on one approach over another, is the most helpful guideline to analysing small states' foreign policies or their behaviour. In this case, the researcher would like to apply a multi-level approach with the incorporation of empirical contextuality, specifically developed by Gerd Nonneman,<sup>6</sup> to examine the character of 'Malaysia's relations with Saudi Arabia. The study's preference of using a multi-level approach to investigate Malaysia's relations with Saudi Arabia is to further represent a good example (and as a part of the knowledge contribution, especially the empirical findings of the case study, to the analysis of the character of small states' behaviour) of how the evaluation of both domestic and international factors, and also the question of small states' autonomy in shaping their own foreign policies, is essential to

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<sup>5</sup> See for instance, Jacqueline Anne Braveboy-Wagner, "The Foreign Policies of the Global South : An Introduction" in Jacqueline Anne Braveboy-Wagner (ed.), The Foreign Policies of the Global South : Rethinking Conceptual Frameworks (Boulder : Lynne Rienner Publishers, 2003), 9 (for idiosyncrasies), Laura Neack, The New Foreign Policy : U.S. and Comparative Foreign Policy in the 21<sup>st</sup> Century (Boulder : Rowman & Littlefield Publishers, Inc., 2003), 21-22 (for Marxism/Structuralism's dependency), Jeanne A.K. Hey, "Foreign Policy in Dependent States", in Laura Neack, Jeanne A.K. Hey & Patrick J. Haney (ed.), Foreign Policy Analysis : Continuity and Change in Its Second Generation (New Jersey : Prentice Hall, 1995), 201-213, and see also Chapter II.

<sup>6</sup> See Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa : A Conceptual Framework", in Gerd Nonneman (ed.), Analyzing Middle East Foreign Policies (London : Routledge, 2005), and see also the sub-topic "Conceptual Framework for the Case Study" in the Chapter II.

understand the foreign policy or the behaviour of a small state in the international political system.

Besides that, the main reason for choosing 'Malaysia's relations with Saudi Arabia' as the case study is because both countries have significant characteristics which they largely share with most of the other small states. This could indirectly give alternative answers to the analysis of small states' foreign policies or their behaviour, and also to some extent, it is parallel with the application of the multi-level conceptual approach suggested. Among the characteristics are the overwhelming dominance of one single political regime and the idiosyncratic element (as has been mentioned before about the role of idiosyncrasy in small states)<sup>7</sup> that control the administration of these two countries (UMNO party for Malaysia and the Al-Saud family for Saudi Arabia). The dominant position of the political regimes in Malaysia and Saudi Arabia is one of the key determining factors in shaping both countries' foreign policies and behaviour that certainly cannot be ignored, particularly for the Malaysian political regime which makes efforts to strengthen relations with Saudi Arabia. Moreover, Malaysia and Saudi Arabia are among the peripheral states that are also dependent in the world economic system. However, in probable contrast to other poorer small states (mostly in the African continent), the level of their dependency upon the core states (developed-industrial countries) does not impede their achievement of continuous economic development. Both countries, instead, are mutually engaging with other developed-powerful countries in the international economic system even though, to some extent, it indirectly drives them to concentrate less on their bilateral economic co-operation, especially for the Malaysian

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<sup>7</sup> See note 5 in the Chapter I.



government which has economic disadvantages compared with the Kingdom (see Chapter V). Furthermore, more importantly, both countries are Muslim states that share co-ideological affiliation, Islam. As they are co-religionist, the study presumes that the degree of Malaysia's relations with Saudi Arabia is more intimate than other relations. Without denying the level of 'religious intimacy' between these two countries, however, both Malaysia and Saudi Arabia have used religion for the survival and the maintenance of their political regimes both at home and the international level. By cementing the relationship, despite the dominance of Wahhabism ideology, the Malaysian government in particular can continuously receive Saudi Arabia's capital donations to develop its Islamic infrastructure in order to fulfil the Malaysian Muslim community's needs. For the Saudi regime too, through its global Islamic donation, this would enable the Kingdom to further consolidate its position as one of the Islamic leading nations in the Muslim-Arab world. Roughly, based upon a few similarities that both Malaysia and Saudi Arabia have, this study to some extent also presupposes that the level of their relations is close.

The researcher, however, will give more focus to Malaysia because accessibility to data and information is easier than for the Kingdom of Saudi Arabia. This will not hinder the discussion of the thesis because it will give an opportunity for the researcher to investigate the nature of the relations from a Malaysian viewpoint. Besides that, the period of the relations that will be analyzed is from 1957 (Malaysia's independence) to the 1990s. Yet, the pre-1957 period will also be discussed to historically track down the relations.

## 1.2 Objectives of the Study

Most researchers find some difficulty in analyzing small states' foreign policies or their behaviour in the international system. This is largely due to the existing conceptual frameworks which give more emphasis to one single factor over others, such as the overwhelming dominant domestic factors over the systemic environment. Hence, this is among the main objectives of this study, to provide an alternative conceptual framework to understand better the foreign policies or the behaviour of small states towards other states or events in the international system. Based upon Gerd Nonnemen's conceptual approach, 'the multi-level approach with empirical contextuality', the study will apply this approach (with some modifications to suit to the case study's empirical contextuality, see Chapter II) to examine Malaysia's relations with Saudi Arabia. By using this approach, the study is able to identify, at least four key determining factors that, to some extent, influence the character of Malaysia's relations with Saudi Arabia. The four key determining factors that will be analyzed in this thesis are (as has been indicated in Chapter II): the nature of state and regime interests, economic determinants and religious affiliation (domestic factor), and the membership of a few small states' organizations (systemic or international factor).

Before discussing further the four key determining factors above, the study however, will trace historically the ancient interactions between the Malay Peninsula and the Arabian Peninsula (the territories which later formed the Kingdom of Saudi Arabia) that might have occurred prior to the emergence of both Malaysia and Saudi Arabia as modern states in the international system. Probably the best starting point to this

discussion is the establishment of the Malacca Sultanate in the 15<sup>th</sup> century because during this period Malacca became well-known for its commercial trading centre as well as Islamic religious development, especially in the Malay Archipelago. The tracking down of the ancient interactions between both political entities (Malay Peninsula and Arabian Peninsula) will provide the initial foundation (historical background) for the case study of this thesis. This will be followed by the analysis of the four key determining factors influencing Malaysia's relations with Saudi Arabia. The first is the nature of state and regime interest; the study will attempt to relate the significance of the relations for the regime maintenance of both political regimes, especially for the Malaysian political regime, the Barisan Nasional-led by UMNO. The discussion will be based primarily upon the leadership period of both countries (with more emphasis on Malaysia). For the second, economic determinants, the researcher will try to focus on three major economic aspects: the economic background, the character of economic activities (mainly the need for Malaysia to import Saudi oil for its main domestic energy source) and the influence of the international economic system, which largely affects the pattern of Malaysia's economic relations with Saudi Arabia in the world economic system. Based upon early economic interactions and the fact that they have been co-religionist for a long period of time, the study presumes that Malaysia's economic relations with the Kingdom will be encouraging.

The third subject of analysis is religious affiliation. Since Malaysia and Saudi Arabia have realized the importance of portraying religious commitment, both countries, but especially Malaysia, have used religion as the main tool to soothe the Islamic

pressures, locally and internationally (see for instance Chapter IV and VI). Malaysia needs to safeguard its relations with the Kingdom (despite the dominance of Wahhabism which is different to the practice of the Malaysian Muslim community) to enable it to continuously receive the Kingdom's capital donation for the development of its Islamic infrastructure. Whereas, for the Saudi government, its capital donation to Malaysia can be considered as part of the Kingdom's global financial assistance to other Muslim counterparts in order to justify its position as one of the leading Islamic countries in the Muslim Arab world. Fourthly, the membership of small states' organizations: the study will look into the membership of Malaysia and Saudi Arabia in the three major small states' organizations, namely NAM, G-77 and the OIC as a 'shield' against systemic pressures. The analysis will concentrate on how the participation of Malaysia and Saudi Arabia in these organizations can safeguard both countries' interests vis-à-vis systemic pressures and in what manner it will shape the degree of their relations in the international system.

### **1.3 Research Approach and Methods**

The background of the research approach is based upon the discussion of major conceptual frameworks on the foreign policy or the behaviour of states, as well as the pattern of small states' relations in the international system. There are at least three major theoretical perspectives of International Relations, namely Realist, Liberal and Marxist or Structural schools that researchers attempt to link with the analysis of foreign policy or behaviour of states. However, due to the emphasis of these theoretical perspectives (with the exception of traditional realist, specifically with reference to Hans Morgenthau,

which emphasizes the maximization of power as an end itself) on the systemic factor, this approach is less adequate for explaining states' policies or their behaviour. Besides that, the other approach of foreign policy, which is known as the Foreign Policy Analysis (FPA), where it stresses the internal elements of a state like the bureaucratic or officials' decision-making process, in some ways has indirectly ignored other factors, including systemic environment which is also vital in affecting the policies or the behaviour of states in the international political system.

Meanwhile, by analyzing some work carried out by a few researchers on small states' policies or relations, including both Malaysia and Saudi Arabia's interactions with other states, the study has found that these researchers have a tendency (probably because of the nature or the scope of the research) to focus on only one or two determining factors that influence those particular states' policies or behaviour. These include, for instance, Samuel C. Y. Ku<sup>8</sup> and Ganganath Jha<sup>9</sup> who concentrated on political and economic factors, and added with the pressure of regional actors like China and India in the Southeast and South Asian context; J.A. Allan and Chibli Mallat, Mostafa Dolatyar and Tim Gray, and Helga Haftendron<sup>10</sup> (Middle East regional water issue); Ronald A. Morse,

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<sup>8</sup> See for example, Samuel C.Y. Ku, "The Political Economy of Taiwan's Relations with Malaysia : Opportunities and Challenges", Journal of Asian and African Studies 35 (1) 2000, 133-157.

<sup>9</sup> Ganganath Jha, "A Brief Survey of India-Indonesia Relations", Contemporary Southeast Asia 17 (4) March 1996, 389-405.

<sup>10</sup> See J.A. Allan and Chibli Mallat, "Preface" in J. A. Allan and Chibli Mallat (ed.), Water in the Middle East : Legal, Political and Commercial Implications (London : Tauris Academic Studies, 1995), 15, Mostafa Dolatyar and Tim Gray, Water Politics in the Middle East : A Context for Conflict or Co-operation? (London : Macmillan Press Ltd., 2000), 111, 133-134 & 195-202, and Helga Haftendorn, "Water and International Conflict" paper presented at the Environmental and National Security Panel, (Washington : International Studies Association Convention, 16-20 February 1999), 14-15.

Harold C. Hinton, and Seung-Ho Joo and Tae-Hwan Kwak<sup>11</sup> (referring to the character of small states' relations with the great powers – mainly on security issues and hegemonic influence). Christopher Clapham,<sup>12</sup> Gwyneth Williams,<sup>13</sup> Philippe Braillard & Mohammad-Reza Djalili<sup>14</sup> analyze the membership of small or developing states' in several organizations, particularly the Non-aligned Movement and the Group of 77 against systemic pressures. Also there is overemphasis on the role of idiosyncrasies in Malaysia and Saudi Arabia's foreign policies by a few researchers such as In-Won Hong,<sup>15</sup> R.S. Milne & Diane K. Mauzy,<sup>16</sup> Marvin C. Ott,<sup>17</sup> Khoo Boo Teik,<sup>18</sup> (for Malaysia), and Fouad Al-Farsy,<sup>19</sup> Dr. Nasser Ibrahim Rashid & Dr. Esber Ibrahim

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<sup>11</sup> See for instance, the works of Ronald A. Morse, Harold C. Hinton, and Seung-Ho Joo and Tae-Hwan Kwak who clearly indicate how the issue of regional security and stability enhance US-Japan, US-Korean and Russia-North Korean relations respectively. Ronald A. Morse also views economy as the vital element in US-Japan relations. Ronald A. Morse, "Introduction" in Ronald A. Morse (ed.), U.S.- Japan Relations : An Agenda for the Future (Lanham, New York : Pacific Forum University Press of America Inc., 1989), vii-viii, Harold C. Hinton, "The U.S. – Korean Relationship : An American Perspective" in Harold C. Hinton, Donald Zagoria, Jung Ha Lee, Gottfried-Karl Kindermann, Chung Min Lee and Robert L. Pfaltzgraff, Jr. (ed.), The U.S.-Korean Security Relationship : Prospects and Challenges for the 1990s (Washington : Pergamon-Brassey's International Defense Publishers, Inc., 1988), 1-15, Seung-Ho Joo and Tae-Hwan Kwak, "Military Relations Between Russia and North Korea" The Journal of East Asian Affairs xv (2) Fall/Winter 2001, 297-323.

<sup>12</sup> Christopher Clapham, Third World Politics : An Introduction (Wisconsin : The University of Wisconsin Press, 1985).

<sup>13</sup> Gwyneth Williams, Third-World Political Organization : A Review of Developments (London : The Macmillan Press Ltd., 1981).

<sup>14</sup> Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations (Boulder : Lynne Rienner Publishers, Inc., 1986).

<sup>15</sup> In-Won Hong, Personalized Politics : The Malaysian State under Mahathir (Singapore : Institute of Southeast Asian Studies, 2003).

<sup>16</sup> R.S. Milne & Diane K. Mauzy,<sup>16</sup> Malaysian Politics under Mahathir (London : Routledge, 1999).

<sup>17</sup> Marvin C. Ott, "Foreign Policy Formulation in Malaysia", Asian Survey 12 March 1972, 225-239.

<sup>18</sup> Khoo Boo Teik, Paradoxes of Mahathirism : An Intellectual Biography of Mahathir Mohammad (Kuala Lumpur : Oxford University Press, 1995).

<sup>19</sup> Fouad Al-Farsy, Saudi Arabia : A Case Study in Development (London : Kegan Paul International, 1986), pp. 70-95 (under the sub-title : "The Polity and Organization of the Kingdom").

Shaheen,<sup>20</sup> Leslie McLoughlin,<sup>21</sup> Sarah Yizraeli<sup>22</sup> R.D. McLaurin, Don Peretz & Lewis W. Snider,<sup>23</sup> (for Saudi Arabia), and others (with the exception of a few others, see Chapter II). The researcher does not argue with the significance of those factors discussed above (ranging from idiosyncracies to systemic factors) but in the case of Malaysia's relations with Saudi Arabia, the study believes that a multi-level approach (the combination of domestic and systemic factors), not a separable discussion of those factors, with the incorporation of empirical contextuality of the case study, needs to be applied in order to understand better the character of the relationship (the researcher's case study). Hence, the study of Gerd Nonneman's multi-level approach (for further explanation see Chapter II) with the observation of the pattern of small states' relations and in parallel with the case study 'Malaysia's relations with Saudi Arabia', the researcher is able to identify four key determining factors influencing the character of Malaysia's relations with Saudi Arabia, and these factors will be further elaborated in Chapter II.

In examining both the background of the conceptual framework and the case study the researcher has concentrated on documentary analysis and fieldwork methods.

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<sup>20</sup> Dr. Nasser Ibrahim Rashid & Dr. Esber Ibrahim Shaheen, Saudi Arabia and the Gulf War (Joplin, Missouri : International Institute of Technology, Inc., 1992), Chapter 1 (Brief History of the Kingdom of Saudi Arabia).

<sup>21</sup> Leslie McLoughlin,<sup>21</sup> Ibn Saud : Founder of a Kingdom (Hampshire : The Macmillan Press Ltd., 1993), pp. 103-123 (the early establishment of Saudi Arabia).

<sup>22</sup> Sarah Yizraeli, The Remaking of Saudi Arabia : The Struggle Between King Sa'ud and Crown Prince Faysal, 1953-1962 (Tel Aviv : Tel Aviv University, 1997), Sarah Yizareli examined the tussle leadership between King Sa'ud and King Faysal in shaping Saudi Arabia's Foreign Policy, which was considered as the facet of national security for Al-saud family.

<sup>23</sup> R.D. McLaurin, Don Peretz & Lewis W. Snider, Middle East Foreign Policy : Issues and Processes (New York : Praeger Publishers, 1982), see Chapter 6 of this book "Saudi Foreign Policymaking", particularly pages 195-205.

The term documentary analysis does not only refer to 'library-based reading' or secondary data but also includes the archives and governmental written documents (primary data). Meanwhile the fieldwork activity involves interviews with a few related individual figures. The justification of this method is due to the character of this thesis which is qualitative-oriented, necessitating the interpretation of data (adopted from the documentary analysis and fieldwork) to support the researcher's conceptualization of some basic concepts, as well as establishing several variables that are to be examined for the case study and also to evaluate (interpret) some charts and statistical indicators (like economic information) to further strengthen the researcher's arguments.

The documentary analysis has been divided into two major literature reviews. Firstly, the previous studies on conceptual framework – the theoretical perspectives of International Relations on foreign policies, the discipline of foreign policy analysis (FPA), and some major discussions on the pattern of small states' relations have been examined. For this part (which is discussed in the Chapter II), the researcher has reviewed some works by well-known researchers (as an exemplar) including Jacqueline Anne Braveboy-Wagner & Michael T. Snarr, Laura Neack, Gerd Nonneman, K. J. Holsti, K.N. Watz, Scott Burchill & Andrew Linklater with Richard Deretak, Matthew Paterson & Jacqui True, Laura Neack, Walter Carlsnaes, Jeanne A.K. Hey, J. David Singer, Bahgat Korany, Richard C. Snyder, H.W. Bruck & Burton Sapin, Graham T. Allison, Brian White, Charles W. Kegley, Jr & Eugene R. Wittkopf, Michael Brecher, Blema Steinberg & Janice Stein, Steve Smith, and others.



Secondly, literature has been reviewed for Malaysia's relations with Saudi Arabia. Since this topic has been less well-studied, or can be regarded as 'a pioneering study', there are some difficulties in obtaining materials (based on previous researchers) that exactly concentrate on these bilateral relations. Nevertheless, there are some references that are very helpful in forming a few basic connotations in regards to Malaysia's relations with Saudi Arabia, like the works carried out by Wan Mohd. Wan Musa,<sup>24</sup> Fariza Hanum Ahmad Ramli,<sup>25</sup> Dari'ah Sulaiman,<sup>26</sup> J.B. Dalton,<sup>27</sup> Dato' Abdullah Ahmad,<sup>28</sup> Mohammad Redzuan Othman,<sup>29</sup> and others. But all these works are insufficient to give a clear picture of the character of Malaysia's relations with Saudi Arabia. In

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<sup>24</sup> Wan Mohd. Wan Musa's thesis is an undergraduate study and he focused on Malaysia's foreign policy with Arab countries without specifically addressing the Kingdom of Saudi Arabia. Wan Mohd. Wan Musa, "Dasar Luar Malaysia Dengan Negara-Negara Arab (1957-1980) : Dari Perspektif Malaysia" (Malaysia's Foreign Relations with Arab Countries (1957-1980) : Malaysia's Perspective), Latihan Ilmiah (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1985/1986).

<sup>25</sup> Fariza Hanum Ahmad Ramli's work, also an undergraduate study and not particularly focussed on Malaysia's relations with Saudi Arabia. Instead, she analyzed historical interaction between Malaysia and Arab countries. Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985" (Historical Relations of Malaysia-Middle East till 1985), Latihan Ilmiah (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1991/92).

<sup>26</sup> Dari'ah Sulaiman's thesis (undergraduate level), however, is on the role of Arabs in spreading Islam in Malacca in the 15<sup>th</sup>-16<sup>th</sup> centuries. Dari'ah Sulaiman, "Peranan Orang Arab Dalam Menyebarkan Agama Islam di Melaka Pada Abad 15M dan 16M", (The Role of Arab People in Spreading Islam in Malacca during the 15<sup>th</sup>-16<sup>th</sup> centuries), Latihan Ilmiah (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1993/94).

<sup>27</sup> J.B. Dalton did not examine Malaysia's relations with Saudi Arabia, however he helped in giving some views on Malaysia's external relations with the Middle East, especially with Egypt and Saudi Arabia (but only in brief). J.B. Dalton, "The Development of Malayan External Policy, 1957-1963", Unpublished Ph.D. Thesis (Oxford : University of Oxford, 1967).

<sup>28</sup> Dato Abdullah only gives a brief outline of Malaysia's foreign policy with some Middle East countries, mainly Egypt and Saudi Arabia. Dato' Abdullah Ahmad, "Tengku Abdul Rahman and Malaysia's Foreign Policy, 1963-1970", Unpublished Thesis (Degree of M. Litt) (Cambridge : University of Cambridge, 1984).

<sup>29</sup> Mohammad Redzuan Othman's thesis is only an historical analysis on the Middle Eastern influence upon Malay society in the period 1880 to 1940, and it does not cover the period of post-Malayan independence in 1957 and onwards. In this study, however, he refers the term, 'Middle East' to three major modern entities, Turkey, Egypt and Saudi Arabia (see page 17). Mohammad Redzuan Othman, "The Middle Eastern Influence on the Development of Religious and Political Thought in Malay Society, 1880-1940", Unpublished Ph.D. Thesis (Edinburgh : The University of Edinburgh, 1994).

rectifying this matter, the study has classified the literature reviews on Malaysia's relations with Saudi Arabia into two main categories; historical, and practical (referring to the governmental reports, archives and several previous studies on a few related issues).

In historical relations, several works (as an example, see Chapter III) have been evaluated such as Armando Cortesao,<sup>30</sup> Barbara W. Andaya and Leonard Y. Andaya,<sup>31</sup> David R. Hughes,<sup>32</sup> G. R. Tibbets,<sup>33</sup> Mahayudin Haji Yahya,<sup>34</sup> Marshall G.S. Hodgson,<sup>35</sup> David Bulbeck & co,<sup>36</sup> Anthony Reid,<sup>37</sup> and Fred R. Von Der Mehden,<sup>38</sup>. These works have provided significant facts about ancient interactions between the Malay Peninsula (Malaysia) and the Arabian Peninsula (the Kingdom of Saudi Arabia) prior to the emergence of both countries as modern states in the international system. Furthermore, for the practical part, the researcher has successfully managed to obtain some valuable governmental written documents from archives or government agencies to assess the

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<sup>30</sup> Armando Cortesao (trans.), The Suma Oriental of Tome Pires : An Account of the East, From the Red Sea to Japan, written in Malacca and India in 1512-1515 vol. II, series II (London : The Hakluyt Society, 1944).

<sup>31</sup> Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia (London : Macmillan Publishers Ltd., 1982).

<sup>32</sup> David R. Hughes, The Peoples of Malaya (Singapore : Eastern Universities Press Ltd., 1965).

<sup>33</sup> G.R. Tibbets, "Early Muslim Traders in South East Asia", Journal of the Malaysian Branch of the Royal Society 30 1957, 1-45.

<sup>34</sup> Mahayudin Haji Yahya, Islam di Alam Melayu (Kuala Lumpur : Dewan Bahasa & Pustaka, 2001).

<sup>35</sup> Marshall G.S. Hodgson, The Venture of Islam : Conscience and History in a World Civilization, Volume Two, The Expansion of Islam in the Middle Periods (Chicago : The University of Chicago Press, 1974).

<sup>36</sup> David Bulbeck, Anthony Reid Lay Cheng Tan, and Yiqi Wu (compiled), Southeast Asian Exports Since the 14<sup>th</sup> Century : Cloves, Pepper, Coffee, and Sugar (Leiden, the Netherlands : KITLV Press, 1998).

<sup>37</sup> Anthony Reid, Southeast Asia in the Age of Commerce, 1450-1680, Vol. Two, Expansion and Crisis (New Haven, London : Yale University Press, 1993).

<sup>38</sup> Fred R. Von Der Mehden, Two World of Islam : Interaction Between Southeast Asia and the Middle East (Gainesville : University Press of Florida, 1993).

practical conduct of Malaysia's relations with Saudi Arabia in the fields in which both countries have regularly interacted. In other words, all the documentary data of this thesis have been taken from various sources, like printed documents from government and private institutions, books, journals, magazines, newspapers, and some relevant websites. Besides that, for the fieldwork activity, the researcher has conducted interviews with some government officials, both in Malaysia and Saudi Arabia (particularly the Embassy of Malaysia in Riyadh), and also had informal discussions with other related individuals.

#### **1.4 The Structure of the Thesis**

The thesis is organized into eight chapters. Chapter I discusses the introduction of the study which includes the main issue that will be analyzed, the objectives, the research approach and methods, and the structure of the thesis. Chapter II focuses on the conceptual framework of this thesis. Chapter III is the tracking down of the historical interaction between Malaysia (Malay Peninsula) and Saudi Arabia (Arabian Peninsula) as early as the 15<sup>th</sup> century during the Malacca Sultanate, through the British administration in Malaya and to the early independence of Malaya in 1957. This ancient relationship will be taken up in greater detail, especially within the scope of the nature of state and regime interests, economic and religious interactions, and the influence of systemic factors upon the character of Malaysia's relations with Saudi Arabia since the former gained independence in 1957.

Chapter IV analyzes the role of the nature of the interests of the states and regimes, especially from the Malaysian political regime's point of view, in strengthening

the relations. Chapter V critically investigates Malaysia's economic interaction with the Kingdom. This chapter discusses three major economic determinants in order to explain the character of the economic relations. These determinants are the economic background, the character of economic activities and the influence of the international economic system upon Malaysia's economic relations with Saudi Arabia. Chapter VI pinpoints the religious affiliation of Malaysia and Saudi Arabia: both countries consider the use of 'religion' as the main tool to maintain the survival of their own political regimes. Although Malaysia realizes the possible influence of the Wahhabism ideology in Saudi Arabia, which is different from the practice of the Malaysian Muslim community, through a wise approach towards the ideology the Malaysian political regime is able to safeguard its relations with the Al-Saud family. Indirectly, this will help the Malaysian government to continuously receive the Kingdom's donations which are vital for the development of Islamic programmes in order to suppress Islamic pressures at home. Meanwhile, the Saudi government's generosity to Malaysia is, in fact, part of its global Islamic donations to show the Muslim world its commitment to supporting any religious (Islamic) necessities. By continuously donating the Kingdom's capital, it will consolidate its position among its Arab-Muslim counterparts. Chapter VII touches on the membership of Malaysia and Saudi Arabia of the three major smaller states' organizations as their reactions towards the pressures or challenges of the systemic environment. The organizations are NAM, G-77 and the OIC. The participation of both Malaysia and Saudi Arabia in these three organizations is generally viewed as a way for them to safeguard their interests against any outside pressures and challenges in the international system. The chapter also attempts to examine how far membership will help to strengthen their

relations. Chapter VIII is the conclusion of this thesis. It reveals the research findings of the overall discussion of the thesis: the conceptual building of the multi-level approach with the incorporation of empirical contextuality and the application of its variables or key determining factors upon Malaysia's relations with Saudi Arabia.

## CHAPTER II

### 2.0 CONCEPTUAL FRAMEWORK : FOREIGN POLICY AND SMALL STATES' INTERACTIONS

The difficulty of analyzing the pattern of behaviour or the foreign policies of small states in the international system has been commonly realized by researchers. This is largely due to the massive diversity of the characteristics of small states which represent almost two-third of all states in the global political system.<sup>39</sup> The small states, which are geographically located in the Asian, Latin America and African continents, are not only distinct in language, culture, religion, but also in their type of political-institutional system of government. The variety of small states' characteristics has caused some problems for researchers in providing a conceptual framework which is able to reasonably define the behaviour or the foreign policies of the small states. The researcher's case study, 'Malaysia's relations with Saudi Arabia' shows that both countries, in some aspects, share a few similarities such as the co-affiliation of Islam, being dependent or peripheral states in the international economic system despite managing to mutually engage with the pressure of the global economy. Other similarities are the overwhelming dominance of one political regime or leadership in the state administration (UMNO party for Malaysia, and Al-Saud family for Saudi Arabia), and having closer ties with the US-British bloc. These factors may make it possible to give alternative answer to some major questions on the foreign policies of, and relations between small states (that do not form part of the same region in particular), especially on

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<sup>39</sup> Jacqueline Anne Braveboy-Wagner, "The Foreign Policies of the Global South : An Introduction" in Jacqueline Anne Braveboy-Wagner (ed.), The Foreign Policies of the Global South : Rethinking Conceptual Frameworks (Boulder : Lynne Rienner Publishers, 2003), 1.

the key determining factors influencing their policies or behaviour. Most of the studies on small states are mainly focused on the supremacy of idiosyncrasies<sup>40</sup> or the absolute dependence or powerlessness of these states against the challenges of the systemic environment.<sup>41</sup> Besides that, as has been mentioned before, since both countries share a few similarities, the study assumes that the degree of Malaysia's relations with Saudi Arabia is intimately closer. Before discussing the character and the key determining factors influencing Malaysia's relations with Saudi Arabia, the study would like to point out a few major conceptual frameworks that attempt to explain the foreign policy or the behaviour of states, including small states, in the international system.

## 2.1 Theoretical Perspectives of International Relations

In general, there are at least three major theoretical perspectives of International Relations which may underlie a state's foreign policy or its behaviour towards others. The first is the Realist school which emphasizes the maximization of power as an end in itself that must be pursued by a state (as a monolithic actor) in order to survive in the world of anarchy as well as to eliminate its enemies.<sup>42</sup> This school then was further

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<sup>40</sup> Jacqueline Anne Braveboy-Wagner, "The Foreign Policies of the Global South : An Introduction" in Jacqueline Anne Braveboy-Wagner (ed.), The Foreign Policies of the Global South : Rethinking Conceptual Frameworks (Boulder : Lynne Rienner Publishers, 2003), 9.

<sup>41</sup> The dependency or the powerlessness of small states in the international political-economic system is generally associated with the Marxism or Structuralism school. See for instance, Laura Neack, The New Foreign Policy : U.S. and Comparative Foreign Policy in the 21<sup>st</sup> Century (Boulder : Rowman & Littlefield Publishers, Inc., 2003), 21-22, see also Jacqueline Anne Braveboy-Wagner, "The Foreign Policies of the Global South : An Introduction", 8

<sup>42</sup> Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa : A Conceptual Framework", in Gerd Nonneman (ed.), Analyzing Middle East Foreign Policies (London : Routledge, 2005), 7, K. J. Holsti, Change in the International System : Essays on the Theory and Practice of International Relations (Aldershot, Hants : Edward Elgar Publishing Limited, 1991), 195-196. For further details on Realism, see for instance, John Baylis & Steve Smith, The Globalization of World Politics : An Introduction to International Relations (Oxford : Oxford University Press, 2005), 161-183.

developed or called 'Neo-Realist', by the work of Kenneth N. Waltz who strongly believed that states' behaviour is predominantly influenced by the structure of the international system.<sup>43</sup> The second is the Liberal school or Neo-Liberal Institutionalism which stresses the high prospect of co-operation among states (and also non-state actors) in the anarchical world. This school argued that states and non-state actors are not living in a constant struggle for domination over others but live in harmony and respect towards each other. This harmony situation, probably, has paved the way for the creation of several institutions like the European Union that are able to transcend the sovereignty of states as an early step to building an 'international society' based upon the respect of individual rights and the service of the collective good.<sup>44</sup> The third is the Marxist school or 'Structuralism' which tries to define the foreign policy or the behaviour of small states within the context of the exploitation of the core states (industrially-developed states) towards peripheral states (small and developing states), especially in the international political economy. These peripheral states or 'dependencies' are economically dependent on core states so that the former are inevitably forced to align with the latter. The unequal relations have led small states into an inferior position in the international system, and

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<sup>43</sup> K.N. Waltz posed a question on why states exhibit similar foreign policy behaviour despite their different political systems and contrasting ideologies. He argued that this can be associated with the systemic constraints (specifically during the bipolar era) on each state rather than their internal composition. Scott Burchill & Andrew Linklater with Richard Deretak, Matthew Paterson & Jacqui True, Theories of International Relations (New York : Palgrave, 2001), 85-87, see also Kenneth N. Waltz, "Realist Thought & Neorealist Theory", Journal of International Affairs 44 1990, 21-37, Laura Neack, The New Foreign Policy : U.S. and Comparative Foreign Policy in the 21<sup>st</sup> Century (Boulder : Rowman & Littlefield Publishers, Inc., 2003), 19-20.

<sup>44</sup> Laura Neack, The New Foreign Policy, 20-21, Walter Carlsnaes, "On the Study of Foreign Policy", to be published in Walter Carlsnaes, Thomas Riise & Beth Simmons (ed.), Handbook of International Relations (London : Sage Publications, 2002), 9, John Baylis & Steve Smith, The Globalization of World Politics, 185-203.



consequently provide no 'autonomy' for the leaders of small states to design their own policies towards other states or to react to any external environment.<sup>45</sup>

These three theoretical approaches or 'systemic approach', as argued by Walter Carlsnaes,<sup>46</sup> however, are less adequate, especially in explaining small states' foreign policies or their behaviour in the international system. For the first school, the overemphasis of the maximization of power is more relevant to the great powers vis-à-vis the relatively weak power possessed by small states. The school's narrow concentration on military and conflict issues, too, is found to be rather limited to the complexity of small states' issues which are overwhelmingly plagued by economic and social challenges.<sup>47</sup> Besides that, the Realist school ignores the significance of idiosyncratic values (or the personal beliefs of leaders) in influencing a state's behaviour, for it regards both leaders and states alike – they all pursue national interests (the protection of the state and its power).<sup>48</sup> Meanwhile, the Neo-Realists' systemic approach, which gives less emphasis to idiosyncratic and domestic factors, has given no room for states, specifically small states, to define their own policies. Instead states behave like the concept of billiard balls, waiting and reacting to each other in the same attitude and direction.<sup>49</sup> The second

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<sup>45</sup> Jeanne A.K. Hey, "Foreign Policies in Dependent States" in Laura Neack, Jeanne A. K. Hey & Patrick J. Haney (ed.), Foreign Policy Analysis : Continuity and Change in Its Second Generation (Englewood Cliffs, New Jersey : Prentice-Hall, 1995), 201, Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", 7-8, Laura Neack, The New Foreign Policy, 21-22, John Baylis & Steve Smith, The Globalization of World Politics, 225-249.

<sup>46</sup> Walter Carlsnaes, "On the Study of Foreign Policy", 3-6.

<sup>47</sup> Jacqueline Anne Braveboy-Wagner & Michael T. Snarr, "Assessing Current Conceptual and Empirical Approaches" in Jacqueline Anne Braveboy-Wagner (ed.), The Foreign Policies of the Global South : Rethinking Conceptual Frameworks (Boulder : Lynne Rienner Publishers, 2003), 16.

<sup>48</sup> Laura Neack, The New Foreign Policy, 23.

<sup>49</sup> Kenneth N. Waltz, Man, the State and War : A Theoretical Analysis (New York : Columbia University Press, 1959), J. David Singer, "The Level of Analysis Problem in International

school's philosophical principle is too ambitious and 'Utopian' to be implemented in small states concern on their conditions, where deep class and societal antagonisms exist, and which are too far behind compared to industrially-developed states.<sup>50</sup> The third school, to some extent, has successfully portrayed, through the dependency lens, the unequal relations of core-peripheral states, but it is still insufficient to examine the foreign policies of small states. This is because it overwhelmingly indicates the absolute powerlessness of small states or their lack of 'relative autonomy' in shaping their policies vis-à-vis great powers in the international system.<sup>51</sup> It also (most likely as Neo-Realist) leaves no room for analysis of the political, bureaucratic, personalist (psychological), and societal elements of the foreign policy and small states' behaviour.<sup>52</sup>

## 2.2 Foreign Policy Analysis (FPA)

Apart from the three major theoretical approaches, which are also considered to be 'macro level', there is another approach that focuses on the 'internal determinants' (micro level) of the foreign policy or behaviour of a state. This approach is usually self-defined as part of the Foreign Policy Analysis (FPA) discipline.<sup>53</sup> It examines the foreign policy of states from the lens of leaders' personalities (or regime change), decision-making and bureaucratic process. This approach (particularly decision-making and bureaucratic models) claims to be more 'scientific' (known as behaviouralism) in its methodological

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Relations", World Politics 14 (1) October 1961, 77-92, Robert Jervis, Perception and Misperception in International Politics (Princeton : Princeton University Press, 1976), 18-19.

<sup>50</sup> Jacqueline Anne Braveboy-Wagner & Michael T. Snarr, "Assessing Current Conceptual and Empirical Approaches", 17.

<sup>51</sup> Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", 8 & 14-16.

<sup>52</sup> Jacqueline Anne Braveboy-Wagner & Michael T. Snarr, "Assessing Current Conceptual and Empirical Approaches", 18.

<sup>53</sup> Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", 7.

underpinning than the systemic approach.<sup>54</sup> Nevertheless, not different from IR theoretical approaches, this approach also has several shortcomings in analyzing the behaviour of small states. The idiosyncratic model (the Great Man) which connotes leaders as makers and movers of world history excludes other factors such as societal and global elements which are both also vital in influencing states' policies.<sup>55</sup> Meanwhile, regime change in a particular country, in some ways, might be able to show its relevance to the significant changes in foreign policy but it cannot elaborate or 'predict' much about regime preferences (for instance, either pro- or anti-US) which is more important in determining the direction of a state's behaviour in the international system.<sup>56</sup> The decision-making (closely linked with the work of Richard Snyder, H.W. Bruck & Burton Sapin<sup>57</sup>) and bureaucratic models (specifically developed by Graham T. Allison on Cuban missile crisis),<sup>58</sup> which both concentrate on the formulations and the decisions from a

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<sup>54</sup> Walter Carlsnaes, "On the Study of Foreign Policy", 4-5.

<sup>55</sup> Bahgat Korany, "Foreign Policy in the Third World : An Introduction" in International Political Science Review 5 (1) 1984, 7, Charles W. Kegley, Jr & Eugene R. Wittkopf, World Politics : Trend and Transformation (New York : St. Martin's Press, 1997), 60.

<sup>56</sup> To overcome the shortcomings, the 'development strategy' model is used to conceptualize regime preferences. This model assumes 'economic development elements', in which it could differentiate states (in this case, in Latin America) from conventional-moderate to radical regimes, is able to show that those conventional-moderate regimes are closer to the US than the radical ones. However, based on some previous studies, it showed that the results were mixed, and it simultaneously stated that shifts from conventional-moderate to radical regimes did not necessarily result in anti-US foreign policy. Jacqueline Anne Braveboy-Wagner & Michael T. Snarr, "Assessing Current Conceptual and Empirical Approaches", 25-27.

<sup>57</sup> These researchers argued by saying that ".....the definition of the situation which we consider to be central to the explanation of state behaviour result from decision-making processes in an organizational context". Richard C. Snyder, H.W. Bruck & Burton Sapin (ed.), Foreign Policy Decision-Making : An Approach to the Study of International Politics (New York : The Free Press of Glencoe, 1962), 87.

<sup>58</sup> Walter Carlsnaes, "On the Study of Foreign Policy", 11, Graham T. Allison, Essence of Decision : Explaining the Cuban Missile Crisis (Boston : Little, Brown and Company, 1971).

group of policy-makers within a government<sup>59</sup> or are based on large-scale organizations (bureaucratic organizations like the US State Department, the US Defense Department, CIA and others),<sup>60</sup> also have some setbacks, especially for their overemphasis on the psychological environment (policy-makers' perceptions and bureaucratic calculations) over the operational environment (the context or environment within which leaders or policy makers made decisions). In other words, this approach has divorced itself from interacting with the structural-operational environment and been reduced to the office of its official-decision makers.<sup>61</sup> On top of that, since the decision-making and bureaucratic models have required overwhelming variables ranging from actors, perceptions, values, motivations and other psychological questions, its high demands for a mass of data to some extent is a major obstacle for researchers to get data accessibility in most small states.<sup>62</sup>

Another approach of the Foreign Policy Analysis (FPA) is comparative study or, rather, 'Comparative Foreign Policy' (CFP). This approach could be linked with James Rosenau's five pre-theory independent variables of foreign policy: idiosyncratic, the role of officials, governmental structure, societal factors (non-governmental elements), and

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<sup>59</sup> Brian White, "Analysing Foreign Policy : Problems and Approaches", in Michael Clarke & Brian White (ed.), Understanding Foreign Policy : The Foreign Policy Systems Approach (Aldershots, Hants : Edward Elgar Publishing Limited, 1989), 12 & 16-17.

<sup>60</sup> Charles W. Kegley, Jr & Eugene R. Wittkopf, World Politics : Trend and Transformation, 55.

<sup>61</sup> Bahgat Korany, "Foreign Policy in the Third World : An Introduction", 14.

<sup>62</sup> Michael Brecher, Blema Steinberg & Janice Stein, "A Framework for Research on Foreign Policy Behaviour", Conflict Resolution xiii (1) March 1969, 77-78 (75-102). However, Bahgat Korany did not deny the successful study of the former U.S.S.R and China where usually researchers were having difficulties to access particular data on these two countries. Bahgat Korany, "Foreign Policy in the Third World : An Introduction", 8 & 14-15, Bahgat Korany, "The Take-Off of Third World Studies? : The Case of Foreign Policy", World Politics xxxv (3) April 1983, 467 (465-487).

systemic environments, and also other comparative studies on states' foreign policies, including the Interstate Behaviour Analysis Model by Jonathan Wilkenfeld et al, and the Comparative Research on the Events of Nations Project (CREON) by Maurice East et al.<sup>63</sup> The main essence of CFP is, it believes, that foreign policy is a phenomenon common to all states, therefore the same analytical tools and concepts can be used to explain any other states' foreign policies within the conformity (or the uniformity) of a class of phenomena (for example, based on United Nations voting and others).<sup>64</sup> This is despite the fact that CFP realizes the variety of foreign policies of states from one issue to another or in different situations). However, CFP was heavily criticized by some foreign policy researchers for largely depending on empirical measurements like the U.N votes which, some researchers argued, do not fully represent a state's foreign policy<sup>65</sup>. Moreover CFP does not produce major theoretical insights in its analysis of state behaviour as Bahgat Korany argued, saying that Rosenau's work or his foreign policy analysis (in terms of its output) only display general behaviour transactions.<sup>66</sup>

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<sup>63</sup> Comparative Foreign Policy is regarded as the main tool in analyzing foreign policy in the United States, whereas in the UK, it needs various approaches and methodologies in examining different states' foreign policies. In other words, the UK emphasizes the uniqueness of the foreign policies of states. Steve Smith, "Foreign Policy Analysis : British and American Orientations and Methodologies", *Political Studies* xxxi (4) December 1983, 557-561 (556-565, Bahgat Korany, "Foreign Policy in the Third World : An Introduction", 9-10, Jacqueline Anne Braveboy-Wagner & Michael T. Snarr, "Assessing Current Conceptual and Empirical Approaches", 21.

<sup>64</sup> Steve Smith, "Foreign Policy Analysis", 558.

<sup>65</sup> Jeanne A.K. Hey, "Foreign Policy in Dependent States", 207-208.

<sup>66</sup> See for example, Jacqueline Anne Braveboy-Wagner & Michael T. Snarr, "Assessing Current Conceptual and Empirical Approaches", 21-22, Bahgat Korany, "Foreign Policy in the Third World : An Introduction", 10-11, Bahgat Korany, "The Take-Off of Third World Studies?", 466-468.

### 2.3 A Few Studies on Small States' Interactions

All the theoretical frameworks and methods of studying the behaviour or the foreign policies of states discussed above have their own advantages as well as disadvantages. Each approach uses specific concepts and techniques in explaining states' behaviour. They also provide certain variables or several important determinants influencing the foreign policy of states. However, the study believes that in order to understand better the character or the foreign policy of a state, particularly small states, a researcher cannot afford to depend on one single approach. He or she cannot dissociate himself or herself from examining the impact of systemic structure upon the behaviour of states, and a researcher also cannot single-handedly rely upon the influence of domestic factors upon a state's foreign policy. This is because every state is unique,<sup>67</sup> and depending solely on one approach will not provide an adequate explanation of particular states' behaviour or actions towards others, as argued by Bahgat Korany (referring to the characteristics of small or developing states): ".....It seems that the best way out of the present conceptual cul de sac is to turn to the field itself and see what the data say".<sup>68</sup> Hence, in order to achieve better understanding of small states' foreign policies or their behaviour, a multi-level approach (the combination of domestic and systemic elements together) with the incorporation of empirical contextuality of small states under study (the field to

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<sup>67</sup> In examining a state's foreign policy, the uniqueness of every state has also been emphasized by a British scholar, F. Northedge, who at some levels, disagrees with the Comparative Foreign Policy approach, by saying that : "in the final resort....there is really no alternative to the consideration of the state as a unique entity. Apart from certain superficially similar physical features, it remains true that no two states.....are exactly like each other. We may enumerate all the standard aspects of foreign policy, but in the end the nature of that state and its attitudes towards other state-members of the international system will elude us unless we have done something to penetrate its unique cast of mind, the product of quite unique historical experiences." Steve Smith, "Foreign Policy Analysis", 561.

<sup>68</sup> Bahgat Korany, "Foreign Policy in the Third World : An Introduction", 17.

get the data required), could be the best alternative approach to avoid depending on one approach over others.<sup>69</sup>

If an analysis is carried out on several studies, especially on small states' relations or policies towards each other or their reactions to the systemic pressures (specifically on the dominance of hegemonic or regional power), however, various approaches have been employed. For instance, the employment of one or two domestic factors, mostly political and economic, urged these states to form several small states' organizations including the Non-Aligned Movement and the Group of 77 to enable them to defend their interests. Added to this were the pressure of regional actors (like China and India in the Southeast and South Asian context),<sup>70</sup> the influence and interplay of regional issues,<sup>71</sup> (like the security issue) and the hegemonic power's interest (systemic factor – referring to the character of small states' relations with the great powers, especially the US and the former Soviet Union),<sup>72</sup> and also a few studies by Christopher Clapham,<sup>73</sup> Gwyneth

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<sup>69</sup> As suggested by Gerd Nonneman in his study on the foreign policies of the Middle East and North Africa towards Europe. Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", 9.

<sup>70</sup> See for example, Samuel C.Y. Ku, "The Political Economy of Taiwan's Relations with Malaysia : Opportunities and Challenges", *Journal of Asian and African Studies* 35 (1) 2000, 133-157, Ganganath Jha, "A Brief Survey of India-Indonesia Relations", *Contemporary Southeast Asia* 17 (4) March 1996, 389-405.

<sup>71</sup> Some studies made by J.A. Allan and Chibli Mallat, Mostafa Dolatyar and Tim Gray, and Helga Haftendron have empirically proven how regional water issues such as the Jordan River Basin, the Euphrates-Tigris Basin, and the Arabian Peninsular, affect the degree of relations (either towards conflict or co-operation) specifically between two countries in the Middle East region, including between Jordan-Israel, Turkey-Iraq, Turkey-Syria, Syria-Iraq, Saudi Arabia-Bahrain, Iran-Qatar, and others. See J.A. Allan and Chibli Mallat, "Preface" in J.A.Allan and Chibli Mallat (ed.), *Water in the Middle East : Legal, Political and Commercial Implications* (London : Tauris Academic Studies, 1995), 15, Mostafa Dolatyar and Tim Gray, *Water Politics in the Middle East : A Context for Conflict or Co-operation?* (London : Macmillan Press Ltd., 2000), 111, 133-134 & 195-202, and Helga Haftendron, "Water and International Conflict" paper presented at the Environmental and National Security Panel, (Washington : International Studies Association Convention, 16-20 February 1999), 14-15.

<sup>72</sup> See for instance, the works of Ronald A. Morse, Harold C. Hinton, and Seung-Ho Joo and Tae-Hwan Kwak who clearly indicate how the issue of regional security and stability enhance the

Williams,<sup>74</sup> Philippe Braillard & Mohammad-Reza Djalili<sup>75</sup> (as an exemplar) who primarily contemplate the small or developing states' reactions to the systemic pressures of the international system (especially during the bipolar era and the debates of North-South or core-periphery relations). Meanwhile, for Malaysia and Saudi Arabia's foreign policies or behaviour (including determining factors influencing their relations with other states), most of the previous studies give emphasis on one dominant factor over other factors. These include (on Malaysia's side), for instance, Firdaus Hj. Abdullah (cultural factor),<sup>76</sup> Shafruddin Hashim (ethnic factor),<sup>77</sup> Zakaria Haji Ahmad (the bureaucratic role of Wisma Putra as a governmental agency)<sup>78</sup>, or the most common approach in analyzing Malaysia's foreign policy, the role of the idiosyncratic model which is mostly associated with Dr. Mahathir's era (the fourth Malaysian premier) like the works of In-Won Hong,<sup>79</sup>

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relations between US-Japan, US-Korean and Russia-North Korean relations respectively. Ronald A. Morse also views economy as the vital element in US-Japan relations. Ronald A. Morse, "Introduction" in Ronald A. Morse (ed.), U.S.- Japan Relations : An Agenda for the Future (Lanham, New York : Pacific Forum University Press of America Inc., 1989), vii-viii, Harold C. Hinton, "The U.S. – Korean Relationship : An American Perspective" in Harold C. Hinton, Donald Zagoria, Jung Ha Lee, Gottfried-Karl Kindermann, Chung Min Lee and Robert L. Pfaltzgraff, Jr. (ed.), The U.S.-Korean Security Relationship : Prospects and Challenges for the 1990s (Washington : Pergamon-Brassey's International Defense Publishers, Inc., 1988), 1-15, Seung-Ho Joo and Tae-Hwan Kwak, "Military Relations Between Russia and North Korea" The Journal of East Asian Affairs xv (2) Fall/Winter 2001, 297-323.

<sup>73</sup> Christopher Clapham, Third World Politics : An Introduction (Wisconsin : The University of Wisconsin Press, 1985).

<sup>74</sup> Gwyneth Williams, Third-World Political Organization : A Review of Developments (London : The Macmillan Press Ltd., 1981).

<sup>75</sup> Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations (Boulder : Lynne Rienner Publishers, Inc., 1986).

<sup>76</sup> Firdaus Haji Abdullah, "The *Rumpun* Concept in Malaysia-Indonesia Relations", The Indonesian Quarterly xxi (2) 1993, 137-150.

<sup>77</sup> Shafruddin Hashim, "Malaysian Domestic Politics and Foreign Policy : The Impact of Ethnicity", in Karl D. Jackson (ed.), Asian in Regional and Global Context (Institute of East Asian Studies, University of California, Berkeley, 1986), 155-162.

<sup>78</sup> Zakaria Haji Ahmad, "Malaysia Change and Adaptation in Foreign Policy : Malaysia's Foreign Policy", in Brian Hocking (ed.), Foreign Ministries : Change and Adaptation (London : Macmillan Press Ltd., 1999), 117-132.

<sup>79</sup> In-Won Hong, Personalized Politics : The Malaysian State under Mahathir (Singapore : Institute of Southeast Asian Studies, 2003).



R.S. Milne & Diane K. Mauzy,<sup>80</sup> Marvin C. Ott,<sup>81</sup> Khoo Boo Teik,<sup>82</sup> and others. For the Saudi Arabian side, the studies into the behaviour of this kingdom are largely concentrated on the overwhelming role of the Al-Saud family in determining the direction of its own foreign policy, such as Fouad Al-Farsy,<sup>83</sup> Dr. Nasser Ibrahim Rashid & Dr. Esber Ibrahim Shaheen,<sup>84</sup> Leslie McLoughlin,<sup>85</sup> Sarah Yizraeli<sup>86</sup> R.D. McLaurin, Don Peretz & Lewis W. Snider,<sup>87</sup> and others. Exceptions are a few works which consider a few other variables (using multi-level factors) such as F. Gregory Gause III<sup>88</sup> and Gerd Nonneman<sup>89</sup> (as an example for Saudi Arabia) who stress the multi-level factors (ranging from domestic to regional and international level) influencing Saudi Arabian foreign policy in the international system. The multi-level factors include the Saudi regime's political interests and the nature of the kingdom (domestic), regional-neighbour threats

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<sup>80</sup> R.S. Milne & Diane K. Mauzy,<sup>80</sup> Malaysian Politics under Mahathir (London : Routledge, 1999).

<sup>81</sup> Marvin C. Ott, "Foreign Policy Formulation in Malaysia", Asian Survey 12 March 1972, 225-239.

<sup>82</sup> Khoo Boo Teik, Paradoxes of Mahathirism : An Intellectual Biography of Mahathir Mohammad (Kuala Lumpur : Oxford University Press, 1995).

<sup>83</sup> Fouad Al-Farsy, Saudi Arabia : A Case Study in Development (London : Kegan Paul International, 1986), pp. 70-95 (under the sub-title : "The Polity and Organization of the Kingdom").

<sup>84</sup> Dr. Nasser Ibrahim Rashid & Dr. Esber Ibrahim Shaheen, Saudi Arabia and the Gulf War (Joplin, Missouri : International Institute of Technology, Inc., 1992), Chapter 1 (Brief History of the Kingdom of Saudi Arabia).

<sup>85</sup> Leslie McLoughlin,<sup>85</sup> Ibn Saud : Founder of a Kingdom (Hampshire : The Macmillan Press Ltd., 1993), pp. 103-123 (the early establishment of Saudi Arabia).

<sup>86</sup> Sarah Yizraeli, The Remaking of Saudi Arabia : The Struggle Between King Sa'ud and Crown Prince Faysal, 1953-1962 (Tel Aviv : Tel Aviv University, 1997), Sarah Yizareli examined the leadership dispute between King Sa'ud and King Faysal in shaping Saudi Arabia's Foreign Policy, which was considered as the facet of national security for Al-saud family.

<sup>87</sup> R.D. McLaurin, Don Peretz & Lewis W. Snider, Middle East Foreign Policy : Issues and Processes (New York : Praeger Publishers, 1982), see Chapter 6 of this book "Saudi Foreign Policymaking", particularly pages 195-205.

<sup>88</sup> F. Gregory Gause III, "The Foreign Policy of Saudi Arabia", in Raymond Hinnebusch & Anoushiravan Ehteshami (ed.), The Foreign Policies of Middle East States (Boulder : Lynne Rienner Publishers, 2002).

<sup>89</sup> Gerd Nonneman, "Saudi-European Relations 1902-2001 : A Pragmatic Quest for Relative Autonomy", International Affairs 77 (3) July 2001, 631-661.

(together with Islamic ideological as well as the Palestinian issue) to the Kingdom as one of the regional Middle East powers (regional), and the Kingdom's strategic alliance with the US and some of the European counterparts (international).<sup>90</sup> While for the Malaysian side, since previous researchers were largely intoxicated with the powerful model of idiosyncrasy, specifically under the Dr. Mahathir regime, the recent work by Karminder Singh Dhillon,<sup>91</sup> to some extent, may provide a new alternative in analyzing Malaysia's foreign policy. Karminder Singh Dhillon's thesis, which examines Malaysian foreign policy under Dr. Mahathir, does not only emphasize the importance of the idiosyncratic factor (Dr. Mahathir's leadership), but it believes that the role of other factors like domestic and external factors are also shaping the character of Malaysian foreign policy. Among those domestic factors studied are ethnic integration and national development, and for external factors it focuses on some of Malaysia's policies towards certain international events, for example the Iran-Iraq war, the Soviet invasion of Afghanistan, the Gulf War (1991 and 2003), the Bosnian issue and others.<sup>92</sup>

#### **2.4 Conceptual Framework for the Case Study : A Multi-Level Approach with Empirical Textuality**

In regards to the researcher's case study, 'Malaysia's relations with Saudi Arabia' which has yet to be examined comprehensively by other researchers (in other words, it could be regarded as a pioneering study), other than a few undergraduate works like Wan Mohd.

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<sup>90</sup> F. Gregory Gause III, "The Foreign Policy of Saudi Arabia", 193-202, Gerd Nonneman, "Saudi-European Relations 1902-2001", especially pages 635-637.

<sup>91</sup> Karminder Singh Dhillon, "Malaysian Foreign Policy in the Mahathir Era, 1981-2003", Unpublished Ph.D. Thesis (Boston University, USA, 2005).

<sup>92</sup> Karminder Singh Dhillon, "Malaysian Foreign Policy in the Mahathir Era, 1981-2003", see pages vii-viii & 6-8, and see also Chapter 2 (idiosyncrasy), Chapter 3 (domestic issues) and Chapter 4 & 5 (external factors).

Wan Musa,<sup>93</sup> Fariza Hanum Ahmad Ramli,<sup>94</sup> and also several studies which do not specifically evaluate the character of Malaysia's relations with Saudi Arabia including Dari'ah Sulaiman,<sup>95</sup> J.B. Dalton,<sup>96</sup> Dato' Abdullah Ahmad,<sup>97</sup> and Mohammad Redzuan Othman.<sup>98</sup> So this study may apply a multi-level approach, rather than focusing on one determining factor over others, by trying to focus both domestic and international factors that could influence the character of Malaysia's relations with Saudi Arabia. The study's preference for a multi-level approach, to some extent, could further represent a good example (and a part of the knowledge contribution to the study of the character of small states' behaviour) of how the evaluation of both factors, domestic and international, and

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<sup>93</sup> Wan Mohd. Wan Musa's thesis is an undergraduate study and he focused on Malaysia's foreign policy with Arab countries without specifically addressing the Kingdom of Saudi Arabia. Wan Mohd. Wan Musa, "Dasar Luar Malaysia Dengan Negara-Negara Arab (1957-1980) : Dari Perspektif Malaysia" (Malaysia's Foreign Relations with Arab Countries (1957-1980) : Malaysia's Perspective), Latihan Ilmiah (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1985/1986).

<sup>94</sup> Fariza Hanum Ahmad Ramli's work, also an undergraduate study and not particularly concentrating on Malaysia's relations with Saudi Arabia. Instead, she analyzed historical interaction between Malaysia and Arab countries. Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985" (Historical Relations of Malaysia-Middle East till 1985), Latihan Ilmiah (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1991/92).

<sup>95</sup> Dari'ah Sulaiman's thesis (undergraduate level), however, is on the role of Arab in spreading Islam in Malacca in the 15<sup>th</sup>-16<sup>th</sup> centuries. Dari'ah Sulaiman, "Peranan Orang Arab Dalam Menyebarkan Agama Islam di Melaka Pada Abad 15M dan 16M", (The Role of Arab People in Spreading Islam in Malacca during the 15<sup>th</sup>-16<sup>th</sup> centuries), Latihan Ilmiah (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1993/94).

<sup>96</sup> J.B. Dalton did not examine Malaysia's relations with Saudi Arabia, however he helped in giving some views on Malaysia's external relations with the Middle East, especially with Egypt and Saudi Arabia (but only in brief). J.B. Dalton, "The Development of Malayan External Policy, 1957-1963", Unpublished Ph.D. Thesis (Oxford : University of Oxford, 1967).

<sup>97</sup> Dato Abdullah only gives a brief outline of Malaysia's foreign policy with some Middle East countries, mainly Egypt and Saudi Arabia. Dato' Abdullah Ahmad, "Tengku Abdul Rahman and Malaysia's Foreign Policy, 1963-1970", Unpublished M.Litt Thesis (Cambridge : University of Cambridge, 1984).

<sup>98</sup> Mohammad Redzuan Othman's thesis is only an historical analysis of the Middle Eastern influence upon Malay society in the period of 1880 to 1940, and it does not cover the period of the post-Malayan independence in 1957 and onwards. In this study, however, he applies the term, 'Middle East' to three major modern entities, Turkey, Egypt and Saudi Arabia (see page 17). Mohammad Redzuan Othman, "The Middle Eastern Influence on the Development of Religious and Political Thought in Malay Society, 1880-1940", Unpublished Ph.D. Thesis (Edinburgh : The University of Edinburgh, 1994).

also the question of small states' autonomy in shaping their own foreign policies, is vital to understanding the foreign policy or the behaviour of a small state in the international system.

In this case, the study by Gerd Nonneman on the foreign policies of the Middle East and North African countries (or MENA region) towards Europe, could be regarded as the most helpful guideline in providing other researchers, including this study, to construct a conceptual framework to analyze small states' foreign policies or their behaviour. This is because Gerd Nonneman's work does not only weigh up domestic factors (like leadership perception and regime interests), but also give focus on two systemic levels which are significant in shaping Middle East and North African countries (as part of small states' community). Those two systemic levels are the regional and international levels.<sup>99</sup> Frankly to say, the multi-level approach with the incorporation of contextuality (particularly developed by Gerd Nonneman) may be useful in identifying the key determining factors influencing Malaysia's relations with Saudi Arabia. This is due to the fact that since both Malaysia and Saudi Arabia are outside of a common region (Southeast and the Middle East regions),<sup>100</sup> the approach developed by Gerd Nonneman could become a decent conceptual framework to explain the character of Malaysia's relations with Saudi Arabia since it also deals with places not in the same region: the Middle East and North African foreign policies towards Europe (which incorporates three

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<sup>99</sup> See Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", 2-3, 9-14.

<sup>100</sup> Even, through a discussion with the researcher's supervisor, David George, Malaysia's relations with Saudi Arabia could be regarded as 'non-regional' due to their different membership in their own specific regional organizations; Malaysia in ASEAN, and Saudi Arabia in the Gulf Co-operation Council (GCC).

different regions). Moreover, Gerd Nonneman's approach which emphasizes the nature of the state and the regime's interests, is probably not much different from Karminder Singh Dillon's discussion (in terms of conceptual framework, not based on the content of analysis or the contextuality, for their case studies are different) on regime maintenance in Dr. Mahathir's era,<sup>101</sup> and may give broader picture of the analysis of a small state's policy or behaviour. On top of that, Gerd Nonneman's argument on the small states' relative autonomy vis-à-vis Structuralism's absolutely dependent or powerless position, may be pertinent to several actions taken by small states in defending their interests and maintaining the regime's political survival, rather than battling against the more powerful states in the international system.<sup>102</sup>

The study, however, may 'move away' somewhat from Gerd Nonneman's approach, for the researcher will only focus on two interacting level factors; domestic and international (excluding regional), that influence Malaysia's relations with Saudi Arabia. This is due to the different geographical situations of the countries where their own regional issues do not directly affecting their relations. Only occasionally will the study focus on some regional issues like the Muslim minority in the Southern Philippines (Southeast Asia) and the Iran-Iraq war (Middle East). In these both countries have to interact more at the international level, not the regional, through several international organizations, specifically the Organisation of the Islamic Conference, because those particular issues have an effect on both countries' co-ideological affiliation, Islam (for further explanation, see Chapter VII).

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<sup>101</sup> Karminder Singh Dhillon, "Malaysian Foreign Policy in the Mahathir Era, 1981-2003", see Chapter 3 (domestic issues).

<sup>102</sup> Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", 16.

Before constructing the researcher's conceptual framework to analyze Malaysia's relations with Saudi Arabia, the study will highlight the relevant parts of Gerd Nonneman's multi-level approach<sup>103</sup> to examine the foreign policy of small or developing states in the international system. Among the key determinant factors (excluding regional, except Islam) that are closely relevant to the case study are :

a) Domestic level

- i. The nature of state and the regime interests
- ii. Capabilities – in particular economic and technological as well as demographic resources
- iii. Ideological affiliation, Islam<sup>104</sup>

b) International factors

- i. The former colonial or semi-colonial ties between many of the small or developing countries
- ii. The dependent position of small states which have, to some degree, relative autonomy in the international system<sup>105</sup>

Based upon the above variables, the study will attempt to propose them, with some modifications, as a conceptual framework in the analysis of Malaysia's relations with Saudi Arabia parallel with the contextuality of the researcher's case study.<sup>106</sup> In other

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<sup>103</sup> For further elaboration on Gerd Nonneman's multi-level approach see See Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", particularly page 12.

<sup>104</sup> Ideological Islam, alongside with pan-Arabism, is one of the variables that is placed at the regional level. Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", 12.

<sup>105</sup> Gerd Nonneman, "Analyzing the Foreign Policies of the Middle East and North Africa", for autonomy discussion see pages 14-16.

<sup>106</sup> As has been argued by Bahgat Korany that due to the complexity of the present conceptual framework of states' foreign policy, especially for small states, the best way to analyze their

words, the key determinant factors influencing Malaysia's relations with Saudi Arabia from domestic factors are: a) the nature of state and the regime interests (and also the leadership role); b) economic determinants (states' capabilities or necessities); c) religious affiliation, Islam (ideological affiliation).

Meanwhile, for the international or systemic factor, it is more towards the challenges of the systemic environment - as both countries were formerly either colonial (Malaysia under Great Britain) or allied with great powers (Saudi Arabia's alliance with the British, and later the US). They are also in a dependent position but not absolutely powerless - which led Malaysia and Saudi Arabia to join a few small states' organizations in order to safeguard their interests. The participation of these two countries in those organizations could probably further influence the character of their relations.

The choice of the multi-level determinants (domestic and international factors discussed above) for studying the character of Malaysia's relations with Saudi Arabia is because they are intimately associated with the nature of Malaysia's and Saudi Arabia's historical-political emergence as modern states in the international political system. Both Malaysia and Saudi Arabia are overwhelmed by one dominant political regime (UMNO party for Malaysia and the Al-Saud family for Saudi Arabia) which has shaped the feature of each country's policies (including their joint relations), from the day of the state's formation (officially since 1957 for Malaysia, and 1932, or probably earlier, for Saudi Arabia) until the present day. The dominance of one political regime in Malaysia and in Saudi Arabia has also largely influenced the direction of the foreign policy or the

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behaviour is turn to the field itself and see what the data say. Bahgat Korany, "Foreign Policy in the Third World : An Introduction", 17.

behaviour of these two countries in responding to the external environment. Needless to say, the analysis of the nature of state and regime interest is one of the fundamental determining factors influencing the degree of Malaysia's relations with Saudi Arabia, especially the significance of the relations for the survival of the Malaysian political regime. For the economic determinant, since Malaysia's main energy sector mostly depends on oil (see Chapter V), it has to import petroleum products from oil-producing countries, mainly Saudi Arabia which is the major producer of oil in the current world. Malaysia's vast imports of oil from Saudi Arabia, however, have led to an unfavourable situation for the former's trade with the latter. Therefore, in order to balance the deficit, or at least to increase the volume of trade, and with the added pressure of the post-economic crisis of 1997, various efforts have been made by the Malaysian government to enhance its economic relations with the Kingdom by rapidly looking for new markets and business opportunities (like investment and tourism sectors) which were given less attention before, including the Saudi Arabian market. Although Malaysia's less encouraging economic relations with Saudi Arabia are relatively linked with the pattern of the international economic system, which is undeniably unequal in its distribution of wealth among countries, the continuous economic development enjoyed by both countries gives a positive signal to other small countries that economic development can be achieved by mutually engaging and co-operating with more developed-industrial economies (see Chapter V on the influence of international economic system upon Malaysia's economic relations with Saudi Arabia). This could be considered an example of the relative autonomy that both countries have in designing their economic direction in the international system.



Furthermore, in their religious affiliation, Malaysia and Saudi Arabia have interacted 'religiously' since the era of the Malacca Sultanate in the 1400s, prior to their emergence as modern states. The interactions are mostly founded, along with the trading activities, upon the performance of Pilgrimage (*Hajj*), and in the education field (see Chapter III). These continuous historical-religious interactions have indirectly made both countries, especially Malaysia, comprehend the significance of the realization of Islamic elements as one of the tools for regime maintenance in their system of government. This is because the Malaysian government, in particular, has to face domestic Islamic pressure, primarily from the Islamic opposition parties. By maintaining its relations with Saudi Arabia, the custodian of the two Islamic holy cities, Mecca and Medina, as well as receiving several financial donations from the Kingdom, the Malaysian government, at least, could soothe the pressure by further developing some religious infrastructures that were needed by the Muslim community in Malaysia (see Chapter IV & VI). Meanwhile, for the Saudi government, parallel with its reputation as one of the leading Islamic nations among Muslim countries, the Kingdom's financial donation (as part of Saudi Arabia's global tool policy, 'Islamic capital donation') to develop some infrastructure in Malaysia, could be used to further boost Al-Sa'ud family's image both at local and international levels. Nonetheless, in interacting with the Kingdom, Malaysia has to deal 'carefully' with the dominant ideology of Wahhabism which is not analogous with the application of Islam among the Malaysian Muslim population. Hence, a wise approach towards Wahhabism is essential, such as not declaring it a deviant teaching of Islam (see Chapter VI), to enable the Malaysian government to safeguard the relations and simultaneously to continue to receive the financial donation from the Kingdom. In other

words, the donation of the Saudi government for Malaysia to develop its religious necessities could be considered part of the 'reciprocal' process for the survival of both political regimes locally and internationally.

For the systemic factor, since Malaysia and Saudi Arabia are small states and to some extent in a 'dependent' position vis-à-vis more powerful-developed states, they are vulnerable to the influence of the challenges of the systemic environment, which to some degree may further determine the character of their relations. Those systemic challenges could be closely linked to the major patterns or issues of the international system since World War II. These include the superpower rivalries between the United States and the former Soviet Union, the North-South debates on economic development, the demand for religious solidarity among Muslim countries, and others. All these systemic challenges, particularly the pattern of bipolarity between the US and the former Soviet Union, were impossible for Malaysia and Saudi Arabia to avoid. Both countries have to face the challenges, either by joining one of the two superpower rivalries or by participating in small states' organizations in order to safeguard their interests (security and political stability), to gain economic advantages especially in global market opportunities, or to bolster socio-cultural and religious affiliations. In the case of Malaysia and Saudi Arabia, although their closer ties with the US-British bloc perhaps cannot be denied, they have joined at least three major small states' organizations, the Non-Aligned Movement (NAM), the Group of 77 (G77), and the Organisation of Islamic countries (OIC) for defending their interests in the international system. The participation of Malaysia and Saudi Arabia in these three organizations could be regarded as the political manifestation

or the relative autonomy that they have in determining their own reactions or policies against the systemic pressures. Besides that, the membership of Malaysia and Saudi Arabia in these three organizations could further improve or enhance the degree of their bilateral relations, especially for the Malaysian government which is in need of 'financial support' as well as Islamic recognition from the Kingdom. Frankly to say, based upon the four key determining factors, the study presumes that Malaysia's relation with Saudi Arabia is extremely close.

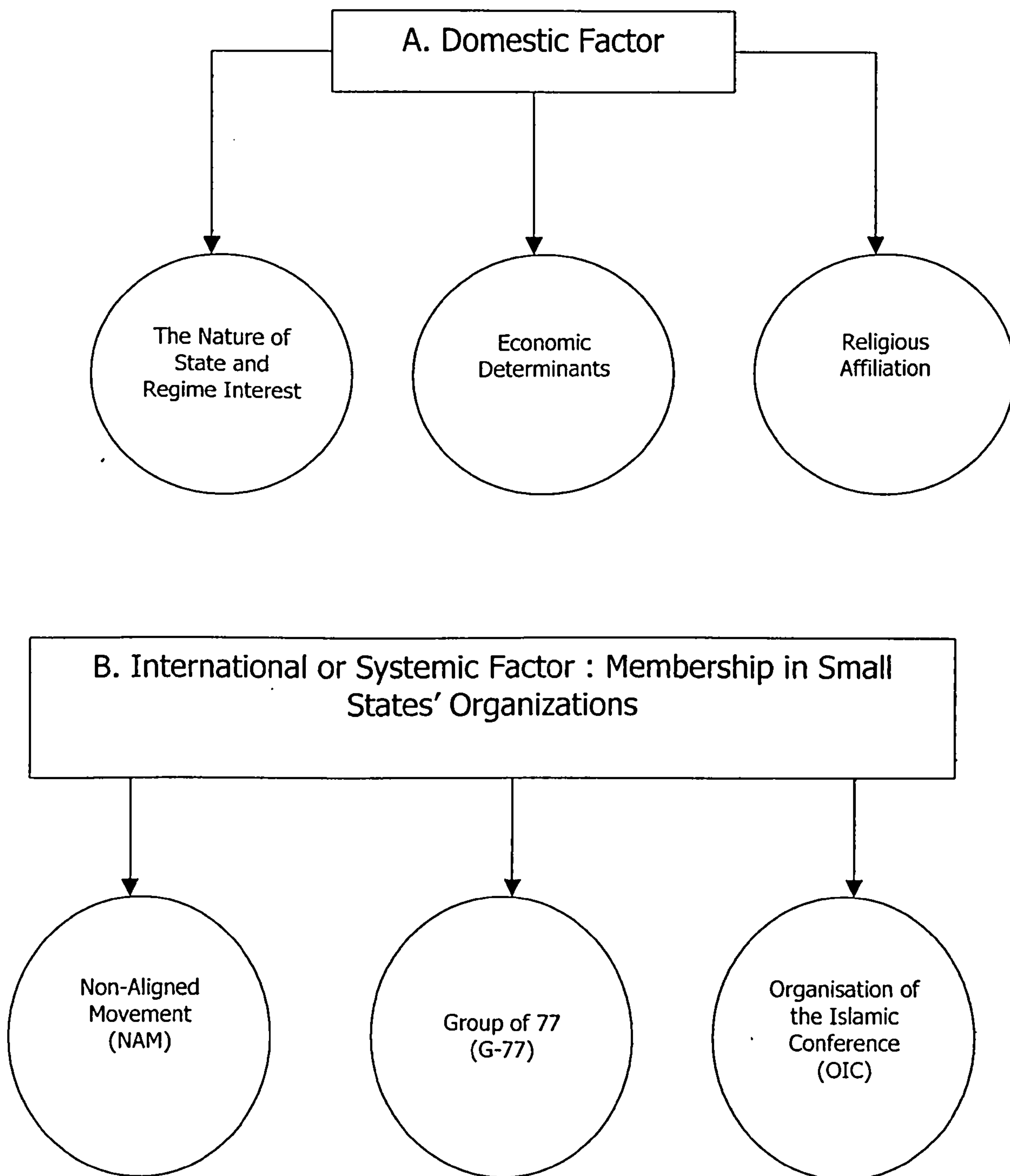
In order to systematically exhibit the key determining factors influencing Malaysia's relations with Saudi Arabia, the researcher will draw a figure (see Figure 1) that highlights those significant determinant factors of the case study:

a) Domestic Factors:

- i) the nature of state and regime interests,
- ii) economic determinants,
- iii) religious affiliation;

b) International or Systemic Factors – refer to the membership of Malaysia and Saudi Arabia in small states' organizations as their alternative responses or policies vis-à-vis the systemic pressures.

**Figure 1. Key Determinant Factors Influencing Malaysia's Relations with Saudi Arabia**



## CHAPTER III\*

### 3.0 EARLY DEVELOPMENT OF MALAYSIA'S RELATIONS WITH SAUDI ARABIA: HISTORICAL BACKGROUND

The births of Malaysia and Saudi Arabia as modern states<sup>107</sup> did not occur at the same time. Malaysia gained independence from Great Britain on the 31<sup>st</sup> of August 1957. Unlike certain other Southeast Asian countries, for example Indonesia and the Philippines which had to use force to liberate themselves from colonization, Malaysia achieved independence through a series of meetings and negotiations conducted among Malay political leaders, Malayan rulers and the British Government between April 1949 and 1957. It cannot be denied, however, that prior to World War I there were several anti-colonial movements launched by Malay tribal leaders against the British occupation, in some areas of the Peninsula. For instance, Megat Maharajalela in Perak, was accused of murdering a British resident, J.W.W. Birch; there were also the cases of Datuk Dol Sa'id in Naning (Negeri Sembilan), Tok Janggut in Kelantan, and Datuk Bahaman and Mat Kilau in Pahang. However these events did not deter British influence in the Malay Peninsula.<sup>108</sup>

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\*This Chapter III has been successfully published in an academic journal, Asian Profile 32 (4) August 2004, 335-351.

<sup>107</sup> Modern state here refers to the Montevideo Convention on Rights and Duties of States (1933), that states, at least, must possess these four basic elements: a permanent population, a defined territory, a government capable of maintaining effective control over its territory and of conducting international relations with other states, and the recognition of other states (but this can often be crucial since it depends on the international community's acceptance). See Graham Evans and Jeffrey Newnham, The Penguin Dictionary of International Relations (London : Penguin Books Ltd., 1998), 512-513.

<sup>108</sup> Haji Buyong Adil, Perjuangan Orang Melayu Menentang Penjajahan Abad 15-19 (Kuala Lumpur : Dewan Bahasa & Pustaka, 1985), Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia (London : The Macmillan Publishers Ltd., 1985).

On the road to negotiating for independence, Malayan representatives were led by the Alliance (consisting of the United Malay National Organisation (UMNO) and Malayan Chinese Association (MCA), later joined by Malayan Indian Congress (MIC) and the Rulers. The British Government was represented by particular individual figures such as Sir Henry Gurney, Lieutenant-General Sir Gerald Templer, Lord Reid and others. Between June and August 1957, both parties agreed to certain recommendations and conditions to be incorporated into the final constitutional framework that was formally accepted by the Conference of Rulers and the Legislative Council, to give the people of Malaya the opportunity for full independence.<sup>109</sup>

Saudi Arabia, which was also under British influence, was founded by the Al-Saud family centred in Nejd, central Arabia. The Al-Saud family successfully established its kingdom between the early 1920s, and completed it in 1932. The struggle to establish a kingdom was initiated in 1744 by a partnership of Muhammad Ibn Saud, the Amir in Ad-Diriyah near Riyadh, and Muhammad Ibn Abd al-Wahab, the *sheikh* who is closely connected with the *Wahhabism*<sup>110</sup> movement in the Arabian Peninsula. After a long battle

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<sup>109</sup> For full details of the recommendations see Khong Kim Hoong, Merdeka! : British Rule and the Struggle for Independence in Malaya, 1945-1957 (Petaling Jaya, Selangor : Institute for Social Analysis (INSAN), 1984), 188-202, Lotfi Ismail, Sejarah Malaysia 1400-1963 (Kuala Lumpur : Utusan Publications & Distributors, 1978), 279-287, Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 1985, Richard Winstedt, The Malays : A Cultural History (Singapore : Graham Brash (Pte) Ltd., first revised by Tham Seong Chee in 1981, reprinted in 1988), particularly 183-187, Moshe Yegar, Islam and Islamic Institutions in British Malaya : Policies and Implementation (Jerusalem : The Magnes Press, 1979), 111-112.

<sup>110</sup> Wahhabism is an Islamic puritanical sect founded by Sheikh Muhammed Ibn Abd al-Wahab, the son of Suleiman, a poor Arab from a small Nejdi tribe. This movement promotes the doctrine of the oneness of God in Islam based on Hanbali interpretation of Islamic Law. For further details see Louis Alexandre Olivier de Corancez, The History of the Wahabis : From Their Origin Until the End of 1809, trans. By Eric Tabet (Reading : Garnet Publishing Ltd., 1995), Helen Chapin Metz, Saudi Arabia : A Country Study (Washington : Federal Research Division, 1992), xxi, and Edward Atiyah, The Arabs (Beirut : Lebanon Bookshop, 1968), 76.

against certain influential tribes, such as the Hashemite and Al-Rashid families, with the help of the Wahhabist group known as *Al-Ikhwān* (Brethren), and also after several negotiations conducted with the British government, the Al-Saud under the leadership of Abd al-Aziz Ibn Abd ar-Rahman Al-Saud eventually succeeded in controlling a large part of the Arabian Peninsula including al-Ahsa, al-Hejaz, and Asir to create a modern state called the Kingdom of Saudi Arabia.<sup>111</sup>

Although Malaysia is about 25 years behind Saudi Arabia in terms of developing its own country's infrastructure and managing community development, this situation has not and will not prevent the countries forging closer bilateral relations in certain areas that are mutually beneficial. Hence, before examining the current pattern of relations, the early links between the Malay Peninsula and the Arabian Peninsula will be analyzed by considering three major historical phases of interaction.

These are first, the historical interactions between the Malacca Sultanate and Arab traders in the fifteenth century; second, the post-Malacca Sultanate and third, the period from the early 20<sup>th</sup> century to post-Malayan independence. This level of interaction is significant because it will indicate the early development of relationships between the Malay and the Arabs in the pre-modern and modern periods, which clearly influence Malaysia's relations with Saudi Arabia in the present.

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<sup>111</sup> Leslie McLoughlin, *Ibn Saud : Founder of a Kingdom* (Hampshire : The Macmillan Press Ltd., 1993), Helen Chapin Metz, *Saudi Arabia : A Country Study*, 20-24, F. Gregory Gause III, "The Foreign Policy of Saudi Arabia" in Raymond Hinnebusch and Anoushiravan Ehteshami (ed.) *The Foreign Policy of Middle East States* (London : Lynne Rienner Publishers, 2000), 199-200, and Peter Mansfield, *The Arabs* (London : The Penguin Books Ltd., 1976), 400-409.

### 3.1 The Era of the Malacca Sultanate

It might be difficult to link Malaysia's early relations with Saudi Arabia to the era of the Malacca Sultanate in the fifteenth century, because during this period both Malaysia and Saudi Arabia had yet to become a modern state. However, as stated earlier, the Malacca Sultanate era could be considered as representing one of the earliest interactions with the Arab world, as the former was the main trading as well as religious centre and thus indirectly bridged the distance between the Malay and Arabian Peninsulas.

Malacca was certainly part of the Malay Peninsula territories (or Malay empire) in the fifteenth century, and remains one of the states comprising the Malaysian government of today. It would be a huge task for this study, however, to identify particular areas or territories to be associated with the present Kingdom of Saudi Arabia. Under the Ottoman Empire, most of the Arabian Peninsula was administered by a variety of political entities. For example, Hejaz (Mecca and Medina) was governed by Syarif family, while areas in Nejd were administered by families such as Uyainah by Al-Muammar, Diriyyah by Al-Saud, Ihsaa by Al-Khalid, Najran by Hazal, Riyadh by Ibn Duwais and others.<sup>112</sup> To simplify this problem, the researcher will place emphasis on those Arabs<sup>113</sup> who came to

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<sup>112</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab dan Pengaruhnya Terhadap Ajaran Ahli Sunnah wal-Jamaah di Perlis", unpublished Ph.D. Thesis (Kuala Lumpur : Universiti Malaya, 1997), 34-35.

<sup>113</sup> Even the definition of 'who are the Arabs' lacks agreement. Researches have given several definitions, for instance correlating the Arabs with the nomadic people inhabiting the Arabian Peninsula called 'Bedouin' from as early as the second half of the 1<sup>st</sup> millennium B.C, or relating to religious-cultural affiliations such the Semitic people and those who naturally cherished the Arab tongue; or referring at least to the people of the Arabian Peninsula. This has seven independent countries, Saudi Arabia, Kuwait, Qatar, United Arab Emirates (UAE), Bahrain, Omar and Yemen. Bernard Lewis, The Arabs in History (Oxford : Oxford University Press, 1993), 1-9, Collier's Encyclopedia, vol 2 (New York : P.F. Collier, 1994), 377-391, Edward Atiyah, The Arabs (Beirut : Lebanon Bookshop, 1968), 7-10, Peter Mansfield, The Arabs



Malacca as traders and preachers emanating from the areas under Saudi influence such as Jeddah and Mecca, or at least the nearest locations to the Saudi government including Aden, Hadhramau, and Muscat in the southern and eastern Arabian Peninsula.<sup>114</sup>

Basically, Malacca's roles as a famous trading entreport, and as an Islamic centre for the Muslim community to develop religious knowledge had turned it into one of the most important empires in the Malay Archipelago in the fifteenth century. These two roles had also in some way tied the Malay Peninsula with the Arab Muslim communities who came to Malacca, either to trade or to convey the message of Islam to the pagan local community. To enhance this argument, this study would like to focus on how Malacca successfully attracted a lot of foreign traders, particularly Arabs, and the spread of Islam by Muslim Arabs as the people responsible for bringing that religion into Malacca and other areas of the Malay Archipelago.

### **3.1.1 Trading Activities in Malacca**

Before the emergence of the Malacca Sultanate in 1400s,<sup>115</sup> there were earlier commercial contacts between local communities in the Malay Archipelago and Arab traders who came mainly from Oman, Aden, Jeddah and al-Jar. For example, according

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(London : Penguin Books Ltd., 1976), 13-14, The New Encyclopaedia Britannica, vol. 1 (London : Encyclopaedia Britannica Inc., 1992), 504.

<sup>114</sup> Aden and Hadhramaut have been allocated under the Yemen government, and Muscat in Oman. The influence of the Arabs who originated from these places, particularly Hadhramaut upon the Malaysian community was enormous, especially in the nineteenth century.

<sup>115</sup> The precise date of the foundation of Malacca is still a puzzle to researchers. The two major sources used to define the history of Malacca, the *Suma Oriental* and the *Sejarah Melayu*, are not sufficiently detailed to give an exact date. See Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 37-39.

to G. R. Tibbets,<sup>116</sup> Rita Rose,<sup>117</sup> Barbara Watson Andaya and Leonard Y. Andaya,<sup>118</sup> K. N. Chaudhuri,<sup>119</sup> Peter Bellwood,<sup>120</sup> and Mahayudin Haji Yahya,<sup>121</sup> Arab traders found settlements in some parts of the Southeast Asian region, mainly in Indonesia and the Malay Peninsula, such as the Kingdom of Srivijaya (Crivijaya)<sup>122</sup> which flourished at Palembang (in southeast Sumatra), when they started visiting Chinese ports during the 8<sup>th</sup> century by the sea route.<sup>123</sup> Probably, due to more lucrative Chinese trade, the Arabs must have traded only with the natives on the shore or with petty rulers in riverside villages such as those areas in northwest and east coasts of Sumatra, the Melaka Straits down to Palembang, Kalah,<sup>124</sup> Johor, part of the Riau-Lingga archipelago and Tioman Island; or at

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<sup>116</sup> G. R. Tibbets, "Early Muslim Traders in South East Asia", Journal of the Malaysian Branch of the Royal Asiatic Society 30 1957, 1-45.

<sup>117</sup> Rita Rose Di Meglio, "Arab Trade with Indonesia and the Malay Peninsula from the 8<sup>th</sup> to the 16<sup>th</sup> Century" in D. S. Richards (ed.) Islam and the Trade of Asia : A Colloquium, (London : Spottiswood, Ballantyne & Co. Ltd., 1970), 105-135.

<sup>118</sup> Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 17.

<sup>119</sup> K. N. Chaudhuri, Trade and Civilisation in the Indian Ocean : An Economic History From the Rise of Islam to 1750 (Cambridge : Cambridge University Press, 1985).

<sup>120</sup> Peter Bellwood, Prehistory of the Indo-Malaysian Archipelago (Honolulu : University of Hawai'i Press, 1997), 139.

<sup>121</sup> Mahayudin Haji Yahya mentioned the earliest contact between Malay Archipelago and the Arabs as being during the Saba' empire ((950-115 B.C). See Mahayudin Haji Yahya, Islam di Alam Melayu (Kuala Lumpur : Dewan Bahasa & Pustaka, 2001), 16.

<sup>122</sup> This kingdom, which was centred upon Palembang and Jambi, covered large areas of Sumatra, parts of Java and of the Malay Peninsula, as well as other small islands of the Malay Archipelago. See Muhammad Yusoff Hashim, The Malay Sultanate of Malacca (Kuala Lumpur : Dewan Bahasa & Pustaka, 1992), 180, G. R. Tibbets, "Early Muslim Traders in South East Asia", 3, Rita Rose Di Meglio, "Arab Trade with Indonesia and the Malay Peninsula" in D. S. Richards (ed.) Islam and the Trade of Asia, 108, Richard Allen, A Short Introduction to the History and Politics of Southeast Asia (New York : Oxford University Press, 1970), 25.

<sup>123</sup> Based on Chinese Muslim tradition, the contact between the Arabs and China by sea route may have begun even earlier than the 8<sup>th</sup> century. For example, the tradition connects the coming of Islam to China with the arrival of a maternal uncle of the Prophet Muhammad (p.b.u.h) named Sa'ad Ibn Waqas r.a. G. R. Tibbets, "Early Muslim Traders in South East Asia", 26.

<sup>124</sup> Rita Rose Di Meglio quotes various identifications of Kalah with several places, such as on the Malabar coasts or Coromandel coasts, or identifies it with the Hindu Malay Kingdom of Kataha (Kadaram). However, the majority of researchers believe that Kalah was a locality in the Malay Peninsula, either Kedah or the estuary of the Kelang River. Rita Rose Di Meglio, "Arab Trade with Indonesia and the Malay Peninsula" in D. S. Richards (ed.) Islam and the Trade of Asia, 129 (see note 45 in this article).

least the Arabs only made these places as stopping points for them and other foreign traders, before embarking to Canton in China.<sup>125</sup>

The above statement seems likely to be true (although it is still debated among researchers) because there are a few historical indications based on Arabic and Chinese sources that might be seen to support the arrival of the Arabs in the pre-Malacca era. For example, it is generally accepted that in the 9<sup>th</sup>-10<sup>th</sup> centuries, the Malay Archipelago was already known to the Arabs as reported by the *Akhbar al-Sin wa'l-Hin* and the works of *Ibn Khurdahbih* and *Abu Zaid* who mention some areas of this archipelago such as Kalah, Tioman, Champa, northwest of Sumatra, the Straits of Malacca, the west coast of the Malay Peninsula and Karimata Islands in Borneo. In addition, two coins of the *Abbasid* Caliphate were discovered in Kedah, one of which was clearly dated A.D. 848 (A.H. 234 – Muslim Calendar), and a *Wang Dinar* (*Dinar* coin) was also found in Kelantan in 1914 dated A.D. 1188 (A.H. 557) and which had Arabic words written on both sides, '*Al-Mutawakkil*' (the ruler's name) and '*Al-Julus*' (crown), possibly indicating that the Arabs had visited places in the Malay Peninsula. Other evidence includes the Arab settlements in Kedah in the 9<sup>th</sup> century, and at *Fo-lo-an* within the Srivijaya empire in the late 12<sup>th</sup> and early 13<sup>th</sup> centuries, which have been identified by P. Wheatley as Kuala Berang, Terengganu; and the arrival from Borneo of *P'u A-li*, interpreted as *Abu 'Ali*, (Arabic names) by Hirth and Rockhill, as an ambassador to the Chinese court in 977 A.D.<sup>126</sup>

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<sup>125</sup> Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 51, and G. R. Tibbets, "Early Muslim Traders in South East Asia", 17.

<sup>126</sup> Arab sources such as the *Akhbar al-Sin wa'l-Hindi* (about A.D. 850-851), the works of *Abu Ubaida* (A.D. 750), *Ibn Khurdahbih* (846-47), and others; and Chinese sources such as the writings of I-tsing (A.D. 692), Hui-Ch'au (A.D. 727), Li-Can (A.D. 825) et al. For further details see G. E. Marrison, "The Coming of Islam to the East Indies", Journal of the Malaysian Branch

Following sour relations under the first ruler, Parameswara, trading activities in Malacca between local and foreign traders, especially Arabs,<sup>127</sup> were encouraged to flourish after an initiative taken by the second ruler of Malacca, Iskandar Shah, to create a mutual relationship between Malacca and Pasai and encourage Muslim merchants to operate in the region.<sup>128</sup> Thereafter, Malacca successfully attracted a lot of traders and merchants to come for trade and to exchange valuable goods among themselves. One source said that : “All trade from the lands above the wind and from the lands below the wind came to Malacca, crowded with people was the city of Malacca at that time. The Arabs called it *Malakat*, which means the collecting centre for commerce, because all kinds of goods were found there....”.<sup>129</sup> Amongst other factors that led to this positive

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Royal Asiatic Society 24 (1) 1951, 28-37, G. R. Tibbets, Arab Navigation in the Indian Ocean Before the Coming of the Portuguese (London : UK Royal Asiatic Society of Great Britain and Ireland, 1971), 2, G. R. Tibbetts, A Study of the Arabic Texts Containing Material on South-East Asia (Leiden & London : The Royal Asiatic Society, 1979), G. R. Tibbetts, “Early Muslim Traders in South East Asia”, 13-44, Rita Rose Di Meglio, “Arab Trade with Indonesia and the Malay Peninsula”, 110-115, and see Christopher H. Wake, “Malacca’s Early Kings and the Reception of Islam”, Journal of Southeast Asian History 5 (2) 1964, 118, Wahidah Yusof, “Institusi-Institusi Dakwah Islamiah di Malaysia : Satu Kajian Tentang Sumbangan dan Masalah Dalam Perkembangan Dakwah Masakini”, Unpublished M.A Thesis, (Kuala Lumpur : Universiti Malaya, 1997), 11, and Haji Ibrahim Haji Abdullah, “Sejarah Pengajian Al-Qur’an di Kelantan”, Utusan Qiblat August 1988, 52-53.

<sup>127</sup> However, the Arab traders were superseded by their Muslim brethren from India, mainly Gujerati and Bengali merchants. This was because the spice route from the east (particularly from the Indian Ocean) via the Persian Gulf, the Levantine coast (eastern Mediterranean) and to northern Europe was closed after the Mongol destruction of Baghdad (Abbasid’s capital) in 1258. Therefore, a new route was opened from the east to India, Aden in southern Arabia via the Red Sea up to Alexandria, Egypt. However, due to the refusal of the Caliph in Egypt to permit any but Muslim shipping through Alexandria other Muslim ports, especially in Gujerat, became more important for the spice trade. Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 52.

<sup>128</sup> Some researchers identify Megat Iskandar Shah as the second ruler of Malacca, rather than Iskandar Shah as mentioned by Tom Pires, and they prefer to argue that the first ruler of Malacca, Parameswara or Iskandar Shah, was the person mainly responsible for bringing foreign traders into Malacca. See Muhammad Yusoff Hashim, The Malay Sultanate of Malacca, 73-86 & 184-185, Armando Cortesao (trans.), The Suma Oriental of Tome Pires : An Account of the East, From the Red Sea to Japan, written in Malacca and India in 1512-1515 vol. II, series II, (London : The Hakluyt Society, 1944), 240-242.

<sup>129</sup> Muhammad Yusoff Hashim, The Malay Sultanate of Malacca, 180.

development were that the city acted as a transit centre for vessels that passed through the Straits of Malacca, was a convenient place for exchanging and collecting products, because of the alternating system of monsoon winds which determined the sailing direction and also because it was administered by the system of *Syahbandar* (Harbour Masters of different nationalities),<sup>130</sup> who provided the best infrastructure and facilities for all foreign merchants who came to Malacca for trade.<sup>131</sup>

Among the Arab traders, or 'Moors' (which generally means all Muslims, not only the Arabs) mentioned by Tome Pires were those who came to Malacca from Mecca, Jeddah, Aden and Cairo. These Arab traders, along with Parsees, Turks and Armenians, could not all come to Malacca in a single monsoon; most of them would go to Gujerat or Cambay to make profits there. Normally, they would embark from Gujerat or Cambay in March and sail directly to Malacca.<sup>132</sup> Every year, four ships from Gujerat and one ship from Cambay departed to Malacca. Upon arrival at Malacca, they had to pay six percent of their merchandise as import duty and would give presents to the King, *Bendahara*, *Temenggung*<sup>133</sup> and *Syahbandar*. If they had relatives settled in Malacca, only three percent was charged. Those traders who came from the east, mainly China and the Malay

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<sup>130</sup> *Shahbandar* is a Malay word. Tome Pires called it as *Xabamdares*. *Shahbandar* is the person responsible for managing the welfare of foreign traders. Armando Cortesao (trans.), *The Suma Oriental of Tome Pires*, 265, Ha Suminto, "Relations Between the Ottoman Empire and the Muslim Kingdoms in the Malay-Indonesia Archipelago", *Der Islam* 57 1980, 303.

<sup>131</sup> Muhammad Yusoff Hashim, *The Malay Sultanate of Malacca*, 180.

<sup>132</sup> For further detail see the works of certain Arab navigators in the 19<sup>th</sup> century, namely Ibn Majid, Sulaiman al-Mahri and Sidi Celebi, who studied several kinds of monsoon that link the Indian Ocean and parts of the Middle East. See G. R. Tibbets, *Arab Navigation in the Indian Ocean*, see Table of Monsoon Dates, between pages 364-367.

<sup>133</sup> *Bendahara* and *Temenggung* are the highest officials after the King in the Malacca Sultanate.

Archipelago, were exempted from duty on their merchandise and were only expected to present gifts to the King and the other mentioned officials.<sup>134</sup>

The Arab traders brought various merchandise to Malacca. For instance, Arabs from Mecca had opium, rosewater, and liquid storax; Aden sent opium, raisins, madder, indigo, rosewater, silver and seed-pearls, while Cairo's goods were scarlet-in-grain, coloured woollen cloth, coral, copper, silver, golden and other glassware. Most of these items, especially opium, might have been bought first in the ports of Gujerat or in Cambay because the Arab traders usually stopped at these ports before continuing their journey to Malacca.<sup>135</sup> According to K. N. Chaudhuri, S. Q. Fatimi, and Mahayudin Haji Yahya, among the main products typically associated with the Arabs were pearls, ivory, rhinoceros horns, frankincense, ambergris, *putchuk*, nutmegs and others. Patricia Crone and Robert Simon state that incense, spices, silk, leather, and clothing were among the main goods in Arab-Meccan trading activities.<sup>136</sup> The trade between Malacca and the Arabs continued without interruption for many years, until the fall of Malacca at the

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<sup>134</sup> Muhammad Yusoff Hashim said that traders from China and Ryukyu Island had to pay high duties in Malacca. However, Luis Filipe Ferreira agrees with Tome Pires that Eastern traders do not have to pay duty. See Muhammad Yusoff Hashim, The Malay Sultanate of Malacca, 187, Luis Filipe Ferreira Reis Thomas, "The Malay Sultanate of Malacca" in Anthony Reid (ed.) Southeast Asia in the Early Modern Era : Trade, Power and Belief (Ithaca : Cornell University Press, 1993), 74, Armando Cotesao (trans.), The Suma Oriental of Tome Pires, 268-274, Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 42, Mahayudin Haji Yahya, Islam di Alam Melayu (Kuala Lumpur : Dewan Bahasa & Pustaka, 2001), 5.

<sup>135</sup> Armando Cotesao (trans.), The Suma Oriental of Tome Pires, 268-269, Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 42, D.G.E. Hall, A History of South-East Asia (London : Macmillan & Co. Ltd., 1964), 197.

<sup>136</sup> K. N. Chaudhuri, Trade and Civilisation in the Indian Ocean, 103, S.Q. Fatimi, Islam Comes to Malaysia (Singapore : Malaysian Sociological Research Institute Ltd., 1963), 68, Mahayudin Haji Yahya, Islam di Alam Melayu, 4-5, Patricia Crone, Meccan Trade and the Rise of Islam (New Jersey : Princeton University Press, 1987), see sub-topic : "What Did the Meccans Export?" in this book, Robert Simon, Meccan Trade and Islam : Problems of Origin and Structure (Budapest : Akademiai Kiado, 1989), 91-92.

hands of the Portuguese in 1511. The arrival of the Portuguese had some impact upon these arrangements. Most of the Arab and Muslim traders directed their attention to another Muslim empire in Southeast Asia, Aceh in Sumatra Island.

### 3.1.2 The Spread of Islam in Malacca

Researchers disagree significantly about who were the first to introduce Islam to the southeast region of Asia, and particularly to the Malay Peninsula. A few groups of Muslim preachers or traders that were associated with the early arrival of Islam in the Malay Peninsula were those who emanated from the Arab lands, from Gujerat, Bengal, Coromandel and China. The writings of S.Q. Fatimi,<sup>137</sup> Richard Allen,<sup>138</sup> J. D. Legge,<sup>139</sup> Barbara Watson Andaya and Yoneo Ishii,<sup>140</sup> G. E. Marrison,<sup>141</sup> Fred R. von der Mehden,<sup>142</sup> and Cesar Adib Majul<sup>143</sup> have expressed a variety of arguments about the beginnings of Islam in Southeast Asia. Some prefer to argue that the Arabs were the first carriers of Islam into Malay lands, while others believe that the Gujerat, southern Indian and Chinese traders played some part in introducing Islam to the local people.

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<sup>137</sup> S.Q. Fatimi, Islam Comes to Malaysia (Singapore : Malaysian Sociological Research Institute Ltd., 1963).

<sup>138</sup> Richard Allen, A Short Introduction to the History and Politics of Southeast Asia (New York : Oxford University Press, 1970).

<sup>139</sup> J.D. Legge, "The Writing of Southeast Asian History" in Nicholas Tarling (ed.) The Cambridge History of Southeast Asia : From Early Times to C. 1500, vol. 1 (Cambridge : Cambridge University Press, 1999), 1-50.

<sup>140</sup> Barbara Watson Andaya and Yoneo Ishii, "Religious Developments in Southeast Asia : C.1500-1800" in Nicholas Tarling (ed.) The Cambridge History of Southeast Asia, vol. 1, part II, 164-227.

<sup>141</sup> G.E. Marrison, "The Coming of Islam to the East Indies", Journal of the Malaysian Branch Royal Asiatic Society 24 (1) 1951, 28-37.

<sup>142</sup> Fred R. von der Mehden, Two Worlds of Islam : Interaction Between Southeast Asia and the Middle East (Gainesville : University Press of Florida, 1993).

<sup>143</sup> Cesar Adib Majul, "Theories on the Introduction and Expansion of Islam in Malaysia", Silliman Journal xi (4) Fourth Quarter 1964, 335-398.

Nevertheless, the most common arguments used by researchers to correlate the Arab role in bringing Islam into the Malay Archipelago, particularly to the Malay Peninsula, refer to the Arab-Malay trade relations from as early as the 9<sup>th</sup> century, and the teachings of Makhdum or Maulana (sheikh) and *Sufis* (people who take a mystical approach to Islam) from Arabian Peninsula about Islam given to the rulers and the citizens. There was some cultural assimilation (language and customs) between the Malay and the Arabs, and there exist as further evidence certain Arabic inscriptions such as the royal gravestone dated 677 A.H. (1297 A.D) which carried the title of *Sultan Malik al-Salih* (Muslim-Arabs name) in Pasai, the tombstone of a Muslim woman in Leran, Surabaya dated 496/475 A.H. (1102 or 1082 A.D.), and a stone with Islamic inscriptions discovered in Kuala Berang, Terengganu dated from the month of Rejab in the Cancer year, 702 A. H (February 1303).<sup>144</sup> These arguments, however, do nothing to negate the role of other Muslim traders, particularly from Gujerat and Coromandel, in conveying the message of Islam to the Malay Archipelago. For this researcher, all the arguments and evidence are inter-related and one cannot solely depend on one source.

In the case of the arrival of Islam in Malacca, the study will endeavour to concentrate more on the Arabs, who originated from Arabian Peninsula and specifically Mecca, Jeddah and a few other southern areas, and who were allegedly responsible for

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<sup>144</sup> For further explanation see Syed Muhammad Naguib Al-Attas, *Islam Dalam Sejarah Kebudayaan Melayu* (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1972), 34-43, Mahayudin Haji Yahya, *Islam di Alam Melayu*, 3-24, Cesar Adib Majul, "Theories on the Introduction and Expansion of Islam in Malaysia", 338-342, S.Q. Fatimi, *Islam Comes to Malaysia* (Singapore : Malaysian Sociological Research Institute Ltd., 1963), 71, T. W. Arnold M.A. C.I.E. *The Preaching of Islam : A History of the Propagation of the Muslim Faith* (London : Constable & Company Ltd., 1913), Che Zarina Sa'ari, "Al-Ghazali's Al-Risalah al-Ladunniyyah and Its Influence on Malay Muslim Thought", *Islamic Culture* lxxvi (4) October 2002, 37-64.



delivering the message of Islam to this area. This does not mean, however, that the study has concluded that the Arabs were the first carriers of Islam into Malacca. The reason for this is because it is parallel to the main focus of the study, which emphasizes Malay-Arab relations. Nonetheless, before analyzing the spread of Islam in Malacca, it has to be acknowledged that there were other parts of the Malay Peninsula and Indonesia which seem to have received the religion earlier. Historical findings by researchers might support such an assertion, for example the travels of Marco Polo and Ibn Battuta (early 13<sup>th</sup> and 14<sup>th</sup> centuries) who observed the existence of Muslim communities in some areas of Southeast Asia such as Perlak, Pasai and Sumatra, and other circumstantial evidence revealed previously to indicate that there had been a few earlier Muslim contacts during those periods.<sup>145</sup>

Principal researchers have different opinions about how the rulers of Malacca, and the inhabitants, received Islam. The work of Christopher H. Wake calls upon a range of sources which describe how the first Muslim ruler of Malacca embraced the religion. Wake's main discussion, which is based on Portuguese, Malay and English literature revolves around whether Parameswara as the first ruler, or Iskandar Shah, the second ruler of Malacca, was the same person or not; and how the process of conversion applied to him (or them). The emphasis on the conversion of these kings is vital to an understanding of how Islam first spread through Malacca.<sup>146</sup>

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<sup>145</sup> Sir E. Denison Ross and Eileen Power (ed.), Ibn Battuta : Travels in Asia and Africa 1325-1354, trans. by H. A. R. Gibb, (London : George Routledge & Sons Ltd., 1929), 273-279, Leonardo Olschki, Marco Polo's Asia (Berkeley : University of California Press, 1960), Barbara Watson Andaya and Yoneo Ishii, "Religious Developments in Southeast Asia", 169-170, S.Q. Fatimi, Islam Comes to Malaysia, 37-43 & 60-67.

<sup>146</sup> Christopher H. Wake, "Malacca's Early Kings and the Reception of Islam", 104-128.

There are at least three major accounts of how the early kings of Malacca embraced Islam. The first is based on Portuguese sources, and this argues that Parameswara and Iskandar Shah are different persons. The latter, at the age of seventy two (and perhaps the first Muslim ruler in Malacca) became Muslim after marrying a daughter of the ruler of Pasai. These sources also claimed that the conversion was due to diplomatic pressure from the King of Pasai, and Malacca's desire to share in trade with Java.<sup>147</sup>

The second comes roughly from Malay Annals such as the *Hikayat Raja-Raja Pasai*, the *Hikayat Merong Mahawangsa* (the Kedah Annals), and editions of *Sejarah Melayu* (by Winstedt and Shellabear) which record that the third ruler of Malacca, named Sri Maharaja Muhammad Syah (1425-1445), was the first Muslim king. The conversion of Sri Maharaja into Islam was closely linked to the king's dream of meeting the Prophet Muhammad (p.b.u.h) who taught him the profession of faith (*Kalimah Shahadah*), gave him a Muslim name, *Muhammad*, and foretold the arrival of a ship from Jeddah (Jiddah). The next evening, the awaited ship from Jeddah arrived and carried an eminent teacher, *Sayyid 'Abd al-Aziz* (who was one of the Prophet's own descendants) and his crew. The Sayyid was well received in Malacca, and the king as well as his people adopted Islam as their religion.<sup>148</sup>

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<sup>147</sup> Armando Cortesao, *The Suma Oriental of Tome Pires*, 238 & 242-243, Christopher H. Wake, "Malacca's Early Kings and the Reception of Islam", 108 & 122.

<sup>148</sup> H.J. De Graaf, "South-East Asian Islam to the Eighteenth Century" in P.M. Holt, Ann K.S. Lambton and Bernard Lewis (ed.), *The Cambridge History of Islam* vol. 2 (London : Cambridge University Press, 1970), 126, Barbara Watson Andaya and Yoneo Ishii, "Religious Developments in Southeast Asia", 172, and Christopher H. Wake, "Malacca's Early Kings and the Reception of Islam", 122, Zakaria Ali, *Islamic Art : Southeast Asia, 830 A.D. – 1570 A.D.* (Kuala Lumpur : Dewan Bahasa & Pustaka, 1994), 120-121.

The third, by Wang Gungwu and Muhammad Yusoff Hashim, was based on these two accounts and stated that Parameswara and Iskandar Shah were the same person, and also that the first Muslim ruler of Malacca was Megat Iskandar Shah (the second king, 1414-1424). This argument connotes a few things; it is different from Tome Pires' statement that Parameswara and Iskandar Shah were different people, it rules out Sri Maharaja Muhammad Shah as the first Muslim Malacca ruler, but it agrees that Megat Iskandar Shah was the first Muslim ruler of Malacca after he married the Pasai Princess. The only difference between this argument and that of Tome Pires lies in the word 'Megat'. The word Megat was missing from Tome Pires' statement, which only mentioned '*Xaquem Darxa*' (Iskandar Shah).<sup>149</sup> Hence, if Malacca's early relations with the Muslim Arabs are taken into account, the second argument could be noted as the beginning of continuous interaction between Malacca and the Arabs since the preacher was from Jeddah, one area of the Arabian Peninsula, later governed by Saudi Arabia.

When the early rulers of Malacca started to embrace Islam, relations between Muslim traders, mainly Arabs, and the Malacca Sultanate became more intimate. This developed especially during the period of the third ruler of Malacca, Sultan Muzaffar Shah (1446-1456),<sup>150</sup> who extended activities in Malacca and spread Islam to neighbouring areas such as Kampar, and Inderagiri. The king also exchanged messages and presents with the kings of Aden and Hormuz, and sent local merchants to those

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<sup>149</sup> Muhammad Yusoff Hashim, The Malay Sultanate of Malacca, 73-86. Armando Cortesao (trans.), The Suma Oriental of Tome Pires, 238.

<sup>150</sup> Most researchers are skeptical whether Sultan Muzaffar Shah was the third ruler of Malacca. Other sources claim that there were four or five rulers before Sultan Muzaffar Shah. See Christopher H. Wake, "Malacca's Early Kings and the Reception of Islam", 104-128.

territories.<sup>151</sup> Sultan Mansur Syah (1456-1477), was also active in promoting Islam by building a beautiful mosque, used as a fortress for Malacca during the Portuguese rule, and was instructed in Islam by several Arab teachers such as Maulana Abu Bakar who taught a theological work entitled "*Durr ul-Manzum*". Furthermore, Sultan Mansur Syah encouraged his people to go to Mecca for pilgrimage, as he and his son planned to do, but unfortunately both died before achieving their goal.<sup>152</sup>

Besides this there were other Arab preachers who were appointed as '*Qadi*' (judge) in the Malacca Sultanate, such as Saiyid Abdul Aziz (the first *Qadi*), *Qadi* Yusoff and Maulana Abu Bakar.<sup>153</sup> A few Arabic books containing Islamic teachings on *tawheed* and *tasawwuf*, such as *Kitab Durr al-Manzum* by Abu Ishaq al-Shirazi, and *Umm al-Barahin* by al-Sanusi, were translated and taught in Malacca, Aceh and Riau.<sup>154</sup> Other Muslim-Arab influences from the Malacca Sultanate remain to be seen in the Arabic writing on Malay Jawi inscriptions, old manuscripts and a few coins from the Malacca era. According to Prof. Syed Muhammad Naguib al-Attas there were at least five Arabic alphabets; *jim*, '*ain*, *fa*, *kaf* and *nun*' which were synchronized into Malay-Jawi

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<sup>151</sup> Armando Cortesao (trans.), *The Suma Oriental of Tome Pires*, 243-245, Rita Rose Di Meglio, "Arab Trade with Indonesia and the Malay Peninsula", 122.

<sup>152</sup> Armando Cortesao, *The Suma Oriental of Tome Pires*, 249-251.

<sup>153</sup> Cesar Abd. Majid, "Theories on the Introduction and Expansion of Islam in Malaysia", *Silliman Journal* xi (4) Fourth Quarter 1964, 360, Mohd. Sohaimi Esa, *Ekonomi Orang Arab di Johor, 1862-1942* (Pusat Penataran Ilmu & Bahasa, Universiti Malaysia Sabah, 1999), 22, Dari'ah Sulaiman, "Peranan Orang Arab Dalam Menyebarkan Agama Islam di Melaka Pada Abad 15M dan 16M", *Latihan Ilmiah* (Jabatan Sejarah, Universiti Kebangsaan Malaysia, 1993/94), 54, 61-63.

<sup>154</sup> Mahayudin Haji Yahya, *Islam di Alam Melayu*, 21.

inscriptions; *cha, nga, pa, ga and nya*.<sup>155</sup> For the old manuscripts, and the coins, see the works of Muhammad Yusoff Hashim,<sup>156</sup> Zakaria Ali,<sup>157</sup> Dari'ah Sulaiman<sup>158</sup> and others.

### 3.2 Post-Malacca Sultanate

After the fall of Malacca in 1511 the normal relations between Southeast Asia and the Middle East, especially between the Malay Peninsula and traders as well as the preachers from the Arabian Peninsula, were disrupted by the Portuguese occupation.<sup>159</sup> For instance, during the Aceh's reign (one of the Muslim empires in Sumatra Island emerging after Malacca's downfall) most Muslim traders had to sail directly across the Indian Ocean to Arabia, avoiding the Portuguese influence on the west coast of India and the Straits of Malacca. The custom duties in Malacca rose from 26,500 *pardaos* in 1544 to more than double that figure in 1584, and from 21.6 *mil reis* in 1586 to 27 *mil* by 1606. Although this led to some surpluses it was still insufficient to attract more Muslim traders to Malacca. In the 1570s and 1580s, several Arab scholars, such as Muhammad Azhari, Syeikh Abu'l Kheir ibn Syeikh ibn Hajar of Meca and Syeikh Muhammad of Yemen, had come directly from Arabian countries to teach the Muslim community about Islam in

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<sup>155</sup> Syed Muhammad Naguib Al-Attas, Islam Dalam Sejarah Kebudayaan Melayu, 41.

<sup>156</sup> Muhammad Yusoff Hashim, The Malay Sultanate of Malacca, 196 & 287-293.

<sup>157</sup> Zakaria Ali, Islamic Art in Southeast Asia, 131-134 & 143-157.

<sup>158</sup> Dari'ah Sulaiman, "Peranan Orang Arab Dalam Menyebarkan Agama Islam Di Melaka Pada Abad 15M dan 16M", 93, 98-99 & 109.

<sup>159</sup> According to Tome Pires, after defeating the last ruler of Malacca, Sultan Mahmud, the Portuguese under the governorship of Afonso de Albuquerque (1509-1515) again began to welcome merchants and many came to Malacca. Trade between Portuguese-Malaccans and other foreign merchants, such as China, Bengal, Parsees (as well as Arabs) and local Malay traders was re-activated after the conquest. This was due to the fact that the Portuguese had seized some important ports, including the island of Goa off the west coast of India, in 1510 and Hormuz at the mouth of the Persian Gulf, in 1515. See Armando Cortesao, The Suma Oriental of Tome Pires, 278-289, Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 55-56, Luis Filipe Ferreira Reis Thomaz, "The Malay Sultanate of Melaka" in Anthony Reid (ed.), Southeast Asia in the Early Modern Era : Trade, Power and Belief (Ithaca : Cornell University Press, 1993), 89, Mohd. Sohaimi Esa, Ekonomi Orang Arab di Johor, 22-23.

Aceh. Prior to Portuguese rule, most of these preachers landed first in India before heading towards Malacca. Most of the Arabs also diverted to other places in the Malay Archipelago such as the Sulu Islands, Borneo, Java, Sumatra and a few areas in Malay Peninsula, where their roles were more to do with political and religious movements.<sup>160</sup>

Furthermore with the arrival of the Dutch and English in the 1600s, the above situation was made worse, especially for the Arab traders who lost their monopoly over trade in the Malay Archipelago to the western traders. For example, in the 1620s there were no shipments of Southeast Asian pepper and spice along the old Muslim route between Western Asia, the Far East and the Spice Islands of Moluccas, to the Red Sea. Moreover, in the 1650s the Dutch also blocked a few Indian Muslim ships from trading in Aceh. As a result, by the eighteenth century Muslim shipping was predominantly local, and those local ships were not allowed to carry certain goods like tin and pepper, except for some ships granted the privilege by the colonial authorities. This indirectly made several Muslim ports such as Aceh, Johor-Riau, and Jeddah somewhat less important as commercial centres. The pilgrims also had to transship several times through various ports before reaching Mecca. The bitter rivalry between the Portuguese and the Dutch wishing to take charge of Malacca and its neighbouring areas also added to the

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<sup>160</sup> Anthony Reid, "Islamization and Christianization in Southeast Asia : The Critical Phase, 1550-1650" in Anthony Reid (ed.) Southeast Asia in the Early Modern Era : Trade, Power and Belief (Ithaca : Cornell University Press, 1993), 162-163, Yahya Abu Bakar, "The Dutch Threats to Melaka, 1600-1641", International Seminar on Malaysian History from Dutch Sources, October 23-25, 2001, Melaka, 1-11, Mohd. Sohaimi Esa, Ekonomi Orang Arab di Johor, 22-23.

complexity of trade patterns, as well as affecting the expansion of Islam in the post-Malacca period.<sup>161</sup>

Not only trading activities and the spread of Islam changed between the Malay and the Arabs in the colonial period, but also the reactions of the post-Malacca Malay kingdoms like Johor, Aceh and others, which were more focused on re-capturing Malacca from the European powers (mainly the Portuguese and Dutch). For example one of the closest descendants of the Malacca Sultanate, the Kingdom of Johor, launched several attacks against the Portuguese in Malacca.<sup>162</sup> They were followed by Aceh, which used close connections with the Ottoman Empire in Asia Minor to oust the Portuguese.<sup>163</sup> The struggle against the Portuguese occupation continued until the Dutch reign, beginning in 1641 after toppling the Portuguese in Malacca with the help of Johore. In other words, after the fall of Malacca, relations between the Malay and the Arabs were coloured by the course of the European presence in Southeast Asia.

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<sup>161</sup> Anthony Reid, "Islamization and Christianization in Southeast Asia", in Anthony Reid (ed.) Southeast Asia in the Early Modern Era, 163, Ahmad Jelani Halimi, "Perkapalan dan Perdagangan Melayu Dengan Melaka Pada Separuh Kedua Abad Ke-18", International Seminar on Malaysian History from Dutch Sources, October 23-25, Melaka, 1-41.

<sup>162</sup> For further details see Leonard Y. Andaya, The Kingdom of Johor 1641-1728 (Kuala Lumpur : Oxford University Press, 1975).

<sup>163</sup> For discussion of Aceh's relations with the Ottoman empire see Ha Suminto, "Relations Between the Ottoman Empire and the Muslim Kingdoms of the Malay-Indonesian Archipelago" Der Islam 57 1980, 301-310.

### 3.3 British Influence in the 19<sup>th</sup> Century

The first British occupation of the Malay Peninsula came through the acquisition of Penang (one of the Malaysian states) by Francis Light in August 1786.<sup>164</sup> Roughly speaking, Britain acquired full ascendancy over Malacca and most of the Malay Peninsula from the Netherlands in 1824, after both parties agreed a treaty indicating their areas of influence. The treaty gave British the upper hand over the Dutch in most of the Malay Peninsula, while the Dutch took control over the Indonesian Islands.<sup>165</sup> Needless to say, the British arrival in the early 19<sup>th</sup> century brought some changes with regard to the Malay and Arab relations. The British government encouraged foreign traders, mainly the Arabs and the Chinese, to trade in the Malay Peninsula and Singapore with the removal of custom duties, and Stamford Raffles stated : “Let the Chinese and Arabs still trade to the eastward. Without them, the trade would be reduced to less than one third of even what it is at present; but let their trade be regulated”.<sup>166</sup> Not only that, the British administration in Malaya also conducted some economic activities with Arabia, for instance, between 1921-1930, the former exported some of its commodities like pineapple canned, dried fruits, and others to the latter.<sup>167</sup>

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<sup>164</sup> See John Bastin and R. Roolvink (ed.), Malayan and Indonesian Studies : Essays Presented to Sir Richard Winstedt (Oxford : Oxford University Press, 1964), 140.

<sup>165</sup> Malayan Year Book 1936 (Singapore : Government Printing Office, 1936), 14, J.B. Dalton, “The Development of Malayan External Policy, 1957-1963”, Unpublished Ph.D. Thesis (Oxford : University of Oxford, 1967), vol. 1, 10-11.

<sup>166</sup> Mahayudin Haji Yahaya, Islam di Alam Melayu, 162.

<sup>167</sup> British Malaya, Return of Foreign Imports and Exports During the Year, 1921 (Singapore : The Methodist Publishing House, 1922), 94-97, CO 740/1, British Malaya, Return of Foreign Imports and Exports During the Year, 1925 (Singapore : The Methodist Publishing House, 1926), 57 & 81, CO 740/3, British Malaya, Return of Foreign Imports and Exports During the Year, 1930 (Singapore : The Methodist Publishing House, 1931), 94-97, CO 740/8. All this information adopted from British Public Record Office, UK.



Despite some rules and policies implemented by the British to limit the role of religion in politics and government administration, which inevitably caused stiff resistance from a few Malay nationalists,<sup>168</sup> they did not, however, prevent the Muslim community from performing religious activities such as pilgrimage and studying Islam in Mecca and Medina. In contrast with the tough administration run by the Dutch in Indonesia,<sup>169</sup> the British managed to create a balance between their interests and Islamic needs in order to create political and socio-economic stability in the Malay Peninsula. As the outcome of this 'loose' British policy, relations between the Malay and the Arabs again started to develop through the processes of migration, pilgrimage and education. For instance, when the British founded an entrepot in Singapore in 1819, this indirectly dashed Riau-Johore's hope of rebuilding its own commercial development. Singapore became an important trading (as well as Islamic) centre in Southeast Asia. This situation subsequently attracted a lot of Arab migrants, especially from the Hadhramaut region, to settle in Singapore, Penang and Malacca. In 1901, it was estimated that there were about 1,508 Arab settlers in the Straits of Settlements, and almost 1,000 in Singapore.<sup>170</sup> Overall, there were about 2012 Arabs in Malay lands in 1891, and this number increased to 5718 in 1947.<sup>171</sup>

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<sup>168</sup> Richard Winstedt, The Malays : A Cultural History, revised and updated by Tham Seong Chee (Singapore : Graham Brash (Pte) Ltd., 1961), 176-184.

<sup>169</sup> See for instance Fred R. von der Mehden, Two Worlds of Islam, 3, P.M.Holt, Ann K.S. Lambton and Bernard Lewis (ed.), The Cambridge History of Islam, 170-171, M. Dien Majid, "Aktivitas Travel Haji Firma Al-Segaff & Co, 1885-1899, di Semenanjung Melayu Dalam Arsip Belanda", International Seminar on Malaysian History from Dutch Sources, October 23-25, Melaka, 2-3.

<sup>170</sup> William R. Roff, "The Malayo-Muslim World of Singapore at the Close of the Nineteenth Century", Journal of Asian Studies 24 (1) 1964, 81, Anthony Reid, "Nineteenth Century Pan-Islam in Indonesia and Malaysia", Journal of Asian Studies 26 (2) February 1967, 270.

<sup>171</sup> Mahayudin Haji Yahaya, Islam di Alam Melayu, 139 and Mohd. Sohaimi Esa, Ekonomi Orang Arab di Johor, 54.

As for pilgrimage, due to the less stringent British policy the Malay Muslims found no obstacle in travelling to Mecca. Even in the mid-nineteenth century, in order to avoid Dutch restrictions a number of Indonesians (about 2,000 pilgrims) took passage from Singapore before embarking to Mecca.<sup>172</sup> Meanwhile, in the field of education, under the British influence Singapore unexpectedly attracted a lot of students from all over the Malay Archipelago, as well as several scholars from the Arabian Peninsula. These came mainly from Hadhramaut, people who had studied in Mecca, and this also led to the emergence of a few schools built by Arabs such as Madrasah al-Junied in Singapore, Madrasah al-Masyur in Penang, Madrasah al-Attas al-Arabiyah in Johore and Madrasah al-Attas in Pahang. In other words, Singapore and several Malay states under British influence played a vital role in setting up a communication network, particularly between the Malay Peninsula and the Hejaz.<sup>173</sup>

Among other factors that led to the re-establishment of Malay Muslim and Arab relations in the late eighteenth and early nineteenth centuries (during British influence in the Malay Peninsula) was also the emergence of the Pan-Islam movement, an ideological basis for co-operation between or beyond individual political units in a political struggle under the banner of Islam, and *Wahhabism*, a puritanical sect, which captured Mecca in 1803. These two movements indirectly drove Moslem communities towards a

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<sup>172</sup> In fact before 1895, a small fee was levied on pilgrim passports in British Malaya. After that date the fee was no longer required. William R. Roff, "The Malayo-Muslim World of Singapore", 79-80. For a brief comparison with the Dutch see Anthony Reid, "Nineteenth Century Pan-Islam", 270.

<sup>173</sup> William R. Roff, The Origins of Malay Nationalism (Kuala Lumpur : University of Malaya Press, 1967), 43, William R. Roff, "The Malayo-Muslim World of Singapore", 83, Mahayudin Haji Yahaya, Islam di Alam Melayu, 163, Mohd. Sohaimi Esa, Ekonomi Orang Arab di Johor, 125, Barbara Watson Andaya and Leonard Y. Andaya, A History of Malaysia, 194 & 234.

purification of their faith and a return to the Koran's basic teachings as well as placing emphasis on Jihad (the holy war) for both religious teachers and leaders. This occurred via the propagation of particular methods such as the '*Islah*' (reformation) engineered by Jamaluddin al-Afghani and Syeikh Muhammad Abduh, and also the mystical Sufi brotherhoods (*tariqat*) namely the *Naqshabandiah*, '*Alawiyah*, *Ahmadiyah*, and others.<sup>174</sup> These two methods, however, adopted different approaches to facing the foreign powers in the Malay Archipelago. These movements (particularly under Pan-Islam) were less influential in the Malay Peninsula due to the fact that most of the Malay states were less structured as Islamic authorities, for instance being governed by a more traditional aristocracy, compared with their Indonesian counterparts, mainly Aceh, Java, Palembang and others.<sup>175</sup>

### 3.4 Relations in the Early 20<sup>th</sup> Century

The issues of Arab migration, pilgrimage, education, Pan-Islam and British colonial policy continued to influence relations between the Malay and Arabian Peninsulas in the 20<sup>th</sup> century. The writings of Moshe Yegar,<sup>176</sup> Anthony Reid,<sup>177</sup> Mahayudin Haji Yahaya,<sup>178</sup> Mohd. Sohaimi Esa,<sup>179</sup> and Fred R. von der Mehden,<sup>180</sup> showed how these

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<sup>174</sup> The influence of the Sufi movement in spreading Islam in Malay Peninsula after the Malacca cannot be ignored. This has been acknowledged by Dr. A. H. Johns, who believed that the early expansion of Islam was accompanied by the 'Sheikh' (Sufi trade guilds), and not merely by ordinary trading activities. See S.Q. Fatimi, *Islam Comes to Malaysia*, 71.

<sup>175</sup> Fred R. von Mehden, *Two World's of Islam*, 7, Mahayudin Haji Yahaya, *Islam di Alam Melayu*, 121-123, P.M. Holt, Ann K.S. Lambton & Bernard Lewis, *The Cambridge History of Islam*, vol. 2, 174-175, Anthony Reid, "Nineteenth Century Pan-Islam", 267, Barbara Andaya, *History of Malaysia*, 119.

<sup>176</sup> Moshe Yegar, *Islam and Islamic Institutions in British Malaya : Policies and Implementation* (Jerusalem : The Hebrew University Press, 1979).

<sup>177</sup> Anthony Reid, "Nineteenth Century Pan-Islam", 269-271.

<sup>178</sup> Mahayudin Haji Yahaya, *Islam di Alam Melayu*, 124-140 & 160-164.

<sup>179</sup> Mohd. Sohaimi Esa, *Ekonomi Orang Arab di Johor*, 107-195.

particular issues frequently impact upon those relationships. About Arab migrants, Moshe Yegar, Anthony Reid, Mahayudin Haji Yahaya, and Mohd. Sohaimi Esa mention a few Arab families who settled in certain Malay states in the early 20<sup>th</sup> century, mainly in Singapore, Penang, Pahang, Johor and Malacca; such as the family of Syed Alawiyah from Hadhramaut in Singapore, Pahang and Johor, Al-Juneid in Singapore, and Abdul Rahman Al-Sagoff from Arabia who came to Malacca in the 19<sup>th</sup> century. The Al-Sagoff family played an important role in maintaining Malay and Arab connections, such as acting as the agent of the Sultan of the Hadhramaut in the management of several firms, and also as representatives of the Sharif of the Hejaz. The Al-Sagoff family represented by their grandson, Syed Omar ibn Mohammed Al-Sagoff, and Syed Alwee Al-Juneid became a member of the Muhammedan Advisory Board which was established in Singapore on June 10<sup>th</sup>, 1915.<sup>181</sup>

In 1920, Malaya sent about 12,000-14,000 pilgrims to Mecca, one of the largest contingents from Southeast Asia. (Indonesians were the largest, sending about 52,000 pilgrims). It was argued that the main reason behind the rapid increase was due to the Ibn Saud conquest of Mecca in the 1920s and the wide influence of *Pax Wahhabica*, both fostering Pan-Islamic ideas throughout the Islamic world.<sup>182</sup> For instance, the study by Zakaria Daud showed how the Wahhabism movement, to some extent, influenced a group of Malay Muslim people in Perlis (one of the Malaysian states). Zakaria quoted

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<sup>180</sup> Fred R. von der Mehden, Two World's of Islam, 4-14.

<sup>181</sup> Moshe Yegar, Islam and Islamic Institutions in British Malaya, 14 & 98, Anthony Reid, "Nineteenth Century Pan-Islam", 271. Mahayudin focused more on Syed descendants in Pahang, and Mohd. Sohaimi on the Arabs in Johore. See notes 178 & 179 in the Chapter III.

<sup>182</sup> P.M.Holt, Ann K.S. Lambton and Bernard Lewis (ed.), The Cambridge History of Islam, 182, Fred R. von der Mehden, Two Worlds of Islam, 4.

several Saudi Muslim scholars who were proponents of Muhammad Ibn Abdul Wahab and who taught Islam in Perlis, such as Sheikh Hassan and Sheikh Nur al-Surur from Medina in the 1920s.<sup>183</sup> Furthermore the ideas of Pan-Islamism also encouraged Malay-Indonesian students to form associations during their studies in the Middle East, such as The Association of Indonesian and Malay Students in Saudi Arabia, *Persatuan Tabibah Indonesia Malaysia* (PERTINDOM), *Jami'ah Al-Khairiah* in Egypt, and *Majlis Kebangsaan Indonesia-Malaya* (MAKINDOM) in Iraq.<sup>184</sup>

The British administration in Malaya, however, did manage to prevent the majority of the Malay Muslim community from being prejudiced by the ideologies of the Pan-Islam movement. For example, although Great Britain and the Commonwealth were at war against Turkey and its allies during World War I, Malay leadership was still loyal to the British, and asked their people not to give aid to the Turks. Alun Jones has argued that this revealed the strength of Malay royal and aristocrat ties with Britain. Nevertheless, prior to the war, Britain had to make certain proclamations and promises to justify its war against Turkey including the guaranteed protection of Muslim holy places, shrines and the port of Jeddah in Saudi Arabia.<sup>185</sup> Most Malay rulers have preferred to send students to study in Mecca rather than in Egypt; as one of the Sultans of Selangor said : “In Mecca one could study religion only, in Cairo politics as well”.<sup>186</sup>

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<sup>183</sup> Zakaria @ Mahmud Daud, “Muhammad Ibn Abd. Al-Wahhab dan Pengaruhnya Terhadap Ajaran Ahli Sunnah wal-Jamaah di Perlis, 451-453.

<sup>184</sup> Fred R. von der Mehden, *Two Worlds of Islam*, 5.

<sup>185</sup> Alun Jones, “Internal Security in British Malaya, 1895-1942”, *Unpublished Ph.D. Thesis* (Yale University, 1970), 33 & 36-37.

<sup>186</sup> Fred R. von der Mehden, *Two Worlds of Islam*, 5-7.

### 3.5 Political-Economic Relations in the Post-Independence Era

Before independence, formal relations between Malaya and Saudi Arabia had yet to be established. For example, in terms of economic interaction between 1936 and 1939 there were no Middle Eastern nations, including Saudi Arabia, listed in the Malayan Yearbook for import-export activities.<sup>187</sup> Nevertheless since Malaya, which later became Malaysia after Singapore, Sabah and Sarawak joined in 1963, achieved independence on August 31<sup>st</sup> 1957, relations between Malaysia and Saudi Arabia were more properly structured and largely centred on political and socio-economic matters. This was enhanced by the establishment of a Malaysian embassy in Riyadh, the capital of Saudi Arabia in 1964 and the appointment of Tunku Abd. Rahaman, the first Malaysian Prime Minister, as the first Secretary of the Organization of Islamic Conference (OIC) in 1970.<sup>188</sup>

From the 1970s onwards, the extent of relations was growing; perhaps due to the Iranian Revolution in 1979. The Saudi government, worrying about the influence of Khomeini (among other factors), supported a lot of religious programmes and donated a large amount of money to Muslim countries in South-East Asia, including Malaysia. Among the Islamic organizations or institutions in Malaysia that received Saudi donations were the Muslim College in Petaling Jaya, Pertubuhan Kebajikan Islam Malaysian (PERKIM), International Islamic University of Malaysia (UIAM), the Regional Islamic Organization for Southeast Asia and the Pacific (RISEAP). Other religious activities included building mosques and Muslim schools in diverse areas of

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<sup>187</sup> Malayan Year Book 1936 (Singapore : Government Printing Office, 1936), 117, Malayan Year Book 1939 (Singapore : Government Printing Office, 1939), 123, Fred R. von der Mehden, Two World's of Islam, 2.

<sup>188</sup> G.K.A. Kumaraseri, Diplomasi Profesional dan Pengurusan Hal-Ehwal Negeri : Pengalaman Malaysia (Kuala Lumpur : Dewan Bahasa & Pustaka, 1995).

Malaysia. The range of donations was between about RM200,000-RM600,000.<sup>189</sup> Along with that there were certain trade agreements signed between Malaysia and Saudi Arabia, namely Economic and Technical Cooperation (1975), the Cultural and Scientific Cooperation Agreement (1976), and Avoidance of Double Taxation Agreement (1993).<sup>190</sup> Saudi Arabia ranks 27<sup>th</sup> in Malaysia's external trading partners.<sup>191</sup>

Furthermore, in terms of international political relations, both countries have been jointly active in the Organization of Islamic Conference, to discuss Muslim issues around the world such as the question of Palestine, the Iranian Revolution, the invasion of Afghanistan, Iran-Iraq War, the Gulf War and terrorist threats. These issues continuously influence the nature and extent of relations between Malaysia and Saudi Arabia, especially at the global level as both countries are seen as having the potential to lead developing nations, especially Muslim countries, to better their positions at the global level. By the same token, Malaysia has always encouraged the Saudi government to play a bigger role in Muslim world affairs, as their country is wealthier and the custodian of two holy cities, Mecca and Medina.<sup>192</sup>

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<sup>189</sup> J.S. Solomon, Challenging Times : Tunku Abdul Rahman Putra (Petaling Jaya : Pelanduk Publications, 1986), 139 & 146, Fred R. von der Mehden, Two Worlds of Islam, 18-19.

<sup>190</sup> The Ministry of International Trade and Industry (MITI), "Opening of Caravan Malaysia 2003 Jeddah, Saudi Arabia", December 7, 2003 (<http://www.miti.gov.my/speech-7dec03.html>).

<sup>191</sup> Malaysia External Trade Development Corporation (MATRADE), "Overseas Market Information, Saudi Arabia", (MATRADE Branch, Kota Kinabalu, Sabah, Malaysia, 1999-2000).

<sup>192</sup> For further discussion see Shanti Nair, Islam in Malaysian Foreign Policy (London : Routledge, 1997), Fred R. von der Mehden, Two Worlds of Islam, 38-63.

### 3.6 Conclusion

It has been noticeable that socio-economic and religious elements mostly influenced relations between the Malay and the Arabian Peninsula between the early 15<sup>th</sup> to 19<sup>th</sup> centuries, notwithstanding that in the 17<sup>th</sup> and 18<sup>th</sup> centuries, more effort was spent on recapturing Malacca by launching attacks against the Portuguese and Dutch. Despite the attacks continuing during the British presence between the early 19<sup>th</sup> and 20<sup>th</sup> centuries, the British government was able to accommodate the challenge fomented by a group of Malay nationalists. The decline of the Ottoman Empire also subsequently had less impact upon the anti-colonialism movement in the Malay Peninsula.

The researcher, however, found difficulty identifying those Arabs originating from the Arabian Peninsula (such as Jeddah, Mecca, Medina and other neighbouring areas), who came to Malacca, and other Malay territories, especially before and during the era of the Malacca Sultanate. This is because most previous researchers only mention 'the Arabs' without referring to any specific territories or regions in the Arab lands. Nevertheless, the works of Tome Pires, H.J. De Graaf, Barbara Watson Andaya and Yoneo Ishii, Zakaria Ali, Mahayudin Haji Yahaya, Mohd. Sohaimi Esa and other researchers have given some helpful pointers to support the discussion of this study. In spite of this shortfall in detail, the study has found that although the two political entities are geographically separated, the ancient link between the Malay Peninsula and the Arabian Peninsula operated to an extent through two main mechanisms, trade and religious expansion, which together thoroughly typify the character of the relationship.



In other words, the remoteness of the geographical regions was not enough to keep them apart.

This relationship has continued to grow until the present day. However, the main feature of the connection is a little different to that of previous decades, because both entities have become modern states. The interaction is more diplomatic, in the fields of politics, economics, and socio-religion. Therefore, in order to further understand the current attribute of Malaysia's relations with Saudi Arabia, the study would like to focus on the four key determining factors; namely the nature of state and regime interest, economic determinants, religious affiliation, and the membership in small states' organizations (systemic factor), that influence the degree of the relations, specifically since Malaysia achieved independence in 1957 in the following chapters.

## CHAPTER IV

### 4.0 THE NATURE OF STATE AND REGIME INTERESTS

It is undeniable that the nature of state and its regime interests are among the main elements influencing a state's relations with others. This is also with the case of Malaysia's relations with Saudi Arabia where the nature of state and the regime interests of both countries, particularly for the former, play the leading role to enhance the degree of the relations. The nature of the state will be defined here as the character of the state itself, and the regime interests<sup>193</sup> will be referred to some particular interests that the prevailing system of a government (the regime of a state) is pursuing in order to preserve its political continuity both at domestic and international, especially in augmenting its relations with other states.<sup>194</sup>

In examining how the nature of state and the regime interests may influence the character of Malaysia's relations with Saudi Arabia, this chapter will discuss three major

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<sup>193</sup> In the International Relations perspective, the word 'regime' is usually defined as a framework of rules, expectations and prescriptions between actors (both state and non-state actors) in international relations. The operation of a regime is closely linked to the actors' common membership in a few special purpose organizations which are based on the principle of reciprocity. Graham Evans & Jeffrey Newnham, The Penguin Dictionary of International Relations (London : Penguin Books Ltd., 1998), 471-472.

<sup>194</sup> Or as Gerd Nonneman (in his study on the Middle East and North Africa states' relations with Europe) has argued that : ".....These interests are essentially those of regime survival and consolidation, and state consolidation, and the acquisition of the political and economic means to ensure them". Gerd Nonneman, "Introduction" in Gerd Nonneman (ed.), Analyzing Middle East Foreign Policies and the Relationship with Europe (Abingdon, Oxon : Routledge, 2005), 3. Beside that, the usage of the word regime to the prevailing system of government is widely applied in a few previous studies like In-Won Hwang, Personalized Politics : The Malaysian State under Mahathir (Singapore : Institute of Southeast Asian Studies, 2003), 5-16, Sarah Yizraeli, The Remaking of Saudi Arabia : The Struggle Between King Sa'ud and Crown Prince Faysal, 1953-1962 (Ramat Aviv, Israel : The Moshe Dayan Center for Middle Eastern & African Studies, Tel Aviv University, 1997), Fred Haliday, Arabia Without Sultans (see the sub-topic "The Origins of the Saudi State"), (London : Saqi Books, 2002), and others.

points. Firstly, the study will analyze the character of both countries as a modern state as well as will identify any particular interests that Malaysia and Saudi Arabia attempt to conserve for their regime survival. Secondly, this chapter will chronologically examine the development of Malaysia's relations with Saudi Arabia since the Tunku Abdul Rahman to the Mahathir regimes and also from the Saudi regime side. The examination is vital in order to show that the degree of the relations is varied (whether the relations is growing or vice-versa) under the prevailing different regimes or leadership. Thirdly, which is more important, is the discussion on the significance of the relations for the maintenance of both regime political interests locally and internationally. The overall discussion on this chapter will be based upon the leadership periods of both countries for it illustrates the political authority of Malaysian and Saudi Arabian regimes.

#### **4.1 The Character of State and Regime Interests**

As has been mentioned before, the nature or the character of state and regime interests of both Malaysia and Saudi Arabia will be examined. The main focus will begin with the early emergence of both countries as a modern state or the day Malaysia and Saudi Arabia achieved their own global recognition from great powers and international society. For the regime interests, the study will analyze the interests or the challenges that Malaysia and Saudi Arabia's regimes have to preserve or to face in prolonging their political continuity at domestic and international level.

### 4.1.1 Malaysia

Malaysia or previously known as 'Malaya' was a former British colony in the Southeast Asian region. It successfully achieved independence from Great Britain in 1957. Malaysia began with one political-territory, Malay Peninsula (the basic foundation of Malaya) and later joined by two Borneo territories, Sabah and Sarawak, to form the Federation of Malaysia in 1963.<sup>195</sup> Malaysia is a constitutional monarchy government. It consists of 13 states and one federal territory (Wilayah Persekutuan) with three components; City of Kuala Lumpur, Labuan and Putrajaya.<sup>196</sup> Unlike Saudi Arabia where the monarch has absolute power over the constitution and the masses (will be discussed later under sub-topic "Saudi Arabia"), the Malaysian King is only a symbol of government and on most subjects acts on the advice of his ministers.<sup>197</sup> The real holder of political power in the Malaysian government is the political party that emerged victorious in general elections which will be responsible for running the parliament and forming the cabinet ministers.<sup>198</sup> For the Malaysian case, the Party of Barisan Nasional (National Front) led by United Malay National Organization (UMNO) is the dominant party and has been in control since the first general election in August 1959 till the last election in 2004.<sup>199</sup>

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<sup>195</sup> Singapore also joined the Federation of Malaysia but it withdrew in 1965 to form its own government, the Republic of Singapore. See for instance, R.S. Milne & Diane K. Mauzy, Politics and Government in Malaysia (Singapore : Times Books International, 1980), 1-2.

<sup>196</sup> CIA, The World Factbook, "Malaysia", last updated 1 November 2005, (<http://www.cia.gov/cia/publications/factbook/geos/my.html>).

<sup>197</sup> R.S. Milne & Diane K. Mauzy, Politics and Government in Malaysia, 37, Mohd. Foad Sakdan, Pengetahuan Asas Politik Malaysia (Kuala Lumpur : Dewan Bahasa & Pustaka, 1997), 154.

<sup>198</sup> R.S. Milne & Diane K. Mauzy, Politics and Government in Malaysia, 37.

<sup>199</sup> In 2004, Barisan Nasional gained more than 90 per cent of the Malaysian voters. Syed Farid Alatas, Democracy and Authoritarianism in Indonesia and Malaysia : The Rise of the Post-Colonial State (London : Macmillan Press Ltd., 1997), 3, Asia Source, "Special Report : Malaysia Elections 2004", March 29, 2004, ([http://www.asiasource.org/news/at\\_mp\\_02.cfm?newsid=110070](http://www.asiasource.org/news/at_mp_02.cfm?newsid=110070)).

The long endurance of Barisan Nasional in domineering the Malaysian politics is closely linked with the hegemonic influence of UMNO, founded in 1946, as the Malay leading party over its other component alliance parties like Malayan Chinese Association (MCA), Malayan Indian Congress (MIC) and others.<sup>200</sup> The significance of UMNO in the Malaysian politics is unquestionable for it is the party that represents most of the Malay community (as the Malaysian biggest ethnic group) in Malaysia along side with several other Malay parties like PAS, Berjasa, Parti Rakyat Malaysia and et cetera. On top of that, UMNO has preceded other Malay parties that uphold the interests and the rights of Malay people, especially in its struggle against the establishment of the Malayan Union by the British Malaya administration which threatened the power of the Malay rulers. Through UMNO leaders' effort also, especially the first Malaysian premier, Tunku Abdul Rahman, with the alliance of MCA and MIC, Malaysia was able to achieve independence in 1957. In other words, the contribution of UMNO in the process of nation-building in Malaysia is quite obvious.<sup>201</sup>

Yet, although Barisan Nasional-led by UMNO has been in power for a long period of time which is about 45 years, it needlessly means that the National Front, especially UMNO does not encounter any problems or challenges that could weaken its political hegemony in Malaysia. In fact, the UMNO regime is incessantly facing a dilemma in maintaining its political authority among its coalition-partners as well as with other political opposition parties. There are two major issues that critically haunting the

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<sup>200</sup> R.S. Milne & Diane K. Mauzy, Politics and Government in Malaysia, 355-358, R.S. Milne & Diane K. Mauzy, Malaysian Politics under Mahathir (London : Routledge, 1999), 2, David Brown, The State and Ethnic Politics in Southeast Asia (London : Routledge, 1994), 225 & 244.

<sup>201</sup> See for instance, R.S. Milne & Diane K. Mauzy, Politics and Government in Malaysia, 23-43, 123-125 & 352-364.

UMNO regime since the day of independence; the issue of multi-ethnic and the domestic religious pressure, Islam. The issue of Malaysia's multi-ethnic which consists of Malay (55%), Chinese (27.3%), Indians (7.7%) and others,<sup>202</sup> had left 'appalling memory' for the Malaysian society when a riot broke out in 1969 between the Malay and the Chinese communities. The main cause of the riot is mostly linked with the unequal distribution of economy among various ethnic in Malaysia. The riot too had called Tun Razak, the second premier, to introduce the New Economic Policy (NEP) to re-balance the economic distribution.<sup>203</sup> For the domestic Islamic pressure, which rapidly began to mount from Tun Hussein Onn to Dr. Mahathir (the third and the fourth Malaysian premiers), predominantly following the Iranian revolution in 1979, the UMNO regime has to deal with the strong demand of Muslim population in Malaysia, mostly the Malays,<sup>204</sup> to implement Islamic laws and principles in the government. This was also due to the strong challenge by the Islamic party, PAS, which used Islam as the main setting of its own political agenda.<sup>205</sup>

In managing the first issue, the UMNO regime employed, at least, three kinds of the so-called 'democratic administration'. In the beginning of the establishment of

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<sup>202</sup> In-Won Hong, Personalized Politics : The Malaysian State under Mahathir (Singapore : Institute of Southeast Asian Studies, 2003), 4.

<sup>203</sup> The riot began with the victory of two Chinese political parties, Democratic Action Party (DAP) and Gerakan, in the Malay's stronghold area, Kuala Lumpur in the general election of 1969. The supporters of these two political parties taunted the slogan "The Malays have fallen" which indirectly provoked the Malays (engineered by UMNO) to demonstrate. The demonstration, however, ended up in a riot between the Malays and the Chinese. David Brown, The State and Ethnic Politics in Southeast Asia, 230-231.

<sup>204</sup> Hussin Mutalib, Islam in Malaysia : From Revivalism to Islamic State? (Singapore : Singapore University Press, 1993), 17-30.

<sup>205</sup> See David Brown on PAS political orientation. David Brown, The State and Ethnic Politics in Southeast Asia, 223-224.

Malaysia as a multi-ethnic country, the UMNO regime emphasized the concept of consociational bargaining with an attempt to mutually accommodating the interests of inter-ethnic elites.<sup>206</sup> However, when the riot of 1969 erupted where the Malays in particular felt threatened by the Chinese racial sentiment, the UMNO regime's approach led by the second premier, Tun Razak, changed abruptly to be more 'discriminate' by vastly increasing Malays' participation in political and economic activities under the New Economic Policy.<sup>207</sup> Then, during the era of Dr. Mahathir where his idiosyncratic values is more influential, the UMNO regime has exercised more tightened controls by applying various ways including the control over media, frequent use of Internal Security Act (ISA), banning students from involving in politics and others in order to curb any negative racial sentiments that could dampen Malaysia's political stability.<sup>208</sup> The tightened control of the Mahathir regime has led to some researchers to conclude that Malaysia's democracy is 'pseudo-democracy'.<sup>209</sup> Despite the tightened control of UMNO

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<sup>206</sup> Consociational Democracy is a situation in which two or more ethnic blocs, roughly equal in power, cooperated in spite of remaining substantially separate in their activities, through agreement between their leaders, who at the same time were able to retain the support of their followers. In Malaysia, the National Front seems to follow this consociationalism but the difference is the predominance of UMNO is clearly recognized. R.S. Milne & Diane K. Mauzy, Politics and Government in Malaysia, 355-358.

<sup>207</sup> In-Won Hong, Personalized Politics : The Malaysian State under Mahathir, 9-11, Hussin Mutalib, Islam in Malaysia, 27-28.

<sup>208</sup> The tightened control was also related with the sack of Anwar Ibrahim, the former deputy Prime Minister, in 1998 which accelerated tension among Muslim intellectuals and the UMNO regime. William Case, "Testing Malaysia's pseudo-democracy" in in Edmund Terence Gomez (ed.), The State of Malaysia : Ethnicity, Equity and Reform (London : Routledge Cuzon, Taylor & Francis Group, 2004), 32-33.

<sup>209</sup> William Case defined pseudo-democracy as the government has limited, but not fully extinguished civil liberties, while distorting, but not tightly rigging electoral procedures with also the dominance of a single party like UMNO in Malaysia. Pseudo-democracy in Malaysia could also be illustrated in the words of In-won Hong who had put into : "coercive consociationalism implies centralized federalism, political dominance of one party in cabinet and government, no constitutional establishment of mutual veto on the sensitive issues, especially under Mahathir era". William Case, "Testing Malaysia's pseudo-democracy", 29, In-Won Hong, Personalized Politics : The Malaysian State under Mahathir, 9.

as well as much favour to the Malays, the regime still safeguard its ‘intimate relations’ with a group of economically dominant class, predominantly Chinese capitalists in continually gaining support from its coalition partners in the National Front.<sup>210</sup> Meanwhile, to appease the Islamic pressure, the UMNO regime, especially under Dr. Mahathir’s Islamization programme, incorporated Islamic values in a few governmental as well as private institutions and also building several Islamic institutions such as Islamic Bank, Islamic University of Malaysia and others. The UMNO leaders also stress the importance of Malaysia’s active involvement in Islamic activities at the international level like the participation in the Organisation of Islamic Conference and the maintenance of intimate relations with other Muslim countries, specifically Malaysia’s relations with the Kingdom of Saudi Arabia as the custodian of Mecca and Medina, in order to justify UMNO’s position as the guardian of Islam in the eyes of Malay audience.<sup>211</sup>

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<sup>210</sup> Or as argued by Howard H. Lentner that those wealthy entrepreneurial classes composed predominantly of Chinese have been modified, not by appropriating Chinese property but rather by providing special opportunities for the mostly rural bumiputra and by putting into place programs favoring the latter’s acquisition of industrial property as well as education and training. Thus far, these policies and programs have contributed to both economic growth and social peace and equity. Howard H. Lentner, “Modernization and Foreign Policy : An Alternative Approach to the Global South”, in Jacqueline Anne Braveboy-Wagner (ed.), The Foreign Policies of the Global South : Rethinking Conceptual Frameworks (Boulder : Lynne Rienner Publishers, 2003), 179, and see also Syed Farid Alatas, Democracy and Authoritarianism in Indonesia and Malaysia, 42.

<sup>211</sup> For a good discussion on UMNO’s Islamization agenda, see for instance, Kikue Hamayotsu, “Islamisation, Patronage and Political Ascendancy : The Politics and Business of Islam in Malaysia”, in Edmund Terence Gomez (ed.), The State of Malaysia : Ethnicity, Equity and Reform (London : Routledge Cuzon, Taylor & Francis Group, 2004), especially pages 229-230, Hussin Mutalib, Islam in Malaysia, 30, R.S. Milne & Diane K. Mauzy, Malaysian Politics under Mahathir (London : Routledge, 1999). For Malaysia’s participation in the OIC, see Chapter VII.



#### 4.1.2 Saudi Arabia

The Kingdom of Saudi Arabia, as has been stated in the Chapter III, was officially became a sovereign state<sup>212</sup> in 1932. Prior to this date, Al-Saud family had attempted to create the Kingdom twice; between 1747-1818 and 1824-1891, but all these efforts were less successful.<sup>213</sup> The Kingdom, however, eventually emerged as a more stable state in 1932 under the new leadership of King Abdul Al-Aziz Ibn Saud (1901-1953) who conquered Asir and Hejaz in 1925 and simultaneously drove the Hashemite family into exile.<sup>214</sup> Principally, the nature of the Kingdom of Saudi Arabia is a monarchical or royal state. The royal family of this Kingdom is originated from the descendant of Najd tribal leader (or as Amir in Ad-Diriyah near Riyadh), King Muhammad Ibn Saud (1726-1765). In order to strengthen the political authority of Al-Saud family against other tribal societies in the Arabian Peninsula like the Hashemites, Al-Rashidis, Al-Shammar and others, the King collaborated with Sheikh Muhammad Ibn Abd al-Wahab<sup>215</sup>, the founder of the Wahhabism ideology, to establish the political authority of Al-Saud family. Through this continuous politico-religious collaboration, with the British support, the Kingdom of Saudi Arabia was at last completed in 1932.<sup>216</sup>

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<sup>212</sup> There are four essential elements of a state; the people, the territory, the government, and the sovereignty. Joseph Frankel, International Politics : Conflict and Harmony, 37-38, P.A. Reynolds, An Introduction to International Relations, 16.

<sup>213</sup> For further explanation see for instance, Taha Osman El-Farra, "The Effects of Detribalizing the Bedouins on the Internal Cohesion of an Emerging State : The Kingdom of Saudi Arabia", Unpublished Ph.D Thesis, (University of Pittsburgh, Greensbury, USA, 1973), 86, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History, 1924-1964", Unpublished Ph.D Thesis (University of Utah, USA, 1970), 2-12, 13-24 & 25-27.

<sup>214</sup> Fred Haliday, Arabia Without Sultans, 49.

<sup>215</sup> Researchers are in disagreement on the exact date of birth and the death of Sheikh Ibn Abd al-Wahab. See note 546 in the Chapter VI.

<sup>216</sup> Ghassan Salame, "Political Power and the Saudi State", in Berch Berberoglu (ed.), Power and Stability in the Middle East (New Jersey : Zed Books Ltd., 1989), 70-71, Roger Owen, State, Power and Politics in the Making of the Modern Middle East (New York : Routledge, 2004), 52,

Realizing the nature of Saudi Arabian state is a royal state or rather called as 'family state',<sup>217</sup> the major political interest of the Saudi regime is to ensure the survival and the stability of political authority of Al-Saud family both at home and international arena. This is because the Saudi regime is facing a lot of challenges and threats that capable of toppling it from ruling the Kingdom. Therefore, the way the Saudi regime governs the Kingdom is full with suspicions and anxiety, particularly of its own security. In the beginning, for example, the regime was highly cautious with the Hashemites challenges, especially the monarchs in Iraq and Transjordan who would one day avenge Al-Saud family for driving them out of the central power in the Arabian Peninsula.<sup>218</sup> The Saudi regime also was deeply concerned with the influence of Jamal Abdel Nasser, the Egyptian premier who was able to spread social revolutions in a few countries in the Middle East like Yemen and Syria. Moreover, Nasser's Pan-Arabism, to some extent, had agitated Saudi regime's quest for leadership in the Arab world.<sup>219</sup> Along with these, Al-Saud family was also facing several domestic threats posed by some oppositional groups and a few Muslim extremists such as 1969 air force coup, the National Liberation Front associated with dissident Prince Talal, 1979 Mecca rebellion and others.<sup>220</sup>

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Fred Haliday, Arabia Without Sultans, 47-49, Sarah Yizraeli, The Remaking of Saudi Arabia, 149.

<sup>217</sup> Sarah Yizraeli, The Remaking of Saudi Arabia, 149.

<sup>218</sup> However, these two challenges were declining, specifically the Hashemites government in Iraq which was overthrown by a revolution led by Arab nationalist officers believed to be partisans of Nasser on July 14, 1958. This was added with the Saudi regime's new approach which was in favour of 'mutual relations' with the two Hashemites following the aftermath of the Suez War in 1956, in order to curb the influence of Egypt in the Arab world. Nadav Safran, Saudi Arabia : The Ceaseless Quest for Security (Cambridge : The Belknap Press of Harvard University Press, 1985), 77-83 & 88.

<sup>219</sup> Abdullah M. Sindi, "King Faisal and Pan-Islamism" in Willard A. Beling (ed.), King Faisal and the Modernisation of Saudi Arabia (London : Croom Helm, 1980), especially, 184-187.

<sup>220</sup> Ghassan Salame, "Political Power and the Saudi State", 80 & 86, R. Hrair Dekmejian, "The Rise of Political Islamism in Saudi Arabia", Middle East Journal 48 (4), Autumn 1994, 628 (627-643).

In tackling all the above challenges as well as suppressing the threats, various approaches have been applied by the Saudi regime. These include the strong collaboration with Wahhabism ideology, gaining support as well as political recognition from the British government, and the establishment of Al-Ikhwan group (later replaced with the National Guard) which helps King Ibn Saud ((1901-1953) to conquer a few more territories in the Arabian Peninsula, particularly to recapture Hejaz from the Hashemites. Furthermore, Al-Saud regime had interchangeably 'used' Egypt as a friend and a foe to contain its traditional-political enemies in the Arab-Muslim world. As an exemplar, in countering the Hashemites, particularly the Iraqi monarch who joined the Baghdad Pact in February 1955, King Saud (1953-1964) concluded a mutual defence treaty with Egypt in October 1955. King Saud's effort was to isolate Iraq as well as prevent Jordan from joining the pact which was considered as a part of the Hashemite reawakening.<sup>221</sup> Nevertheless, when the influence of Jamal Abdel Nasser was gradually overwhelming Al-Saud family among the Arab counterparts, especially after the Suez War which Egypt actively attempted to promote its anti-West and supported anti-monarch movements, the mutual relations between Saudi Arabia and Egypt turned into sour when, for instance, both regimes clashed in the Yemen event.<sup>222</sup> Besides that, the Saudi regime is continuously maintaining its economic relations with the US, through ARAMCO, as an outside support and a guarantee for Saudi oil development in the future.<sup>223</sup>

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<sup>221</sup> Nadav Safran, Saudi Arabia : The Ceaseless Quest for Security, 78.

<sup>222</sup> The Yemen event showed the stiff rivalry between revolutionary socialism against traditional monarchical conservative. The Nasser regime recognized the army revolution led by Colonel Abdullah al-Salleh to denounce Imam Muhammad al-Badr (Yemen monarchy), and even sent his military advisers to Yemen, between 1962-1963. However, the Saudi regime did not accept the new regime. It broke off its relations with Egypt and helped royalist forces in Yemen. See for instance, Abdullah M. Sindi, "King Faisal and Pan-Islamism", 185-187.

<sup>223</sup> Fred Haliday, Arabia Without Sultans, 49.

Meanwhile, to eradicate the domestic threats, Al-Saud family is heavily relying upon the strength of its armed forces. Nonetheless, due to the uneasiness of the Saudi regime's perception of 'army' which it strongly believed that those armed forces might propel other social domestic units (like the Muslim extremists, and other political oppositions) to challenge the regime based on what had happened in some Arab countries,<sup>224</sup> Al-Saud family had to 'balance' and 'neutralize' the size of its armed forces (almost equal in size) which is roughly divided into two; the Royal Guard, and the National Guard as well as the regular army. The former is to deal with the Al-Saud family's security and the latter is for defending the Kingdom's borders. The central aim of the neutralization of these two armed forces is to ensure that the Royal Guard, which is the best equipped and trained than other armies, would be able to protect Al-Saud family when a revolutionary (for instance, led by army) or any social movements erupt in the Kingdom.<sup>225</sup> Moreover, in expanding the political recognition of the Saudi regime beyond the Arab world, and at the same time to oppose Nasser's Pan-Arabism, the regime through King Feisal (1964-1975) launched the religious slogan, 'Pan-Islam', which undeniably had effectively contributed to the consolidation of Al-Saud regime specifically among the Muslim counterparts till present,<sup>226</sup> and indirectly too brought Malaysia's relations with the Kingdom closer.<sup>227</sup>

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<sup>224</sup> Referring, for example, to the downfall of royal monarchs in Iraq and Yemen. Sarah Yizraeli, The Remaking of Saudi Arabia, 149-164, Ghassan Salame, "Political Power and the Saudi State", 75-76.

<sup>225</sup> Sarah Yizraeli, The Remaking of Saudi Arabia, 152-153, Ghassan Salame, "Political Power and the Saudi State", 75-76.

<sup>226</sup> For a good reference, see for example, Ghassan Salame, "Political Power and the Saudi State", in Berch Berberoglu (ed.), Power and Stability in the Middle East (New Jersey : Zed Books Ltd., 1989), 70-75, Fred Haliday, Arabia Without Sultans (see the sub-topic "The Origins of the Saudi State"), (London : Saqi Books, 2002), 48-57.

<sup>227</sup> The visit by King Feisal to Malaysia will be discussed later in this Chapter IV.

Based upon the discussion, it relatively shows that both Malaysian and Saudi Arabian regimes are pursuing hard to maintain their political continuity over others. Not only that they are depending on some ways and strategies discussed above, but also Malaysia and Saudi Arabia need outside support from other countries in strengthening the positions of their political regimes at home. Hence, within the context of Malaysia's relations with Saudi Arabia, both countries, especially Malaysia, are very much in need of the support of the Kingdom of Saudi Arabia in facing several domestic pressures which could threaten the political dominance of the Malaysian political regime (the National Front-led by UMNO). Among the domestic pressure that probably drives Malaysia to enhance its relations with Saudi Arabia is to soothe the religious demands of Malaysian Muslim community and also to weaken the challenge from the Islamic party, PAS which frequently calls for the establishment of an Islamic state. By cementing the relations with the Kingdom as the custodian of the two holy Islamic places, Mecca and Medina, alternatively the Malaysian political regime can show to the masses as well as to other Muslim countries that it emphasizes too the Islamic elements in its governing policy. For the Saudi political regime, its relations with Malaysia could be considered as part of its global political agenda in consolidating Al-Saud's religious ideology, 'pan-Islam, in the Islamic world vis-à-vis pan-Arabism and the Shi'a-Iranian revolution in 1979.<sup>228</sup>

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<sup>228</sup> Nevertheless, it has to be admitted that in this chapter the discussion on the Saudi political regimes' recognition on Malaysia is limited. It will only focus on King Feisal's (the only Al-Saud family rulers ever came to Malaysia) visit to Malaysia. However, through King Feisal's effort to spread his ideology, Pan-Islam, various 'religious donations' have been continuously received by the Malaysian government as well as other religious institutions in Malaysia. This will further developed in the Chapter VI.

Before discussing this further, however, the study would like to chronologically examine the pattern of Malaysia's relations with Saudi Arabia since its independence from 1957. The analysis of the pattern will help to clarify more the basic foundation of the relations which will later be developed in linking it with the question of the importance of the relations for both political regimes continuity. As has been mentioned before, the discussion on the pattern and the significance of the relations will be examined based upon the leadership period of both regimes for it reveals the political authority of these two countries. It also to demonstrate that the leadership of both political regimes directly exhibits the character of the Malaysian and Saudi Arabian ruling regime because in the case of Malaysia, for instance, the Prime Minister is also the President of UMNO, the party that leads the National Front to rule the country, and this is not different too much for Saudi Arabia where the King himself has the absolute power to determine the direction of his own kingdom. Moreover, since the political regime of these two countries are keep changing over the years, hence, by focussing on the leadership periods of both regimes, the study will be able to illustrate the different policies and actions taken by both countries' leaders in order to ensure the survival of their regimes which, in some ways, might further determine the character of Malaysia's relations with Saudi Arabia. In doing this, the discussion will begin with Malaysia's side (from the first Malaysian premier; Tunku Abdul Rahman, Tun Razak, Tun Hussein Onn, and Dr. Mahathir), and then it will be followed in the analysis of the Saudi regime's recognition on Malaysia.

## 4.2 Malaysia's Relations with Saudi Arabia Under Tunku Abdul Rahman Era

Malaysia's relations with Saudi Arabia, especially during the onset of Tunku Abdul Rahman,<sup>229</sup> era was generally considered as traditional or ancient links between the two countries. This ancient link is best illustrated in the words of Peter Boyce : "...in the relatively innocent and uneventful years 1957-62, Malaya<sup>230</sup> did not extend its diplomatic interests in the Muslim world beyond Egypt and Saudi Arabia".<sup>231</sup> This statement principally signals to the religious relations between Malaysia and Saudi Arabia, which have been interacted since the era of the Malacca Sultanate or earlier. This is because pilgrimage and education are the main activities that maintained the association of both countries for a long time until the early independent period. Dato' Abdullah mentioned that there was only a Malayan Consulate<sup>232</sup> in Jeddah in 1958 to look after the Malay Pilgrims, and it was responsible to the Malayan Embassy in Cairo, Egypt.<sup>233</sup> However,

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<sup>229</sup> Tunku Abdul Rahman Putra Al-Haj was the first Prime Minister of Malaya (1957-1970). He replaced Datuk Onn Jaafar as UMNO President from 1951-1971. In Malaysian political tradition, UMNO President automatically becomes a Prime Minister after an election held. S. Hashim Ahmad, *Jejak Keramat* (Ampang, Selangor : JUZ' ART, 1999), 8 & 38.

<sup>230</sup> The term Malaya was only used prior to 1963, and it was changed later following the admission of Sabah, Sarawak and Singapore to form the Federation of Malaysia in 1963.

<sup>231</sup> Peter Boyce, *Malaysia and Singapore in International Diplomacy : Documents and Commentaries* (Sydney : Sydney University Press, 1968), 175, Wan Mohd. Wan Musa, "Dasar Luar Malaysia Dengan Negara-Negara Arab (1957-1980) : Dari Perspektif Malaysia", *Latihan Ilmiah* (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1985/86), 28.

<sup>232</sup> Tuan Haji Othman Haji Mohd. Yusoff was the Malayan Consulate or Chargé d'Affaires, and Mr. Hanafiah as Second Secretary at that particular time. 'Formal Notes Between Malaysia and Saudi Arabia 1963', Ministry of Foreign Affairs, 20<sup>th</sup> November, 1963, National Archive of Malaysia (1083/1963), J.B. Dalton, "The Development of Malayan External Policy", 45.

<sup>233</sup> Malayan Embassy in Egypt established in 1960. Dato' Abdullah Ahmad, "Tengku Abdul Rahman and Malaysia's Foreign Policy, 1963-1970", *Unpublished Thesis (Degree of M. Litt)* (University of Cambridge, 1984), 109, "Informal relations between Egypt and Malaysia have come a long way", *Egypt-Malaysia, Religion*, 8/2/1997 (<http://www.arabicnews.com/ansub/Daily/Day/970802/1997080219.html>).

the Consulate was later upgraded to Embassy of the Federation of Malaysia corresponding to the establishment of Malaysia on the 1<sup>st</sup> September, 1963.<sup>234</sup>

Tunku's first visit as Prime Minister to Saudi Arabia, where he received a warm welcome from the Saudi government, was on the 18<sup>th</sup> of June, 1958, where he performed pilgrimage in Mecca to give thanks for God for giving Malaya full independence from Great Britain on the basis of mutual negotiations between the two parties.<sup>235</sup> After then, there was no formal visit made by Tunku to Saudi Arabia because he put more stress on domestic affairs in order to develop Malaya as a peaceful and prosperous country. Despite that, in the early 1960s, Tunku attempted a few plans to bring together Muslim-Arab countries for closer co-operation, which might indirectly keep Malaysia's relations with Saudi Arabia more intact. For example, in 1961 Tunku attempted to revive Muslim as well as Arab countries to unite under one flag, or form a Commonwealth of all Muslim countries. Unfortunately, only Pakistan supported the idea, while other Muslim-Arab counterparts, including Saudi Arabia, were less enthusiastic about it. Following relentless efforts by Tunku, the first International Islamic Seminar was eventually held in Kuala Lumpur on April 21<sup>st</sup>, 1969, where Malaysia's relations with Muslim-Arab countries started to grow positively.<sup>236</sup>

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<sup>234</sup> Malaysian Embassy was transferred to Riyadh, however the Consul in Jeddah still existed and mainly dealt with registration and immigration matters for students and pilgrims. Interview with Raja Saifful Ridzuwan Raja Kamaruddin, Assistant Secretary for West Asia & North Africa, Wisma Putra, Putrajaya Malaysia on 2<sup>nd</sup> April, 2003 at 10.00-11.00am, Ministry of Foreign Affairs, "Formal Notes Between Malaysia and Saudi Arabia, 1963" National Archive of Malaysia (1083/1963).

<sup>235</sup> Wan Mohd. Wan Musa, "Dasar Luar Malaysia Dengan Negara-Negara Arab", 57, J.B. Dalton, "The Development of Malayan External Policy", 191.

<sup>236</sup> Mokhtar A. Kadir, Keamanan Sejagat : Peranan Malaysia Dalam Politik Antarabangsa (Kuala Lumpur : Dewan Bahasa & Pustaka, 1991), 83-85.



Nonetheless the turning point, especially for Malaysia's closer relations with Saudi Arabia as well as with the Arabs and Afro-Asia blocks, was during the confrontation launched by Indonesia and the Philippines protesting against the Malaysian plan to form the Federation of Malaysia in 1963. The King of Malaysia, Tunku Abdul Rahman and his government officials had to travel abroad, particularly to the West Asia and African continents to raise support internationally for an undivided recognition of the Government of Malaysia, and also to defy Indonesia-Philippines' confrontations. At this time, Malaysia felt itself much closer to the support of Muslim countries, especially the Arabs, and Africa. For example, between January and February 1964, Lee Kuan Yew<sup>237</sup> went to 17 countries in Africa, and was followed by Deputy Prime Minister Tun Razak's official tour of Mediterranean Arab countries such as Algeria, Morocco, Nigeria and Tunisia in November 1964, and April 1965.<sup>238</sup> Furthermore, on 3<sup>rd</sup> April, 1965, in order to further strengthen the support of the establishment of Malaysia, the King of Malaysia (Yang Dipertuan Agong, Baginda Sultan Perlis), Tuanku Syed Putra Syed Hassan Jamalullail (1920-2000), visited Saudi Arabia and other Arab Gulf States like Kuwait, Egypt and Jordan. At the same time the Indonesian Foreign Minister, Subandrio, also made a call to the Saudi government to go against Tunku's plan but proved to be unsuccessful.<sup>239</sup>

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<sup>237</sup> Lee Kuan Yew was the Chief Minister of Singapore at the time of joining the Federation of Malaysia.

<sup>238</sup> Mokhtar A. Kadir, *Keamanan Sejagat : Peranan Malaysia Dalam Politik Antarabangsa*, 84, Wan Mohd. Wan Musa, "Dasar Luar Malaysia Dengan Negara-Negara Arab", 24, Dato' Abdullah Ahmad, "Tengku Abdul Rahman and Malaysia's Foreign Policy", 110-111.

<sup>239</sup> "YDPA, Lawatan Negara ke Arab Saudi, Sambutan Ketibaan Baginda di Lapangan Terbang Jeddah, April 3, 1965", *Rekod Pandang dan Dengar*, National Archive of Malaysia, (2001/0029880, G.4217), "Last King of Malaya, First of Malaysia", *Sunday Mail*, 23<sup>rd</sup> March, 2003, Dato' Abdullah Ahmad, "Tengku Abdul Rahman and Malaysia's Foreign Policy", 110-111.

When the confrontations were finally over with Indonesia's approval to the Federation of Malaysia in June 1965, except for the Philippines which has yet to drop its claim over Sabah (one of the Malaysian states), various efforts were made by the Tunku regime to consolidate Malaysia's relations with Saudi Arabia, including the upgrade of Malaysian Consulate to Embassy status, and to organize as well as participate in several seminars and Muslim Summits, which obliquely brought Malaysia and Saudi Arabia closer. Among the seminars were the International Islamic Seminar in Kuala Lumpur on 21<sup>st</sup> April, 1969, the First Muslim Summit in Rabat, Maghribi on 22<sup>nd</sup> September, 1969, and the Meetings of Muslim Foreign Ministers in Jeddah, Saudi Arabia in 1970. The common agendas discussed concerned religious matters (for instance, the issue of organ donations, eyes and heart, by dead Muslim people), the question of Israeli-Palestinian conflicts, and the proposal to set up a Permanent Secretariat for Muslim countries in Jeddah, Saudi Arabia.<sup>240</sup>

Furthermore, on 7<sup>th</sup> June, 1970, it was the most historic moment for Tunku and the Malaysian government when King Feisal Ibn Abdel Aziz paid a four-day visit to Malaysia. While in Malaysia, King Feisal was officially involved in some educational occasions, and donated a large sum of money for religious developments in the higher learning institutions, and also to the grassroots level. King Feisal also openly called upon Tunku Abdul Rahman to become the first Secretary General of the Muslim Secretariat, later known as the Organization of Islamic Conference (OIC).<sup>241</sup> Since King Feisal's

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<sup>240</sup> Mokhtar A. Kadir, Keamanan Sejagat : Peranan Malaysia Dalam Politik Antarabangsa, 85, 86-88.

<sup>241</sup> "Majlis Santapan Di-Raja Kerana Meraikan D.Y.M.M Seri Paduka Baginda Al-Malik Faisal Ibni Abdul Aziz Al-Saud, Saudi Arabia, Istana Negara, June 7, 1970", Rekod Pandang dan

offer to Tunku to hold the top post, the relationship between the two figures gradually became more personal. Tunku took advantage of the relationship to secure more capital donations to his Islamic organization, PERKIM, in Malaysia when he retired in 1970 as Prime Minister, after the eruption of a riot on 13<sup>th</sup> May, 1969.<sup>242</sup> Tunku was officially replaced by Tun Razak, who also extended Malaysia's relations with the Kingdom of Saudi Arabia. Tunku died at the age of 88 on 6<sup>th</sup> December, 1990.<sup>243</sup>

#### **4.3 Tun Razak's Political-Economic Relations With Saudi Arabia**

As Tunku Abdul Rahman's relations with Saudi Arabia continued in the form of ancient links, except after the formation of the Federation of Malaysia, Tun Razak initiated some development programmes which might widen political and socio-economic relations between Malaysia and Saudi Arabia. By not merely depending on pilgrimage and education affairs, Tun Razak made several official trips to a group of Gulf States, including Saudi Arabia, to lure economic and investment opportunities from these oil-rich countries. For instance, after attending the Summit Conference in Lahore, Pakistan, Tun Razak, accompanied by Tengku Ahmad Rithauddeen, Ministry of Information and Special Functions, and other officials, visited Saudi Arabia from February 24<sup>th</sup> until March 3<sup>rd</sup> 1974.<sup>244</sup> This was followed by the Malaysian Economic Mission to the Middle Eastern countries led by the Honourable Raja Tan Sri Mohar Raja Badiozaman, Special

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Dengar, National Archive of Malaysia, (1999/0023163), Mokhtar A. Kadir, Keamanan Sejagat : Peranan Malaysia Dalam Politik Antarabangsa, 87.

<sup>242</sup> The issue of Saudi's contribution in education (financial assistance), capital donation and OIC will be further discussed in other chapters (VI & VII).

<sup>243</sup> S. Hashim Ahmad, Jejak Keramat, 38, J.B. Dalton, "The Development of Malayan External Policy", 362 (Appendix I).

<sup>244</sup> Ministry of Foreign Affairs, "Formal Notes Between Malaysia and Saudi Arabia", 13<sup>th</sup> February, 1974, National Archive of Malaysia (1150/1974, 1151/1974).

Economic Adviser to the Prime Minister of Malaysia, who went to Saudi Arabia between 26<sup>th</sup> March and 3<sup>rd</sup> April, 1974. Among the main objectives for the mission was to explore the possibilities of increasing Malaysian exports to West Asia, and also to promote investment and the setting up of joint-venture enterprises in Malaysia.<sup>245</sup>

Furthermore, from January 27<sup>th</sup> to February 1st, 1975, Tun Razak, and his officials such as Datuk Abdul Rahman Yaakob, Chief Minister of Sarawak, Tengku Razaleigh Hamzah (Petronas Chairman), and Tan Sri Syed Nassir, journeyed again to Saudi Arabia and to other Gulf States like Kuwait, Bahrain, Qatar, the United Arab Emirates, and Bahrain. Tun Razak's mission was to attract these countries to invest and to establish joint-venture projects in the Third Malaysia Plan, such as hydro-electric projects, land development schemes in Pahang Tenggara, Terengganu Tengah and Bintulu Sarawak, the Kuantan port project, and airfields.<sup>246</sup> During this journey, Tun Razak successfully secured a Saudi loan amounting to \$200 million, and both governments also agreed to set up a joint-commission committee to further discuss the economic and technical co-operation agreement between the two countries.

Tun Razak's government also succeeded in obtaining Kuwait's promise to give away loans of \$100 million and other economic and trading treaties with Bahrain, Oman,

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<sup>245</sup> Basically, this mission was also to penetrate Pakistan market and investment. See Ministry of Trade and Industry, A Handbook of Malaysian Economic Mission to Saudi Arabia and Pakistan, March 25-April 7, 1974. Ministry of Foreign Affairs, "Formal Notes", 19<sup>th</sup> March, 1974, National Archive of Malaysia (1150/1974, 1151/1974).

<sup>246</sup> Ministry of Information, News from Saudi Arabia, xi (545) February 4, 1975, 1 & 6, Ministry of Foreign Affairs, "Formal Notes Between Malaysia and Saudi Arabia", 15<sup>th</sup> January, 1975, National Archive of Malaysia (1152/1975, 1153/1975), "Tun Tells of Viable Projects, Offers for Arabs", The Star, January 19, 1975.

Qatar, and United Arab Emirates (UAE).<sup>247</sup> As the Prime Minister of a Muslim country, Malaysia, Tun Razak also played a role, along with Saudi Arabia, in enhancing relations between Muslim countries. Even while Tun Razak was the deputy to Tunku Abdul Rahman, he represented Malaysia in the First Muslim Foreign Summit in Jeddah, Saudi Arabia in March 23-25, 1970. On June 23, 1974, Tun Razak chaired another Muslim Foreign Summit in Kuala Lumpur, Malaysia. At this summit, Tun Razak urged the Muslim community and the world to help the Palestinian people, and also proposed to found a Palestine Liberation Organization (PLO) representative in Kuala Lumpur.<sup>248</sup>

Due to the short period of his government (1970-1976), about 6 years, Tun Razak had inadequate time to carry out more than a few development programs that could render Malaysia's relations with Saudi Arabia more intimate. Moreover, with the passing away of King Feisal on March 26, 1975, the direction of the Saudi government changed somewhat.<sup>249</sup> Tun Razak died at the age of 54 on January 14, 1976, in London.<sup>250</sup> He was succeeded by another influential figure, Tun Hussein Onn, who also had the desire to interact with the Kingdom of Saudi Arabia.

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<sup>247</sup> Mohd. Wan Musa, "Dasar Luar Malaysia Dengan Negara-Negara Arab", 75-81, Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985", Latihan Ilmiah (Kuala Lumpur, Universiti Kebangsaan Malaysia, 1991/92), 55.

<sup>248</sup> Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985", 50-51.

<sup>249</sup> "Kemangkatan King Feisal, Perdana Menteri, Tun Abdul Razak Hussein, Menandatangani Buku Takziah di Kedutaan Arab Saudi, Kuala Lumpur, March 26, 1975", Rekod Pandang dan Dengar, National Archive of Malaysia (2001/0043096, G.13750).

<sup>250</sup> Rozeman Abu Hassan, Tun Abdul Razak Bin Dato' Hussein : Dasar Luar Malaysia 1970-1976, 119-120, S. Hashim Ahmad, Jejak Keramat, 48.

#### 4.4 Towards Much Improved Bilateral Relations under Tun Hussein Onn

After the sudden loss of Tun Razak in 1976, Tun Hussein Onn became the third Prime Minister of Malaysia. Like his predecessors, he continued to journey to Saudi Arabia, and also to other Gulf States. This tour, in fact, was to follow up, and further the actions of, the visit by the late, Tun Hj. Abdul Razak, who had planned to visit Saudi Arabia in February 1976.<sup>251</sup> Tun Hussein departed from Malaysia on 16<sup>th</sup> of May, 1976 by executive jet F28, and was accompanied by a 14 member official delegation. Among those officials were Tengku Datuk Ahmed Rithauddeen, Foreign Minister, Datuk Ahmad Zainal Abidin bin Mohamed Yusof, Secretary-General of the Ministry of Foreign Affairs, and others. Tun Hussein was expected to call on King Khaled Ibn Abdel Aziz, Crown Prince, the First Deputy Prime Minister Prince Fahd, and other Saudi government ministers to discuss political and socio-economic matters. The Malaysian Prime Minister also hoped for Saudi Arabia's greater participation in development programs in Malaysia.<sup>252</sup>

While in Saudi Arabia, various activities and meetings had been arranged by the Saudi government for Tun Hussein and his officials. For instance, Tun Hussein was granted special appreciation by Gubenor Mecca, Amir Fawaz Ibn Abdel Aziz, by allowing him to pray in *Ka'abah* (the highest respect of worship), which was only opened once a year during hajj (pilgrimage season).<sup>253</sup> Tun Hussein also met Malaysian students

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<sup>251</sup> "Dato' Hussein with a 14 Member Official Delegation Left by Executive Jet F28 for Riyadh", The Star, May 17, 1976.

<sup>252</sup> Ministry of Information, News From Saudi Arabia, xiii (611) May 25, 1976, 1 & 5, "Dato' Hussein with a 14 Member Official Delegation Left by Executive Jet F28 for Riyadh", The Star, May 17, 1976.

<sup>253</sup> "Datuk Hussein Onn Sembahyang Dalam Ka'abah", Utusan Melayu, May 21, 1976.

in Jeddah, Mecca and Medina. A meeting for a socio-economic discussion between Tengku Rithauddeen, Malaysia's Foreign Minister, Sheikh Mohamad Ibn Kitail, Finance Minister of Saudi Arabia, and Dr. Mahsun Jalal, Minister for Economic Development of Saudi Arabia also took place. Among the matters raised included the request by Malaysian officials for a few files about the Saudi development plan to be analyzed and learnt by Tun Hussein's government, the exchange of information through mass-media, and the issue of education in which both countries agreed to discuss terms so that their degrees and diplomas could be recognized for postgraduate studies. Beside that, Tun Hussein and his government also showed firm support for Arab initiatives to help the Palestinians.<sup>254</sup>

Tun Hussein's five day tour in Saudi Arabia could be considered as successful because he was able to convince the Kingdom to agree to give financial assistance, which was really needed by the Malaysian government to implement its development plan. The Saudi government pledged full co-operation and financial assistance to a few projects under the 3<sup>rd</sup> Malaysia Plan amounting to a \$194.6 million loan to Malaysia, which would be further discussed in the Conference of the Malaysian-Saudi Arabian Joint Commission under the Cultural and Scientific Agreement 1976.<sup>255</sup> Before that (during Tun Razak's

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<sup>254</sup> "Datuk Hussein Onn Sembahyang Dalam Ka'abah", Utusan Melayu, May 21, 1976, "Malaysia and Saudi Arabia Agreed to Discuss Education Affairs", The Star, May 26, 1976.

<sup>255</sup> The Cultural and Scientific Co-operation Agreement 1976, which was prepared by Sheikh Reza (Saudi Arabia), and Datuk Zakaria Hj. Mohd. Ali (Malaysia), includes the exchange of academicians, documents, research, publication, films, journalist, athletic. This will be mentioned in other chapters. "The File of Malaysia-Saudi Arabia Cultural and Scientific Co-operation Agreement 1976", National Archive of Malaysia, Department of Statistics, The Ministry of International Trade and Industry (MITI), 10<sup>th</sup> of March, 2001, "Lawatan Rasmi ke Arab Saudi, Perjanjian Kerjasama Kebudayaan dan Saintifik telah ditandatangani, May 23, 1976", Rekod Pandang dan Dengar, National Archive of Malaysia (2001/0043836, G.14448).

official visit in 1975), King Fahd had given away \$200 million for four projects: the construction of a medical faculty at the National University of Malaysia, the University Technology of Malaysia's development project, the Pahang Tenggara land project, and the land development project in Ulu Kelantan.<sup>256</sup> Unfortunately for Tun Hussein, due to a severe health problem, he had to withdraw from government in 1981. His short-lived administration (1976-1981), like the late Tun Razak, did not allow Tun Hussein to have sufficient time to further improve Malaysia's relations with Saudi Arabia. After struggling with his life, Tun Hussein eventually passed away, due to a heart problem, on May 29, 1990.<sup>257</sup>

#### **4.5 Mahathir Era : Dynamic Relations**

It is publicly well-known that Dr. Mahathir is the longest serving Prime Minister of Malaysia. He took over from Tun Hussein, who withdrew due to poor health, in 1981. Without looking back to the era of his predecessors, Dr. Mahathir made a few dynamic changes to Malaysia's external relations at the international level. He stressed ASEAN regional co-operation (security, political and socio-economic fields), closer relations with Islamic countries, especially with the Middle Eastern counterparts, and also put emphasis upon the implementation of the Look East Policy in the Malaysian economy.<sup>258</sup> His longer term as the Prime Minister of Malaysia, compared to the previous leaders, gave

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<sup>256</sup> "Saudi's Financial Assistance Under 3<sup>rd</sup> Malaysian Plan", *The Star*, May 23, 1976.

<sup>257</sup> S. Hashim Ahmad, *Jejak Keramat*, 56 & 60.

<sup>258</sup> For example, see David Camroux, "Looking East and Inwards : Internal Factors in Malaysian Foreign Relations During the Mahathir Era, 1981-1994", *Australia-Asia Paper No. 72* (Griffith University : Faculty of Asian and International Studies, Centre for the Study of Australia-Asia Relations, October 1994), 14-29.



him more opportunities to augment Malaysia's relations with other countries, mainly the Kingdom of Saudi Arabia.

As soon as he became Prime Minister, Dr. Mahathir and his officials, Tengku Razaleigh Hamzah (Ministry of Finance), Tengku Ahmad Rithaudden (Ministry of Trade and Industry), Tan Sri Ghazali Shafiee (Ministry of Foreign Affairs), went to the Gulf States, including Saudi Arabia from March 5 to 7, 1982. Prior to his trip, the King of Malaysia, Sultan Haji Ahmed Shah and other officials had arrived on January 24<sup>th</sup>, 1982. The King also discussed socio-economic opportunities as well as the issues of the Palestinian and the Arab World.<sup>259</sup> Dr. Mahathir's trip had two missions, firstly to discuss and to mediate on the Iran-Iraq war in Jeddah (where the Saudi government was the host to discuss the war), and secondly to look for new economic and investment prospects as well as to obtain financial assistance from the Gulf States to further accelerate Malaysian development projects. In the case of Iran-Iraq war, Malaysia had been selected by the Organization of Islamic Conference (OIC) with other six members, Pakistan, Bangladesh, the PLO, Turkey, Senegal, and Gambia, to bring about a ceasefire between Iran and Iraq. Nevertheless, their efforts to persuade both conflicting parties to end the crisis were fruitless.<sup>260</sup>

Among the Gulf States visited by Dr. Mahathir were Bahrain, Oman, the United Arab Emirates (UAE), and Saudi Arabia. The visit was to expand the signing of new

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<sup>259</sup> Saudi Review, 24<sup>th</sup> January, 1982, Saudi Review, 26<sup>th</sup> January, 1982.

<sup>260</sup> Even Malaysia, during the Muslim Summit in Baghdad, had proposed seven ways to cease the conflict, but also failed. Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985", 115-118, "Diplomat Mahathir on Peace Mission", The Star, March 5, 1982.

agreements in economic and technical co-operation since the era of Tun Razak in 1975, and Tun Hussein in 1976 and onwards, where Malaysia had received six loans amounting to \$248 million from Saudi Arabia. 62 per cent from these loans was utilized in land development projects in the National University of Malaysia, the National Technology of Malaysia, and Maktab Rendah Sains Mara.<sup>261</sup> During his trip to the Gulf States in 1982, Dr. Mahathir also managed to secure a few loans from Saudi Arabia. For example, a loan agreement of \$10.6 million from the Saudi Fund had been signed between Tengku Razaleigh Hamzah (Malaysia's Finance Minister) and Mohammad A. Al-Sugair (Deputy Chairman of the Saudi Fund) in Kuala Lumpur. The loan was to build five hospitals in the states of Kedah, Kelantan and Terengganu. The Saudi government also promised to distribute another \$58 million from the Saudi Fund for the second phase of Lebuhraya Timur-Barat construction, and on January 24<sup>th</sup>, 1986, the Saudi Development Fund approved SR189.00 million (equivalent to RM132.2 million) for the second phases of two projects, the Port Project in Penang Island, and Lebuhraya Timur-Barat.<sup>262</sup> Up to 1984, the overall loan from the Saudi Fund was \$252.2 million.<sup>263</sup> Furthermore, in 1985, the Malaysian government allowed the National Shipping Company of Saudi Arabia (NSCSA)<sup>264</sup> to have access to the Malaysian ports. This led to the setting up of a Joint-Committee between the National Trade and Commerce Council of Malaysia and the

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<sup>261</sup> Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985", 106.

<sup>262</sup> Ministry of Finance, Laporan Ekonomi 1986/87 (Kuala Lumpur : Jabatan Percetakan Negara, 1986), 151.

<sup>263</sup> The loan given by the Saudi Fund (along with The Kuwaiti Fund amounted \$137.8 million) was mainly utilized in agriculture projects, education, land development and medical facilities. This loan may exclude the loan for the second phase as it was only approved in 1986. See Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985", 108, and economic report by the Ministry of Finance, Laporan Ekonomi 1986/87 (Kuala Lumpur : Jabatan Percetakan Negara, 1986), 151 for an useful explanation.

<sup>264</sup> See website of National Shipping Company of Saudi Arabia ([http://www.nscsa.com/htmls/Ofcs\\_MdlEast.html](http://www.nscsa.com/htmls/Ofcs_MdlEast.html))

Middle East Trade, Industry and Agriculture Council, which indirectly expanded the areas of bilateral trade relations for both parties. Besides that, Dr. Mahathir's government also created various trade exhibitions in the Middle East in order to attract more potential buyers for Malaysian products.<sup>265</sup> Not only that, but Malaysia's relations with Saudi Arabia in the 1980s were further boosted by the visit as well as by appreciation from a few Saudi officials who came to Malaysia, such as the meeting of Dr. Ali Aziz Al-Khudiri (Assistant-Deputy of Media Radio and Information, Saudi Arabia), and Mr. Kasim Ahmad (Deputy of Information Minister, Malaysia) on January 22, 1985, which brought another agreement signed on the launch of Islamic Radio Programme called '*Nida ul-Islam*' between Malaysia and Saudi Arabia.<sup>266</sup>

As the relationship headed towards the 1990s, most of the efforts were concentrated towards improving and balancing trade exchanges between Malaysia and Saudi Arabia as the former was running a deficit in its bilateral trade relations with the latter. For instance, from 1999 to 2000, Malaysia's trade relation with Saudi Arabia was registered as one of the highest deficits, about -RM1,19.24 million, and the Saudi government only ranked 27 in Malaysia's external trade relations, whereas the United States, the European countries, Japan and Singapore were the main trading partners.<sup>267</sup> Then, in trade agreements, Malaysia and Saudi Arabia only managed to secure three major signings: the Economic and Technical Cooperation Agreement 1975 (Tun Razak

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<sup>265</sup> Fariza Hanum Ahmad Ramli, "Sejarah Hubungan Malaysia-Asia Barat Sehingga 1985", 106-111.

<sup>266</sup> "Saudi Arabia, Penolong Timbalan Media Radio dan Penyiaran dan Timbalan Penerangan, En. Kassim Ahmad Menandatangani Minit Mesyuarat Mengenai Rancangan NIDAL AL-ISLAM di Kuala Lumpur, January 22, 1985", *Rekod Pandang dan Dengar*, National Archive of Malaysia (2001/0049389, G.19507).

<sup>267</sup> See note 191 in the Chapter III and note 367 in the Chapter V.

era), the Cultural and Scientific Cooperation Agreement 1976 (Tun Hussein era), and the Avoidance of Double Taxation Agreement 1993 (Dr. Mahathir era).<sup>268</sup>

Therefore, various attempts were taken by Dr. Mahathir's government, particularly in the economic field, to hasten the volume of trade and investment by the Kingdom of Saudi Arabia into Malaysia. For example, since the tragedy of the economic crisis in 1997, the Middle East region, especially Saudi Arabia and other Gulf States, have become the main target of the Malaysian government in looking for new markets and investment overseas. One of the most potential attractions, along with the efforts to increase volume exports, and to enlarge the quantity of exports of various products, which has been emphasized by the National Economic Plan Council of Malaysia after the economic crisis in 1997, is the tourism industry which endeavours to entice more Saudi visitors to Malaysia.<sup>269</sup> In other words, in the post-crisis of 1997, Malaysia has attempted to change the pattern of its relations with Saudi Arabia from one to two ways of communication, by depending less upon the financial assistance of the Kingdom and by gearing towards fair bilateral economic relations in the future.<sup>270</sup>

The above statement may be linked to the latest visits by Prince Abdul Aziz, the Second Deputy of Defence Minister of Saudi Arabia to Malaysia in May 2001, followed

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<sup>268</sup> See note 190 in the Chapter III and note 366 in the Chapter V.

<sup>269</sup> Prior to the crisis, tourists from the Middle East region had contributed to RM11.3 billion from 1990-1996 to the development of the Malaysian economy. See Majlis Tindakan Ekonomi Negara, "Pelan Pemulihan Ekonomi Negara : Agenda Tindakan", (Kuala Lumpur, Ogos 1998), 218 & 221.

<sup>270</sup> Interview with Raja Saifful Ridzuwan Raja Kamaruddin, Assistant Secretary for West Asia & North Africa, Ministry of Foreign Affairs, April 2, 2003, 10.00-11.00 am, Putrajaya, Kuala Lumpur.

by the Malaysia's Deputy Prime Minister (later became Malaysian Prime Minister in 2003), YAB Datuk Abdullah Badawi to the Kingdom in September 2001 to meet King Fahd. In those visits, various issues and events were discussed, but specifically on economic and investment opportunities, including tourism.<sup>271</sup> This event also led to the Second Saudi-Malaysian Commission meeting in Kuala Lumpur, which lasted three days, concluding on May 12, 2001. In this meeting, Ibn Mohammed Al-Kurdi, the Secretary General of the Council of the Saudi Chambers of Commerce and Industry revealed that both countries have identified potential areas which could be improved, particularly on the Saudi non-export oil to Malaysia, participation in joint investment, the implementation of the new regulation of Umrah (minor pilgrimage), and Saudi tourism in Malaysia, as well as announcing that the volume of trade exchange between Malaysia and Saudi Arabia amounted to SR2188 million in 2000.<sup>272</sup> The most recent event was on October 2002, when Dr. Mahathir was officially invited to Riyadh, Saudi Arabia to present a keynote address in a seminar on "The Future Vision for the Saudi Economy". In the seminar Dr. Mahathir addressed how the Saudi government can vary their economic resources by not merely depending on crude oil to be exported abroad. The re-forestation of deserts using artificial irrigation and oil conversion into other products such as electrical power, may make the Saudi economy more stable in the future.<sup>273</sup>

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<sup>271</sup> Interview with Raja Saifful Ridzuwan Raja Kamaruddin, Assistant Secretary for West Asia & North Africa, Ministry of Foreign Affairs, April 2, 2003, 10.00-11.00 am, Putrajaya, Kuala Lumpur.

<sup>272</sup> "12/05/2001 Saudi-Malaysian Commission Concludes Meeting", Saudi Arabian Information Resource, 12<sup>th</sup> May 2001 (<http://www.saudinf.com/main/y2488.htm>).

<sup>273</sup> "Seminar on the Future Vision for the Saudi Economy", the King Faisal Hall Riyadh Inter-Continental Hotel, October 19<sup>th</sup> 2002, Prime Minister Office, Putrajaya, Malaysia.

#### 4.6 The Significance of Relations for the Malaysian Political Regime

In *real politik*, some researchers will argue that most of the efforts or initiatives undertaken by leaders for their country are merely for the survival of their political regimes or for the continuation of the dominance of their own party struggle over others. For this study, without full ignorance of the *real politik* notion, the researcher also inevitably presumes that those efforts taken by the Malaysian leaders in preserving bilateral relations with Saudi Arabia were, more or less, concerned with the struggle of their political wishes. It is not the objective of this study, however, to undermine those valuable efforts in bringing Malaysia closer to Saudi Arabia, but should be noticed that there are some indications that there are links between those efforts and the Malaysian regime's political interests.

As has been mentioned before, among the major facet of political interests that can be associated to Malaysia's relations with Saudi Arabia, apart from securing economic opportunities from the Kingdom which have been highlighted before (where during the Malaysian leaders' visit to Saudi Arabia they received a few sum amounts of financial aid), might be for the portrayal of religious commitment, both domestically and internationally.<sup>274</sup> The attempt to relate this issue of religious commitment to the significance of Malaysia's relations with the Kingdom for the Malaysian political regimes is largely due to the nature of the relations which have been historically

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<sup>274</sup> The promotion of Islam by Malaysian leaders, both at home, and at the international level, is vital for the continuance of their political survival. See for instance, Mohamad Abu Bakar, "Islam in Malaysia's Foreign Policy", *Hamdard Islamicus* xiii (1) 1990, 3-13, Diane K. Mauzy & R.S. Milne, "The Mahathir Administration in Malaysia : Discipline through Islam", *Pacific Affairs* 56 (4) Winter 1983-84, 631-648, Shanti Nair, *Islam in Malaysia's Foreign Policy*, (London : Routledge, 1997).

overwhelmingly established on 'socio-religious orientation' (pilgrimage and education) since the era of the Malacca Sultanate to the present. This, together with the image of Saudi Arabia, which is habitually considered as one of the Islamic states<sup>275</sup> and the custodian of two Islamic Holy Places, Mecca and Medina, but more importantly, the continuous maintenance of Malaysia's mutual relations with the custodian of two Holy Places, could be viewed as part of the portrayal of the Malaysian political regimes' (UMNO) 'religious appearance' in facing domestic religious pressures. This especially concerns the highly domestic appeal (particularly by the Malaysian Muslims) for Islam, usually in matters related to pilgrimage and education in the Kingdom, and to counter Islamic opposition parties as well as to manifest Malaysia's close affiliation with her Muslim counterparts, including the Kingdom of Saudi Arabia, which is so significant for its political continuance in the Muslim world at large. In order to examine this argument, the study will critically evaluate how the Malaysian political regime responds to this challenge. Due to the different situations and challenges faced by the Malaysian political regime in maintaining its relations with the Saudi government, the study will systematically analyze the portrayal of religious commitment based upon the leadership period of the Malaysian leaders.

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<sup>275</sup> A few researchers define distinctly between Islamic state and Muslim state. The former refers to the complete regulation of *Shari'ah* for both the government and the administration, whereas the latter, still considers the *Shari'ah* Laws important, but the implementation is separable from the government, and it usually applies to the religious institutions. David George, "Pax Islamica : An Alternative New World Order?", in A.S. Sidahmed & A. Ehteshamic (ed.) Islamic Fundamentalism (Boulder : Westview Press, 1996), 88, Patricia A. Martinez, "The Islamic State or the State of Islam in Malaysia", Contemporary Southeast Asia 23 (3) December 2003, 492-493 (Patricia highlights more on the definition of an Islamic state, and attempts it to link with the Malaysian situation).

#### 4.6.1 The Tunku Abdul Rahman Regime

It would be inaccurate to overstress the argument that Malaysia's relations with Saudi Arabia are totally for the religious portrayal of Islam, for the scope of the relations could be much wider and not merely concentrate on religious issues. Even Malaysia's Islamic relations do not only focus on Muslim-Arab counterparts, they cover all Muslim countries without taking into account the nationality of the government, whether from Asian, African, Arab, or European continents.<sup>276</sup> Nevertheless, the religious responsibility of Saudi Arabia as the custodian of the two Holy Places, Mecca and Medina, and as one of the well-known Islamic learning centres, subsequently and religiously led Malaysia closer to the kingdom. This is as what happened during the Tunku regime's early independent era, and prior to 1963, where his policies towards Saudi Arabia were based more on traditional and ancient relations, mostly on pilgrimage and education affairs, and no other issues were formally discussed between these two countries. This was partly also owing to the Tunku's government's foreign policy, which was mainly pro-western and anti-communist. The Malayan government had just achieved independence from Great Britain and was still hugely dependent upon it. The Defence Treaty signed between Malaya and the British government consequently pushed the level of affiliation much higher. The treaty was to provide each other with mutual aid in the event of an armed attack on either Malayan or British possessions in the Far East.<sup>277</sup>

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<sup>276</sup> Mohamad Abu Bakar argued that Islam never occupied a central position in Malaysia's foreign policy, and in its long established ties with the Muslim Middle East. Mohamad Abu Bakar, "Islam in Malaysia's Foreign Policy", 3. See also Khoo Boo Teik, Paradoxes of Mahathirism, 159.

<sup>277</sup> J. Saravanamuttu, The Dilemma of Independence : Two Decades of Malaysia (Penang : Penerbit Universiti Sains Malaysia, 1983), 21, Wan Mohd. Wan Musa, "Dasar Luar Malaysia Dengan Negara-Negara Arab", 24.



Because of the limited resources and trained personnel officials the Malayan government was further restricted in enhancing its relations with other countries which were willing to establish diplomatic and economic relations with her, except for Saudi Arabia. J.B. Dalton pointed out that on December 12<sup>th</sup>, 1957, Tunku Abdul Rahman revealed that Malaya had to refuse invitations from 20 countries to establish diplomatic relations because of a lack of official personnel.<sup>278</sup> Therefore, due to the nature of the Tunku's policy and limited resources, most of the Malayan personnel were trained by Great Britain and Australia. They were given experience serving in the United States, India and Pakistan under the guidance of British diplomats, and also in Canberra in the Australian Department of External Affairs. The major tasks concentrated largely on trade, information and student affairs.<sup>279</sup>

Furthermore, the Tunku regime also faced various challenges at the domestic level. The biggest challenge was the complexity of Malaya's plural society, comprised of three different ethnic groups, Malay, Chinese and Indian (plus Bornean people when Sabah and Sarawak joined Malaya in 1963). As admitted by Tunku: "In our country today, unlike any other country in the world, we have so many people with different origins and divided loyalty.....".<sup>280</sup> The complexity of Malayan society brought a few unhappy moments for Tunku's reign, such as unequal distribution in the socio-economic field, and the tragedy of May 13<sup>th</sup>, 1969 where a riot erupted between Malay and Chinese

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<sup>278</sup> Dato' Abdullah Ahmad, "Tengku Abdul Rahman and Malaysia's Foreign Policy", 109, J.B. Dalton, "The Development of Malayan External Policy, 1957-1963", Unpublished Ph.D. Thesis (Oxford : University of Oxford, 1967), 44.

<sup>279</sup> J.B. Dalton, "The Development of Malayan External Policy," 43-44.

<sup>280</sup> J.B. Dalton, "The Development of Malayan External Policy, 22-23.

communities in Kuala Lumpur.<sup>281</sup> In other words, at the domestic level, most of the efforts were concentrated more on re-building and accommodating Malaysian multi-racial society, especially in the socio-economic development.

From the 1960s onwards, however, there were some efforts made by the Tunku regime to proclaim his religious commitment to the Islamic world, although at the early stage it did not directly involve Saudi Arabia. In 1956, Tunku sent a delegation of members of Parliament to tour Muslim countries in order to interest them in the promotion of Islamic brotherhood and in the study of the possibility of bringing about closer co-operation among Muslim people. This was followed by his call in 1961 engaging all Muslim counterparts to unite under the Commonwealth of Muslim countries. Tunku believed that the British Commonwealth could become a good model for Muslim countries to set up 'another Commonwealth' in enhancing co-operation as well as reducing the differences between them.<sup>282</sup> As he put it: "It is my dream to form a Commonwealth of all Muslim countries, somewhat after the pattern of the British Commonwealth. If the British Commonwealth can bring together in harmony people from four corners of the earth, then why can the Muslim world not join together in a common bond of friendship, thus making a contribution to global harmony".<sup>283</sup> However, as has been said before, this call was coolly welcomed, even Saudi Arabia was less keen about the idea, and only Pakistan supported it. That the Saudi government was unwilling

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<sup>281</sup> See note 203 in the Chapter IV, and see also John Slimming, Malaysia : Death of a Democracy (London : John Murray Publishers, 1969), 25-51.

<sup>282</sup> Shanti Nair, Islam in Malaysian Foreign Policy (London : Routledge, 1997), 56 & 83-84.

<sup>283</sup> Anidah Robani, "The Attitude and Role of the Malaysian Government Towards the Palestinian Issue, 1957-1989", Unpublished M.A. Thesis (International Islamic University of Malaysia, February 2001), 56, Peter Boyce, Malaysia and Singapore in International Diplomacy, 175.

to respond Tunku regime's call was largely due to its allegiance with the idea of Pan-Islamism to challenge Jamal Abdel Nasser of Egypt for Arab leadership in the Middle East.<sup>284</sup>

The Tunku regime also initiated some religious activities, for example hosting and actively participating in a few International Islamic Seminars, campaigning on the Palestinian question in the United Nations, Commonwealth and Non-Aligned Movement Conferences, making a Joint-Communiqué with King Feisal of Saudi Arabia to criticize the Israeli usurpation of the Arab lands, offering the Al-Fatah movement an office in Kuala Lumpur,<sup>285</sup> and being involved in other Muslim issues such as Muslim minorities in Pattani, Thailand and the Philippines, which eventually led to Tunku's appointment as the first Secretary of the Organization of Islamic Conference (OIC). His appointment as OIC Secretary, in fact, had been offered personally by King Feisal of Saudi Arabia, while Tunku was still the Prime Minister, during his official visit to Malaysia in 1970.

A question may arise as to why King Feisal proposed Tunku as the first OIC Secretary, and why not other Arab or Asian Muslim leaders? The most probable answer for this was that most of the Arab countries were still at war against Israel, especially

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<sup>284</sup> For instance, on May 16-20, 1962, Saudi Arabia organized an International Islamic Conference, '*Dhu al-Hizaz*' to challenge Pan-Arabism disseminated by Jamal Abdel Nasser of Egypt. King Feisal also visited a few Muslim counterparts including Iran, Jordan, Sudan, Palestine, Turki, Morocco, Tunisia and others to promote Pan-Islamism. Hugh Thomas, *The Suez Affair* (London : C. Tinling & C. Ltd., 1966), 10, Gomathi A/P Vanathan, "Penglibatan Malaysia di Dalam OIC, 1969-1990", *Latihan Ilmiah* (Kuala Lumpur : Universiti Kebangsaan Malaysia, 1995/1996, 11-13.

<sup>285</sup> For further elaboration on Malaysia's involvement in Palestine during Tunku era, see for instance Anidah Robani, "The Attitude and Role of the Malaysian Government Towards the Palestinian Issue, 1957-1989", 56-71, Shanti Nair, *Islam in Malaysian Foreign Policy*, 59 & 85, Mohamad Abu Bakar, "Islam in Malaysia's Foreign Policy", 8-9.

after the Arab-Israeli War of 1967 which brought massive casualties to the Arabs and further occupation of land by the Israelis, and the challenge of Jamal Abdel Nasser to Arabs' leadership (however, his successor Anwar Sadat was pro-Pan Islamism), might cause a distraction from full concentration in handling the management of the organization. In the case of Asian leaders, it was quite discernible that both Tunku and Sukarno were the leading actors in the Asian Muslim region. However, living in the bipolar era, Sukarno was much closer to the Soviet Union, while Tunku had good relations with liberal democratic blocs, mainly the United Kingdom and the United States, as Saudi Arabia did, so this situation had given advantages for Tunku to be suggested as the first Secretary of OIC.<sup>286</sup> His important position in OIC, made the Tunku regime's relations with King Feisal of Saudi Arabia become personally closer, and this was indirectly beneficial for Tun Razak's government (Tunku's successor) where the level of interaction was much further improved, and also to Tunku's religious organization, PERKIM (after he relinquished his OIC Secretary post), which frequently received several donations from the Kingdom of Saudi Arabia to implement *dakwah* activities in Malaysia.

It is quite indicative that in the Tunku regime's early independent era, the element of religious commitment in Malaysia's relations with Saudi Arabia was confined only to the affairs of pilgrimage and education. However, this pattern of ancient relations

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<sup>286</sup> Nonetheless, there are various arguments given on Tunku's appointment. According to Ismail Abdul Halim, a former Malaysian official in Socio-Cultural Affairs of OIC, a secretary should be Muslim, knows Muslim ideology and has high vision. Tunku was appointed as he was skillful in administration, for example, gaining independence for Malaysia without war. Others argue, Tunku was active in championing Muslim issues at the international level, so his appointment was the highest recognition from the Muslim-Arab world. See Gomathi A/P Vanathan, "Penglibatan Malaysia di Dalam OIC, 1969-1990", 28 & 50.

changed abruptly in the 1960s and onwards, mostly due to the Tunku regime's ambitious plan to establish the Federation of Malaysia, a plan to form a greater Malaysia comprising Sabah, Sarawak, Singapore and Brunei. Because of the political pressures and confrontations launched by Indonesia and the Philippines, which both claimed that they had also some rights over the Malay Peninsula and Sabah, Tunku and his government officers had to make several official tours to the Middle East (including Saudi Arabia) and the Afro-Asia block in order to raise their recognition to the formation of Malaysia.<sup>287</sup> Yet, this change in the pattern of relations cannot be argued as further indication of the Tunku regime's religious portrayal: it was more towards gaining political recognition of the establishment of the Federation of Malaysia from the Kingdom.

In other words, the Tunku regime's efforts in showing its religious commitment in regard to Malaysia's relations with the Kingdom of Saudi Arabia (and indirectly also to the Muslim world) are mainly related to the form of the ancient links in the issue of pilgrimage, education, and some other Islamic activities (which were, in some instances, not directly bound to the Kingdom) but not to the Saudis' recognition for the establishment of the Federation of Malaysia. In some points, the Tunku regime's closer relations with the King Feisal's government could also be connected to Tunku's personal influence upon domestic affairs. This is because the Tunku regime was not only facing a challenge from the unequal distribution of economic resources amongst a multi-racial society, but also Islamic pressure from the Islamic Party of Malaysia (PAS) which

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<sup>287</sup> Rene Peritz, "The Changing World of Malaysia", Current History 52, January 1967, 31.

constantly called for the setting up of an Islamic State in Malaysia.<sup>288</sup> Having close relations with Muslim countries, especially Saudi Arabia, being actively involved in religious activities and his appointment as the OIC Secretary would give some moral motivation for the Tunku regime to indicate its religious image among the Malaysian Muslim community, as well as countering Islamic pressures from the Muslim opposition party, and other groups within UMNO itself, who were less satisfied with Tunku's policy.<sup>289</sup> Nevertheless, to simply argue that the Tunku regime was fully committed to the promotion of Islam, especially at the domestic level, would raise some doubts particularly on Tunku's opinion of the establishment of an Islamic State in Malaysia. As he commented on Dr. Mahathir's Islamization policy: ".....provided that Islam should only be the official religion. The notion of Islamic State was untenable in a multi-racial country like Malaysia. Besides, a true Muslim must respect the rights of all people of other faiths. There must never be any coercion or attempts to impose Islam upon people with other faiths".<sup>290</sup>

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<sup>288</sup> In the 1959 Election, 2 years after Malayan Independence, the Islamic Party of Malaysia (PAS) had gained 2 seats in Kelantan and Terengganu. Therefore, Muslim internationalism emphasized by Tunku relatively reduced PAS influence at the domestic level. Gomathi A/P Vanathan, "Penglibatan Malaysia di Dalam OIC, 1957-1990", 29.

<sup>289</sup> Tunku was not only facing pressure from opposition parties, but also from a group of young leaders within UMNO, which was called the 'Ultras Group' like Dr. Mahathir Muhammad and Datuk Musa Hitam, who were less supportive of Tunku's pro-western policy. They also urged him to drop his recognition to the State of Israel. Tunku recognized the emergence of Israel because it is a member of the United Nations. However, he eventually withdrew his recognition in 1967. See Shanti Shanti Nair, *Islam in Malaysian Foreign Policy*, 56, Anidah Robani, "The Attitude and Role of the Malaysian Government Towards the Palestinian Issue, 1957-1989", 63.

<sup>290</sup> Anidah Robani, "The Attitude and Role of the Malaysian Government Towards the Palestinian Issue, 1957-1989", 43, Media Conference Statement launching of the second phase of "No to 911, No to 929, Yes to 1957" People's Awareness Campaign in Penang by Lim Kit Siang, 28/7/2002 (<http://www.dapmalaysia.org/english/lks/jul02/lks1753.htm>).

#### 4.6.2 The Tun Abdul Razak Regime

In Malaysia's relations with Saudi Arabia, the Tun Razak regime changed the pattern from ancient and traditional links towards more political and socio-economic relations. Hence, is there any possibility of linking the Tun Razak regime's approach to the Saudi government with religious commitment? To discuss this argument, the basic orientation of Tun Razak's foreign policy needs to be considered. When Tun Razak was appointed as the second Prime Minister of Malaysia, succeeding Tunku Abdul Rahman on 22<sup>nd</sup> September 1970, Malaysia's external relations with other countries started to change dramatically. In contrast with Tunku, he preferred to have wider relations with other countries and did not solely focus on the western counterparts, especially Great Britain.

The main theme of Tun Razak's external policy was on the basis of non-aligned, integrity, and neutralization approach. These concepts denote the Tun Razak regime's attempt to seek relations with all countries, irrespective of their ideologies and their type of government, and to secure the recognition of and respect for Southeast Asia as a Zone of Peace, Freedom and Neutrality (ZOPFAN), free from any form or manner of interference by outside powers.<sup>291</sup> Despite the influence of the bipolarity era, the tussle between the United States and the former Soviet Union, the Tun Razak regime managed to initiate some efforts to establish new friends as well as consolidating a few existing bilateral relations with other countries.

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<sup>291</sup> Among the main reasons for Tun Razak's non-aligned and neutral policy was US withdrawal from Vietnam in 1971, and also US President Nixon's (The Nixon Doctrine) recognition of Communist China. Cheah Boon Kheng, *Malaysia : The Making of a Nation* (Singapore : Institute of Southeast Asian Studies, 2002), 150, K.S. Nathan, "Vision 2020 and Malaysian Foreign Policy : Strategic Evolution and the Mahathir Impact", *Southeast Asian Affairs* 1995, 222-223, J. Saravanamuttu, *The Dilemma of Independence : Two Decades of Malaysia's Foreign Policy* (Penang : Penerbit Universiti Sains Malaysia, 1983), 6-7 & 96-97.

The most unexpected action made by Tun Razak was during his visit to China in 1974, which was viewed as one of the big rivals to the pro-western democratic block. The main purpose of the visit was to gain China's support of the neutralization policy as well as to reduce China's threat to the Southeast Asian region.<sup>292</sup> Tun Razak also emphasized the sense of regionalism among ASEAN members by jointly forming the Declaration of the Zone of Peace, Freedom and Neutrality (ZOPFAN) signed in Kuala Lumpur on 27 November 1971 to indicate that Southeast Asia was not tied up to any bipolar superpowers.<sup>293</sup> In other words, Tun Razak's policy was more on non-aligned, ASEAN regionalism, and Commonwealth, while the policy towards Muslim relations was of less importance.<sup>294</sup>

Notwithstanding the above policies, this would not demote the issue of Malaysia's relations with Muslim countries, especially Saudi Arabia, under the Tun Razak regime. Instead, Tun Razak had doubled his efforts in luring the Kingdom to give loans as well as to invest in Malaysian developmental projects. He was relatively successful in changing the ancient relations to the new form of interactions, which were more centred on politic and socio-economic co-operation. As previously mentioned, Tun Razak was able to secure loans from the Kingdom to participate in several joint-venture projects between both countries.<sup>295</sup> Since the degree of diplomatic and economic relations with Saudi

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<sup>292</sup> Rozeman Abu Hassan, Tun Abdul Razak Bin Dato' Hussein : Dasar Luar Malaysia 1970-1976 (Tanjung Malim, Perak : Universiti Pendidikan Sultan Idris, 2003), 89.

<sup>293</sup> Cheah Boon Kheng, Malaysia : The Making of a Nation, 150.

<sup>294</sup> Shanti Nair mentioned that Muslim identity was only ranked fifth in Tun Razak's foreign policy. Shanti Nair, Islam in Malaysian Foreign Policy, 61.

<sup>295</sup> For further detail see sub-topic "Tun Razak's Political-Economic Relations with Saudi Arabia", in the Chapter IV.



Arabia was largely improved, is there any indication that the Tun Razak regime's approach towards religious portrayal also enhanced in the relations?

It may be somewhat difficult to relate Tun Razak's policy towards Saudi Arabia with religious commitment at the domestic level. This is because most of the measures taken during Tun Razak's tenure were to sustain his domestic policy, called the New Economic Policy (NEP), which was set up to re-stabilize the level of socio-economic inequalities among the main races, Malay, Chinese and Indians, following the tragedy of May 13<sup>th</sup> 1969. The main focus of the policy was also to achieve the transfer of 30 percent of the manufacturing and commercial undertaking to Malay (Bumiputeras) ownership by 1990.<sup>296</sup> In addition, the Tun Razak regime did not face having tough Islamic opposition parties at home due to the admission of the Islamic Party of Malaysia (PAS) into the ruling party, Barisan Nasional (BN). To help promote closer official attention to both domestic and international Islamic matters, Tun Razak appointed the PAS President, Datuk Asri as the Head of the National Religious Affairs Bureau, and its Vice President, Yusof Rawa, as Malaysian Ambassador to Iran.<sup>297</sup> This golden opportunity helped the Tun Razak regime to focus more on socio-economic development at the national level without having to face so many obstacles, and the loans given by Saudi Arabia, and other Gulf States, indirectly further accelerated the path of development.

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<sup>296</sup> See Edmond Terence Gomez & Jomo K.S., Malaysia's Political Economy : Politics, Patronage and Profits (Cambridge : Cambridge University Press, 1997), 24, Donald R. Snodgrass, Inequality and Economic Development in Malaysia (Kuala Lumpur : Oxford University Press, 1980), 5-10 & 56-60, Chris Dixon, South East Asia in the world-economy (Cambridge : Cambridge University Press, 1991), 189-190.

<sup>297</sup> Shanti Nair, Islam in Malaysian Foreign Policy, 62.

At the international level, the role of religious portrayal was fairly observable. As his predecessor, Tun Razak was also active in promoting Islam by implementing some international Islamic programmes having organized a few International Islamic Conferences in 1974, helped the Palestinians by raising capital donations as well as promoting self-determination, questioned the plight of Muslim minority in the southern Philippines at the fifth OIC Summit in Kuala Lumpur, and signed the Islamic Charter of the OIC in 1972. Furthermore, during the Arab oil boycott following the war of 1973, led by Saudi Arabia, the Tun Razak regime unanimously supported and considered it as practical without acknowledging adverse effects on other states, especially developing ones. Although, this boycott did not involve all Muslim countries, it was closely related to the issue of Palestine, about which all Muslim counterparts were concerned. As a result, the Saudi Kingdom granted a guarantee to place Malaysia among the ten most favoured nations exempted from oil cutbacks during the 1973 crisis. One year after the crisis, Tun Razak's government sponsored the Fifth Islamic Conference of Foreign Ministers and directly called upon oil rich Islamic countries, mainly Saudi Arabia and other Gulf States, to assist and invest in Muslim developing nations like Malaysia. At the same time also, the volume of bilateral trade between Malaysia and the Middle Eastern countries had increased from M\$72 million in 1969 to M\$654 million in 1974.<sup>298</sup> Moreover, with the appointment of Tunku Abdul Rahman as the OIC Secretary, Tun Razak's administration had benefitted tremendously from the support of the organization as it indirectly generated more funds for his socio-economic development projects, especially from the Islamic Development Bank (IDB).

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<sup>298</sup> Shanti Nair, Islam in Malaysian Foreign Policy, 62.

Generally, Tun Razak's government showed some indications of its religious commitment to Muslim affairs, especially at the international level. This was so vital for Malaysia in order to attract more Arab-Muslim countries to assist its growth projects financially.<sup>299</sup> At the domestic level, however, the Tun Razak regime paid more attention to re-building the socio-economic development of the freshly worsening situation in Malaysia's multi-racial society after the tragedy of May 13<sup>th</sup>, 1969. Thus the funds and the loans, for instance from Saudi Arabia, were utilized to make the objectives of the New Economic Policy (NEP) more successful. In addition, the absence of a strong Islamic opposition domestically, further smoothed the way for the Tun Razak regime's growth plan for Malaysia.

#### 4.6.3 The Tun Hussein Onn Regime

There was nothing much different in Tun Hussein's policy towards relations with other countries. He maintained the Tun Razak regime's approach of non-alignment and neutralization policies at the international level. The Tun Hussein regime, however, was closer to the west than to the Soviet Union following the latter's invasion of Afghanistan in 1979.<sup>300</sup> In regard to Saudi Arabia, Tun Hussein successfully derived more loans from the Kingdom to finance projects of development under the Third Malaysian Plan. That Saudi capital was not only vital for infrastructural development projects, but were also

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<sup>299</sup> This is also related to Malaysia's former colonial overlord, Great Britain, which had refused to increase its financial contribution in the First Malaysia Plan (1966-1970). See Rene Peritz, "The Changing World of Malaysia", 34-35.

<sup>300</sup> J. Saravanamuttu, The Dilemma of Independence : Two Decades of Malaysia's Foreign Policy, 1957-1977, 150, Anidah Robani, "The Attitude and Role of the Malaysian Government Towards the Palestinian Issue, 1957-1989", 96, Shanti Nair, Islam in Malaysian Foreign Policy, 78.

utilized to construct some religious buildings like mosques and schools, and to run Islamic programmes at the domestic level.<sup>301</sup>

The Tun Hussein regime had to show its religious piety, especially to the Muslim community in Malaysia, in order to maintain the dominance of the ruling party, Barisan Nasional (BN). As Tun Hussein said: “You may wonder why we spend so much money on Islam. You may think it is a waste of money. If we don’t.... Party Islam will get at us. The Party will and does claim that we are not religious and the people will lose faith”.<sup>302</sup>

In contrast with the era of the Tun Razak regime, the Tun Hussein regime was facing different challenges both domestically and internationally. Those challenges ranged from a small quarrel within the United Malay National Organization (UMNO) itself,<sup>303</sup> through the overwhelming of the Islamic resurgence, the Iranian Revolution, to the Soviet invasion of Afghanistan. Tun Hussein also had to admit that the Islamic Party of Malaysia was no longer under the Barisan Nasional (BN) umbrella when the party opted out from BN’s components due to some discrepancies in dealing with certain issues involving Muslim affairs. Therefore, the enormous amount of the Saudi capital investment, and its moral-religious support had, to some extent, boosted the Tun Hussein

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<sup>301</sup> Malaysia’s economically closeness to Saudi Arabia was also due to Tun Hussein’s aligned policy to Third World or Southern positions, which encouraged the establishment of the so-called ‘New International Economic Order’ (NIEO). See J. Saravanamuttu, The Dilemma of Independence : Two Decades of Malaysia’s Foreign Policy, 1957-1977, 146-147.

<sup>302</sup> Anidah Robani, “The Attitude and Role of the Malaysian Government Towards the Palestinian Issue, 1957-1989”, 43.

<sup>303</sup> The challenges ranged from his party, UMNO, when his leadership was confronted by other members who were less dissatisfied with him, to the issue of corruption involving a chief minister, and also the question of who would be appointed as the Deputy Prime Minister. For further elaboration see Aziz Zariza Ahmad, Hussein Onn Dengan Era Baru (Kuala Lumpur : Firma Malaysia Publishing, 1979), 1-24.

regime's confidence (in financial terms) in handling Islamic issues, particularly at the domestic level.

Various efforts were implemented by the Tun Hussein regime to demonstrate its undivided commitment to Islam, such as regularly organizing the International Qur'an Reading Competition (which gained praise from the Saudi Kingdom), constantly upholding the Palestinian cause, criticizing the Soviet invasion, and in 1977, the Tun Hussein regime also broke off all Malaysian trade, direct and indirect, with Israel through the Customs Prohibition Act passed by Parliament.<sup>304</sup> Nonetheless, there were some occasions when Tun Hussein's commitment towards religious issues, especially in Malaysia's relations with Saudi Arabia, was carefully taken into account. These included, for instance, the issue of the Iranian Revolution, the Camp David Accord, the occupation of the Grand Mosque in Mecca, and the fate of Muslim minorities in India, Myanmar, Pattani and other parts of the world.

Indubitably, the Iranian Revolution, to some extent, was able to threaten the supremacy of Saudi Arabia as one of the leading actors in the Muslim world. Both Saudi Arabia and Iran have long tussled over a methodological way of promoting Islam worldwide. The former is more towards the *Sunni* approach, and the latter is *Shi'i*.<sup>305</sup> The Saudi Kingdom revived the call for Islam over two hundreds years ago through the

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<sup>304</sup> Shanti Nair, *Islam in Malaysian Foreign Policy*, 66.

<sup>305</sup> Sunni and Shi'i can be defined as a way of understanding as well as interpreting the *Shari'ah* Law, the sacred law of Islam.

movement of Wahhabism, the reawakening of *Hanbalism*,<sup>306</sup> led by Muhammad ibn Abd al-Wahhab. In some measure, the Iranian revolution might challenge Saudis' early revolution, although the impact was limited to the Gulf States, and the Arabian Peninsula as a whole.<sup>307</sup> However, official reactions from other Muslim counterparts, including Malaysia were crucial. Thus, Malaysia's official response to the revolution was important for the moral support of the Saudi Kingdom. Yet the Tun Hussein regime was no hurry to make any official statement regarding the Iranian case.<sup>308</sup> At the early stage, Tun Hussein seemed to have no 'suitable answer' for such a revolution, although there were some actions taken by the Malaysian non-governmental organization, Angkatan Belia Islam Malaysia (ABIM), which through its President, Datuk Seri Anwar Ibrahim, visited Ayatollah Khomeini after the event occurred. It was only 18 months later, via a Malaysian Foreign Minister, Tengku Ahmed Rithauddeen, that it was announced that relations between Malaysia and the Islamic Republic of Iran would continue, and that the revolution was considered to be Iran's internal matter.<sup>309</sup>

In the case of the Camp David meeting which led to the peace treaty between Egypt and Israel, the Tun Hussein administration gave neither a clear signal of protesting

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<sup>306</sup> In Fiqh (laws mostly related to the matters of prayer, pilgrimage, food, personal life, and property, etc), there are four main schools; the Hanafi, Maliki, Shafe'I, and Hanbali Schools.

<sup>307</sup> David E. Long, "The Impact of the Iranian Revolution on the Arabian Peninsula and the Gulf States" in John L. Esposito, The Iranian Revolution : Its Global Impact (Miami : Florida International University Press, 1990), 102-104, see also Shahram Chubin and Charles Tripp, "Iran-Saudi Arabia Relations and Regional Order", Adelphi Paper 304, 48-65, Ameer Ali, "Islamic Revivalism in Harmony and Conflict : The Experience in Sri Lanka and Malaysia", Asian Survey xxiv (3) March 1984, 299-300.

<sup>308</sup> This was also partly due to domestic disturbances such as the temple breaking incident in 1978 at Kerling, Kuala Lumpur, and the attack on a police station in Batu Pahat, Johore in 1980 (after the Iranian Revolution), which caused 23 deaths, by a group of religious extremists and fanatics. See Ameer Ali, "Islamic Revivalism in Harmony and Conflict : The Experience in Sri Lanka and Malaysia", 306 & 309, Cheah Boon Kheng, Malaysia : The Making of a Nation, 166-167.

<sup>309</sup> Shanti Nair, Islam in Malaysian Foreign Policy, 74.

nor of accepting the process. Although the Tun Hussein regime received harsh criticism at the domestic level, especially from student and *dakwah* organizations, he maintained his non-partisan approach. Tun Hussein believed that Sadat's initiative did not deviate from the unified Arab stance, particularly his uncompromising attitude on the basic Arab stand on the returning of all Arab land occupied since 1967, and the treaty itself only involved a few Arab states: Egypt, Syria, Jordan and the Palestinians (along with Israel, and the United States). Besides that, Tun Hussein considered it an 'internal matter' between the Arabs, and his government diplomatically refrained from any involvement in inter-Arab disputes.<sup>310</sup> Nonetheless, the study believes that the non-partisan approach by Tun Hussein's government may have indirectly influenced, or be related to, the attitude of Saudi Arabia which seemingly 'encouraged' the peace treaty between Egypt and Israel.<sup>311</sup> This was because it was a way for the Saudi Kingdom to 'curb' Egypt's position in the struggle for Arab leadership in the Middle East, to avoid the latter from repealing the Pan-Arab policies of the 1950s during the Jamal Abdel Nasser era, and simultaneously other Arab countries would no longer count on the weight of Egypt in the scales of the Arab-Israeli conflict.<sup>312</sup>

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<sup>310</sup> See Anidah Robani, "The Attitude and Role of the Malaysian Government Towards the Palestine Issue, 1957-1989", 100 & 111-113.

<sup>311</sup> The Camp David Peace Process was just concluded a year after Tun Hussein successfully secured Saudi loans, and signed an agreement with Saudi Arabia in Scientific and Technical Co-operation.

<sup>312</sup> Saudi attitude to Egypt-Israel Peace Treaty might be linked to the trend in Saudi royal family politics which advocated recognition of Israel (in the Fahd plan of 1981) in order to reach a comprehensive settlement, but still support the return of the Holy places of Jerusalem and restoration of territories occupied in 1967, and also based on a fatwa from the senior mufti, Sheikh bin Baz, stating that peace between Muslims and Jews was compatible with the Shari'ah and the example of the Prophet. See Shahram Chubin and Charles Tripp, "Iran-Saudi Arabia Relations and Regional Order", 58-60, William B. Quandt, Camp David : Peacemaking and Politics, (Washington, D.C. : The Brookings Institution, 1986), 331.

The Tun Hussein regime was also in a dilemma about giving views on the occupation of the Grand Mosque in Mecca by a dissident politico-religious group in November 1979. The group was psychologically speculated to be of Iranian origin (the impact of the Iranian Revolution). However, after studying the reactions of the rest of the Muslim world, and specifically from Saudi Arabia, Tun Hussein eventually opposed it and declared the action as extremist and deviationist.<sup>313</sup> In the affairs of Muslim minorities, Tun Hussein's government was criticized for being insensitive enough to tackle those issues by *dakwah* associations and the Islamic party. Even these groups, particularly the Islamic party of Malaysia (PAS), and Angkatan Belia Islam Malaysia (ABIM), were invited to the International Islamic Congress for the Liberation of Muslims Land in London in 1979 organized by the Islamic Council of Europe. In November 1979, ABIM also launched an International Solidarity Day with the Palestinians. ABIM's efforts impressed Arab Embassies in Malaysia like Libya, Iraq and Saudi Arabia. These events, to some extent, questioned Tun Hussein's understandable commitment towards Islamic issues, not only from opposition parties and religious organizations at home, but also those Islamic embassies in Malaysia. Nonetheless, to diminish this Islamic tension, he made plans to counterbalance the challenge, including despatching 18 UMNO delegations, led by his deputy, Dr. Mahathir Muhammad, to Libya and Pakistan to raise support and to eliminate the label of UMNO as 'anti-Islamic' from the opposition parties, as well as re-instate the Tun Hussein regime's image in the eyes of those embassies, specifically Saudi Arabia.<sup>314</sup>

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<sup>313</sup> Shanti Nair, Islam in Malaysian Foreign Policy, 76, David E. Long, "The Impact of the Iranian Revolution on the Arabian Peninsula and the Gulf States" in John L. Esposito, The Iranian Revolution : Its Global Impact, 106.

<sup>314</sup> Shanti Nair, Islam In Malaysian Foreign Policy, 77.



Malaysia's relations with Saudi Arabia during the Tun Hussein era could be regarded as important as in the Tunku's early relations with Great Britain, where the focus was more on security-defence matters. The Tun Hussein administration faced one of the toughest challenges of the Islamic reawakening in the Muslim world following the Iranian Revolution in 1979. He was not only dealing with the issue internationally, but also at a domestic level, where religious organizations frequently questioned the role of government in certain Muslim issues. The issues ranged from the active role of *dakwah* organizations in Malaysia like Tabligh, Arqam, ABIM, and PAS (as Islamic Party) to the Egypt-Israel Peace Treaty, invasion of Afghanistan and the Iranian Revolution. By consistently practising a moderate approach towards those challenges, Tun Hussein's government relations with other countries, especially with Saudi Arabia, was well-maintained as well as his image in the OIC, and also the stability of a multi-racial country like Malaysia.

#### **4.6.4 The Dr. Mahathir Regime**

Malaysia's relations with Saudi Arabia during Dr. Mahathir's era changed dynamically, specifically in the 1990s. Several initiatives have been taken by Dr. Mahathir regime to shift the pattern of relations from one to two ways of communication. For example, in economic development, Dr. Mahathir's administration encourages the Kingdom to open up more markets for Malaysian products, and at the same time tries not to merely depend upon the Saudi loans to build more development projects. At several International Islamic Conferences, Dr. Mahathir also frequently insisted that the Kingdom play a bigger role in solving Muslims' misunderstandings among themselves, and in helping the plight of the

Palestinians, and Muslim minorities in other countries. Mahathir's emphasis on maintaining relations with Muslim countries as well as being active in promoting Islam has been the major feature of his foreign policy; as he said : "It is always our intention to play an active role in the Islamic *dakwah* movement, both locally and internationally. It is our policy to be closely associated with Islamic nations and to support Islamic causes. We in Malaysia will continue to do everything with our means to assist the struggle of the Muslim ummah, for the right to live the life of the Muslims".<sup>315</sup>

As his predecessors, Dr. Mahathir realizes the significance of continuous relations with Saudi Arabia for Malaysian interests both domestically and internationally. On some occasions, the study might find it difficult to specifically relate Dr. Mahathir's government's relations with Saudi Arabia to the portrayal of Islam, both at the domestic and international level. This is because the nature of the Dr. Mahathir regime's religious commitment is broader, and does not merely focus on one single issue or Muslim country. Dr. Mahathir has been involved in countless Islamic affairs ranging from the issue of Muslim minorities in the Southeast Asian region,<sup>316</sup> Palestine,<sup>317</sup> Afghanistan, Iran-Iraq War, the Gulf War, Balkan crisis,<sup>318</sup> and others. His government also organized

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<sup>315</sup> Hussin Mutalib, "Islamic Revivalism in ASEAN States : Political Implications", *Asian Survey* xxx (9), September 1990, 888. Richard Stubbs also argued that Mahathir's priority is ASEAN, then followed by OIC, Non-Aligned Movement (NAM) and Commonwealth. Richard Stubbs, "The Foreign Policy of Malaysia" in David Wurfel & Bruce Burton (ed.), *The Political Economy of Foreign Policy in Southeast Asia* (London : The Macmillan Press Ltd., 1990), 111.

<sup>316</sup> The level of intervention is limited due to Malaysia's closer commitment to ASEAN spirit. Malaysia has to respect the sovereignty of those countries, which have some Muslim minorities such as Pattani, southern Thailand, and MORO movement in southern Philippines.

<sup>317</sup> Granted PLO office in Kuala Lumpur embassy status in 1981. David Camroux, "State Responses to Islamic Resurgence in Malaysia", 866.

<sup>318</sup> Dr. Mahathir sent 1,400 Malaysian troops to Bosnia-Herzegovina to carry out humanitarian aid. David Camroux, "State Responses to Islamic Resurgence in Malaysia", 867.

many International Islamic Seminars, most of which were philosophical knowledge-oriented, such as Islamic Approach Towards Technological Development (1983), Islamic Civilization (1984), Islamic Thought (1984), Islamic management for the Asia-Pacific Region (1986), Islam and the Philosophy of Science (1989). Moreover, the relentless challenge from the Islamic opposition party (PAS), which at present does not consider Saudi Arabia to be the best model of an Islamic State,<sup>319</sup> led Dr. Mahathir's government to seek wider relations with Muslim countries. Since the eruption of the Iranian Revolution in 1979, PAS has admired the model of the Islamic Republic of Iran under Ayatollah Khomeini and the relations between both parties have been maintained, and also a series of diplomatic visits are continuously active.<sup>320</sup>

This is not to say, however, that religious portrayal is irrelevant to Malaysia's relations with Saudi Arabia in the Dr. Mahathir era. It is certainly significant since the issues of pilgrimage, education, membership of the OIC, and some religious programmes at the domestic level still bring Malaysia closer to Saudi Arabia. For example, in lessening PAS and other *dakwah* organizations' appeal for a more Islamic policy, Dr. Mahathir has launched Islamization programmes<sup>321</sup> in some government or banking

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<sup>319</sup> This particularly refers to the question of Saudi guardianship in the Holy city of Mecca during the 1990 hajj in Mina where there occurred the tragic death of thousands of pilgrims, including that of 153 Malaysians, and also to some of Saudi's lenient policy towards certain controversial Muslim issues mainly the Palestinians (peace treaty with Israel), and the stationing of US troops in the Kingdom. Shanti Nair, *Islam in Malaysian Foreign Policy*, 146.

<sup>320</sup> Fred R. von der Mehden, "Malaysian and Indonesian Islamic Movements and the Iranian Connection", in John L. Esposito (ed.) *The Iranian Revolution*, 248.

<sup>321</sup> Due to misunderstanding, various parties, including the former first Prime Minister, Tunku Abdul Rahman, urged Dr. Mahathir to halt the launch of Islamization Programme. Islamization programme defined by Anwar Ibrahim, one of Dr. Mahathir's cabinet member, as a process designed to inject more spiritual values into the Malaysian or Muslim way of life, to bridge the spiritual-material gap, to unite Muslims, but not turn them into religious fanatics. Datuk Musa Hitam, Deputy Prime Minister, noted that the government effort was more towards striking a

institutions such as the establishment of the International Islamic University of Malaysia (UIAM),<sup>322</sup> Islamic Economic Development Foundation, Islamic Banking of Malaysia Berhad, and the emphasis of the assimilation of Islamic values among the Muslim government staff through the Islamic Consultative Body. The concept of the Islamization programme may be considered vital for Dr. Mahathir's government (although it has raised some worries among the non-Muslim community) as his early era was at the beginning of the Iranian Revolution, and the Islamic resurgence, which began in the 1970s. The challenge from the Islamic party and religious organizations, which had been increasing since the late Tun Hussein Onn, further pushed Mahathir's administration towards the implementation of Islam in the whole system of government. Thus, by implementing the Islamization programme, they may to some extent soothe the pressure from these groups and the Muslim community at large, who demanded 'more Islam' in the conduct of public affairs.<sup>323</sup>

Indirectly too, through the implementation of Islamization programmes, it will give Malaysia financial benefits, for instance by receiving, at least once a year by request, capital contributions from Saudi Arabia for the running of Islamic institutions, especially to the Islamic University of Malaysia (UIAM), and also to several *dakwah* organizations

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balance between the spiritual and material. Diane K. Mauzy & R.S. Milne, "The Mahathir Administration in Malaysia : Discipline Through Islam", Pacific Affairs 56 (4) Winter 1983-85, 631.

<sup>322</sup> The main concept of the International Islamic University of Malaysia was based on the ideals of First World Conference on Muslim Education in Mecca, Saudi Arabia in 1976. This university is financially co-sponsored among OIC members. Khoo Boo Teik, Paradoxes of Mahathirism, 193.

<sup>323</sup> Khoo Boo Teik, Paradoxes of Mahathirism, 175.

as well as religious schools in Malaysia.<sup>324</sup> Along with that, by executing the Islamization process in only a few government and banking institutions, rather than applying the whole Islamic Laws all over Malaysian institutions, the Dr. Mahathir regime's closeness to the moderate block of Muslim-Arab countries will be portrayed, especially to Saudi Arabia, which is relatively less comfortable with the drastic way of the Iranian Revolution in practicing Islamic principles in the Islamic Republic of Iran.<sup>325</sup>

Furthermore, to ensure the process of Islamization ran smoothly, Dr. Mahathir successfully brought Anwar Ibrahim into the United Malay National Organization (UMNO) in 1982. The joining of Anwar Ibrahim in the government, can be regarded as a pacifier for Dr. Mahathir's administration in facing Islamic pressure, especially from the Islamic opposition party and non-governmental organizations in Malaysia. This is because it would weaken the influence of PAS as well as other *dakwah* organizations, such as the movement of Darul Arqam, which was eventually banned by the government in 1994 since some of its basic teachings deviated from Islam,<sup>326</sup> and also to run those

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<sup>324</sup> Interview with Prof. D. Sano Koutoub Moustafa, Member of the International Fiqh Academy of OIC, International Islamic University of Malaysia, Kuala Lumpur, Malaysia, May 9, 2003. For more discussion on a few Saudi's donations to *dakwah* organizations and religious institutions in Malaysia, see Chapter VI.

<sup>325</sup> For instance, in 1983, the Saudi Kingdom arrested seven Malaysians contravening Saudi Law through the possession of material evidence indicating rebellious intention by having posters and photographs of Khomeini. Nevertheless, Malaysia successfully convinced the Kingdom that they referred only to 'individual actions'. See Shanti Nair, *Islam in Malaysian Foreign Policy*, 166.

<sup>326</sup> The ban of Al-Arqam considered by most of the Muslim Arab countries, including Saudi Arabia as Malaysia's internal matter, and even Saudi's Wahabism found incompatible with Al-Arqam's philosophical teachings. Discussion with Dr. Ahmad Fauzi Abdul Hamid, via e-mail, who has done on Al-Arqam for his Ph.D, entitled : "Islamic Resurgence in the Periphery : A Study of Political Islam in Contemporary Malaysia with Special Reference to the Darul Arqam Movement", March 1998, University of Newcastle upon Tyne, UK. See also David Camroux, "State Responses to Islamic Resurgence in Malaysia : Accommodation, Co-Option, and Confrontation", 863-865.

Islamic institutions effectively.<sup>327</sup> Moreover, the admission of Anwar was not only beneficial for Malaysia domestically but also to the international level in strengthening Muslims' networks. This is because the image of Anwar Ibrahim, as one of the former Islamic leaders in one of the well-known Muslim organizations, ABIM, might promote Malaysia's religious commitment especially to the Muslim-Arab world.<sup>328</sup>

Besides that, there are a few international events with which Dr. Mahathir's policy might not be compatible, or coincidentally parallel, with Saudi Arabian interests such as the matter of the PLO's loss of the moral and financial support of several Arab countries, including Saudi Arabia, after the Gulf War ended, condemning its support of Iraq, and also the call by the United States for the PLO to sit for peace negotiations with Israel. Although most of the Arab countries have been less content with the PLO's attitude in the Gulf War, Dr. Mahathir has endlessly given his support for the PLO, during Yasser Arafat's visit to Malaysia, and indicated some of his opinions on the issue of peace negotiation by arguing that no big nation could violate the sovereignty of a weak

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<sup>327</sup> Although at the early stage Anwar was seen as closer to Iran due to his visit to Iran two weeks after the revolution, while he was the President of ABIM, but his decision to join UMNO, and not PAS, suffice to indicate that Anwar's modernist and universalist view of Islam was closer to that of Mahathir than PAS. David Camroux, "State Responses to Islamic Resurgence in Malaysia : Accommodation, Co-Option, and Confrontation", *Asian Survey* xxxvi (9) September 1996, 859, Simon Barraclough, "Managing the Challenges of Islamic Revival in Malaysia : A Regime Perspective", *Asian Survey* xxiii (8) August 1983, 968.

<sup>328</sup> Anwar Ibrahim has various Islamic organization networks including the *Rabithah al'Alam al-Islami* of Saudi Arabia, the Islamic Council of Europe, the Islamic Foundation in UK, and others. Along with that, while he was the Deputy of Prime Minister, this former ABIM leader also held the Presidency of the International Islamic University of Malaysia, and he worked well with the Rector of the university, Prof. Abu Suleyman Hamid, a Saudi citizen, in running the university. Unfortunately, Anwar Ibrahim was sacked by Dr. Mahathir in September 1998 due to personal misconduct and bribery charges. Fadzillah Mohd. Jamil, "The Reawakening of Islamic Consciousness in Malaysia : 1970-1987", *Unpublished Ph.D. Thesis* (Edinburgh : University of Edinburgh, June 1988), 150, International Islamic University of Malaysia, *Undergraduate Prospectus 1992-1993* (Petaling Jaya : IIUM Press, 1992-1993).

nation.<sup>329</sup> At the onset of the Gulf War, Dr. Mahathir's government backed U.N. Resolution 678 against Iraq's invasion of Kuwait and urged Saddam Hussein to withdraw from the occupied territory. But Malaysia declined a public request from Saudi Arabia to send its troops and would only do that if Mecca and Medina were attacked. However, in the middle of the war, Dr. Mahathir's policy changed a little with more sympathy given towards the innocent Iraqi people. This change might be due to the sentiments of the Malaysian community after watching the bombings and the death of women and children in Iraq, through the media and newspapers, and the subsequent pressure on the government to review its policy.<sup>330</sup> To some extent, Dr. Mahathir's policy towards the Gulf War may parallel to the Saudis' approach to the harsh action taken by Saddam Hussein, especially at the beginning of the war. Nevertheless, in the middle of the war, the Kingdom possibly disagreed with the Malaysian attitude because if the U.N coalition failed to force Saddam out of Kuwait, Saudi Arabia could become the next target of the Iraqi leader. Therefore, the need for incessant action by the U.N. troops as well as the stationing of U.S troops in the Kingdom was really needed, although it raised some disagreements among Muslim countries.

Along with that, Dr. Mahathir also openly criticized the weak role of the OIC in resolving Muslims' problems and disagreements among its members, specifically on inter-Arab or Arab-Iranian rivalry.<sup>331</sup> In 1989, for instance, while giving a speech at the Muslim Summit, Taif, Saudi Arabia, Dr. Mahathir repeatedly called on OIC members,

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<sup>329</sup> Cheah Boon Kheng, *Malaysia : The Making of a Nation*, 215.

<sup>330</sup> Shanti Nair, *Islam in Malaysian Foreign Policy*, 245-246.

<sup>331</sup> The rivalries were more on the leadership struggle to dominate the Arab world or Middle East region such as King Feisal vs Gamal Abdel Nasser, the issue of Egypt's peace process with Israel in the Camp David Agreement and Iran-Iraq War.

particularly Saudi Arabia and other Gulf states, urging them to take a bigger role in uniting OIC members and ending all misunderstandings, and also emphasized self-reliance among themselves.<sup>332</sup> At the same time also, he took some initiatives to bridge the gaps and misunderstandings among the Arabs including showing his support for the re-admission of Egypt into the OIC after its membership was cancelled for controversially signing the peace process with Israel at Camp David, which most of the Muslim countries were against.

Frankly to say, it is quite hard to particularly associate religious commitment in Dr. Mahathir's era with Malaysia's relations with Saudi Arabia. This is because the level of the Dr. Mahathir regime's involvement in Muslim affairs is broad and does not merely concentrate on one issue or a Muslim country. Moreover, the Islamic opposition party and other *dakwah* organizations seem no longer to regard Saudi Arabia as the best model of a good Islamic state, for they believe that the Islamic Republic of Iran can lead all Muslim countries for better a life and prosperous achievement in the political and socio-economic fields. Nevertheless, Dr. Mahathir's administration still manages to stand firm on the more suitable approach in dealing with these challenges by introducing Islamization programmes, which is quite liberal and moderate, not only to the Muslim community but also to non-Muslims, as well domestically and internationally.

#### **4.7 Saudi Political Regimes' Recognition upon Malaysia**

It has to be admitted that visits of Al-Saud family rulers to Malaysia have not been as frequent as the tours made by the Malaysian political regimes (especially the leaders) to

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<sup>332</sup> Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam OIC", 34.



the Kingdom. From the reign of King Saud (1953-1964), with the exception of the first leader of Saudi Arabia, King Abdul Aziz (1932-1953) because Malaysia had yet to achieve independence during his term, to King Feisal (1964-1975), King Khaled (1975-1982), and King Fahd (1982-2004),<sup>333</sup> it was only King Feisal that made a trip to Malaysia to discuss some related issues with the first Malaysian premier, the late Tunku Abdul Rahman, in 1970.<sup>334</sup> After the visit of King Feisal, Malaysia only received some official visits by a few Saudi ministers like the those by the Kingdom's Foreign Ministers, Tuan Omar Sakkar in 1973,<sup>335</sup> Saudi Hajj and Waqaf Minister, Sheikh Hasan Kutbi in 1974,<sup>336</sup> Oil Saudi Minister, Sheikh Ahmad Zaki Yamani in 1976,<sup>337</sup> Saudi Finance Minister in 1978,<sup>338</sup> Saudi Education Minister, Sheikh Abdullah Al-Sheikh in 1978,<sup>339</sup> Saudi Labour Deputy Minister, Prince Fahad Ibn Sultan in 1981,<sup>340</sup> and others. Most of these visits, except the trips of the Saudi Foreign Minister (Tuan Omar Sakkar) and the Saudi Finance Minister, who had more specific activities like the former (also

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<sup>333</sup> For the duration of each Saudi Kings' reign see for instance, The Saudi Arabia Information Resource, "Kings of Saudi Arabia", (<http://www.saudinf.com/main/b43.htm>).

<sup>334</sup> For further information on King Feisal's visit to Malaysia see pages 86 & 103-104 in the Chapter IV.

<sup>335</sup> "Menteri Luar Arab Saudi, Tuan Omar Sakkar, Kunjungan ke Atas Perdana Menteri, Tun Haji Abdul Razak Hussein, Kuala Lumpur, August 13, 1973", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0042297, G.13023).

<sup>336</sup> "Arab Saudi, Menteri Urusan Haji dan Wakaf, Hasan Kutbi, Majlis Makan Malam diraikan oleh Perdana Menteri, Tun Haji Abdul Razak Hussein, Kuala Lumpur, February 19, 1974", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0042721, G.13382).

<sup>337</sup> "Arab Saudi Menteri Minyak, Sheikh Ahmad Zaki Yamani Mengunjungi Perdana Menteri, Datuk Hussein Onn, Kuala Lumpur, May 25, 1976", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0043842, G.14454).

<sup>338</sup> "Arab Saudi, Ketibaan Menteri Kewangan dan Ekonomi Bagi Menghadiri Sidang Tahunan Kedua Bank Pembangunan Islam, Kuala Lumpur, March 15, 1978", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0044852, G.15376).

<sup>339</sup> "Arab Saudi, Menteri Pelajaran, Tuan Sheikh Hasan Abdullah Al-Sheikh Mengunjungi Menteri Pelajaran Datuk Musa Hitam, Kuala Lumpur, October 16, 1978", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0045267, G.15751).

<sup>340</sup> "Arab Saudi, Timbalan Menteri Hal-Ehwal Kebajikan Kementerian Buruh dan Hal-Ehwal Sosial, Putera Fahad Ibn Sultan Mengunjungi YDPA, November 12, 1981", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0046665, G.17171).

accompanied by Moustapha Cisse, Senegal Foreign Minister) was on his way to Manila to discuss the issue of the Muslim minority in the southern Philippines,<sup>341</sup> while the latter was to attend the Second Seminar of the Islamic Development Bank held in Kuala Lumpur, Malaysia,<sup>342</sup> were the outcome (or a follow-up) of the Joint Commission under the Cultural and Scientific Agreement signed in 1976 between Tun Hussein Onn (the second Malaysia's Premier), and King Khaled's government (and also to discuss the issue of pilgrimage).<sup>343</sup> Nevertheless, this joint commission did not lead the Al-Saud family leaders, especially King Khaled, and King Fahd to officially visit Malaysia. It took about 25 years for Malaysia and Saudi Arabia to commence the second Joint Commission, which was only held in 2001, with the official visit of Prince Sultan Ibn Abdul Aziz, the Second Deputy Defence Minister of Saudi Arabia, to Malaysia.<sup>344</sup>

That Al-Saud family kings, excluding King Feisal, did not come to Malaysia, does not necessarily mean that the Kingdom's leaders were less interested in visiting other countries. Apart from King Khaled, who was generally considered to prefer staying at home rather than going abroad,<sup>345</sup> other Saudi leaders like King Abdul Aziz, King Saud, King Feisal, and King Fahd did travels to a few countries. The first Saudi leader,

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<sup>341</sup> "Menteri Luar Arab Saudi, Tuan Omar Sakkar, Kunjungan ke Atas Perdana Menteri, Tun Haji Abdul Razak Hussein, Kuala Lumpur, August 13, 1973", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0042297, G.13023).

<sup>342</sup> "Arab Saudi, Ketibaan Menteri Kewangan dan Ekonomi Bagi Menghadiri Sidang Tahunan Kedua Bank Pembangunan Islam, Kuala Lumpur, March 15, 1978", Rekod Pandang dan Dengar, National Archive of Malaysia, (2001/0044852, G.15376).

<sup>343</sup> See note 255 in the Chapter IV.

<sup>344</sup> According to Tan Sri Wan Mokhtar, the commencement of the second Joint-Commission between Malaysia and Saudi Arabia is also hardly initiated by the Malaysian government as it attempts to increase its bilateral economic relations with the Kingdom. Interview with Tan Sri Wan Mokhtar, Malaysian Ambassador in Riyadh, Saudi Arabia, 10.00-10.30am, September 1, 2004.

<sup>345</sup> The Saudi Arabia Information Resource, "King Khaled Ibn Abdul Aziz", (<http://www.saudinf.com/main/b45.htm>).

King Abdul Aziz, for instance, was famous for his historic meeting with President Roosevelt of the US when he was invited by the latter to meet in an American destroyer in the Suez Canal on February 10, 1945. Among the major subjects discussed between these two leaders was the issue of the Palestine, concerning which the US President, before he died, sent a letter to King Abdul Aziz to indicate his co-operative stance with the King on that issue.<sup>346</sup> The mutual relations between Saudi Arabia and the US were also continued by the visit of King Saud to the United States in January 1957 for the setting up of the Dhahran air base,<sup>347</sup> and were later followed by King Feisal, and King Fahd (as the Crown Prince) in 1971 who suggested the US should enforce the UN resolution calling for Israel's withdrawal,<sup>348</sup> by another visit by King Fahd in 1974 which led to the establishment of the Saudi Arabia-US Joint Commission on economic cooperation,<sup>349</sup> and in 1985 when the King asked the US to play more active role in the Middle East region.<sup>350</sup> Besides the US, the Saudi leaders also toured some influential countries in the international system including Great Britain, which King Feisal visited in 1967 to talk about the possibility of purchasing the British aircraft (which were later successfully secured through the al-Yamamah Project in 1987),<sup>351</sup> and further extended

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<sup>346</sup> Dr. Nasser Ibrahim Rashid & Dr. Esber Ibrahim Shaheen, Saudi Arabia and the Gulf War (Missouri : International Institute of Technology, Inc., 1992), 25.

<sup>347</sup> "Saudi Arabia," Encarta Online Encyclopedia, Microsoft Corporation, All Rights Reserved, 1997-2005, (<http://uk.encarta.msn.com>).

<sup>348</sup> "Attitude of Saudi Arabia Towards Middle East", British Public Record Office, UK (FCO 8/1735), "Visit of Prince Fahd of Saudi Arabia to UK From Saudi Arabia, 1971", British Public Record Office, UK (FCO 8/1760).

<sup>349</sup> The Saudi Arabia Information Resource, "King Fahd Ibn Abdul Aziz", (<http://www.saudinf.com/main/b462.htm>).

<sup>350</sup> Saudi Embassy in UK, "The Reign of King Fahd", (<http://www.saudiembassy.org.uk/government-information/profile-of-king-fahd/the-reign-of-king-fahd.htm>).

<sup>351</sup> Project al-Yamamah was an agreement signed in 1985 between the Kingdom of Saudi Arabia and Great Britain which showed the latter secured defence contract with the former worth US\$30 billion dollar. HRH Prince Turki Al-Faisal, ambassador of the Kingdom of Saudi Arabia to the

by the two visits of Prince Fahd in 1971<sup>352</sup> for further discussion on the Saudi-Abu Dhabi border, and in 1987<sup>353</sup> on al-Yamamah Project. Other countries were France, which was visited by King Fahd in 1975,<sup>354</sup> as well as Saudi Arabia's neighbouring Middle East countries like Egypt, Iraq and Iran.

The lack of visits by Al-Saud family rulers to Malaysia, in some cases only make this study more difficult to link the role of the Saudi political regimes in strengthening the relations between Malaysia and Saudi Arabia, and also to relate them with any issues that were raised in this chapter such as securing economic opportunities, the portrayal of religious commitment, or any political domestic purposes. With the exception of King Feisal, whose visit was specifically to gain more support for his Pan-Islamism from other Islamic countries in order to counteract the challenge posed by Gamal Abdel Nasser of Egypt,<sup>355</sup> none could be extracted from other Al-Saud family leaders who did not pay any official tours to Malaysia. Nonetheless, this would not simply lead to an indication that the Saudi political regime had ignored its relations with the Malaysian regime. Instead, with the continuous efforts carried out by the Malaysian leaders to attract the attention of the Saudi government, Malaysia had benefited greatly by receiving some financial assistance, securing political recognition, especially during the confrontation with the

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UK & Ireland, "Saudi/British Business and Political Relations", Public Lecture, Curtis Auditorium, Herschel Building, University of Newcastle upon Tyne, UK, 5.00-6.00pm, May 11, 2004, Gerd Nonneman, "Saudi-European Relations 1902-2001", 649-650.

<sup>352</sup> "Visit of Prince Fahd of Saudi Arabia to UK From Saudi Arabia, 1971", British Public Record Office, UK (FCO 8/1760).

<sup>353</sup> Saudi Embassy in UK, "Profile of King Fahd, Chronology", (<http://www.saudiembassy.org.uk/government-information/profile-of-king-fahd/chronology.htm>).

<sup>354</sup> Ministry of Saudi Arabia Information, "Prince Fahd Ends Visit to France : Agreement on Economic Cooperation", News From Saudi Arabia, A Weekly Newsletter, xii (573) July 29, 1975.

<sup>355</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 16-17.

Indonesian government, and other related issues that further strengthened Malaysia's relations with the Kingdom including pilgrimage and education. In other points of discussion, the study believes that the tendency of Al-Saud family rulers not to visit Malaysia was probably due to the absence of any conflicts that directly affected the relations between the two countries (although the study could not deny that such a conflict may further disrupt the relations, but at least, a conflict would open more ways for conflicting countries to interact frequently) such as border conflicts or quarrels which both countries normally have with their own neighbouring countries.<sup>356</sup> This is in addition to the practice of non-interference policy by both countries' regimes who avoid interfering in some domestic conflicts like the issue of Malaysia's ban on the Al-Arqam (Islamic Da'wah movement in Malaysia<sup>357</sup>), or some critical domestic upheavals in the Kingdom, for example, the illegal incursion of the Al-Haram Mosque in 1979, the Iranian demonstration in 1987, and the tragedy of Muaisim Tunnel in 1990<sup>358</sup> which in some ways may not lead to frequent interaction between them, specifically for the Saudi political regimes. Besides, both countries mostly interacted with other general Muslim issues, beyond the scope of their relations, like the Palestinian people, the issue of Muslim minorities, and others which were usually discussed at the international Islamic dialogue or in the Organisation of the Islamic Conference (OIC). On top of that, with the assassination of King Feisal in March 1975, there was no personal relationship formed

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<sup>356</sup> Malaysia is currently having some border disputes with Singapore over Batu Putih Island, and overlapping claims on the Spratlys Island which are also alleged by other countries including China, the Philippines, Thailand, and Vietnam. While Saudi Arabia still has 'unclear' border with Yemen, and also having continuous discussion with Kuwait and Iran over maritime boundary. CIA The World FactBook, "Malaysia", (<http://www.cia.gov/cia/publications/factbook/geos/my.html>), CIA The World Factbook, "Saudi Arabia", (<http://www.cia.gov/cia/publications/factbook/geos/sa.html>).

<sup>357</sup> See note 326 in the Chapter IV.

<sup>358</sup> For these three upheavals see notes 752, 753 & 754 in the Chapter VI.

between both political regimes, as there was Tunku Abdul Rahman and King Feisal, which indirectly discouraged the level of interaction between both countries' leaders.<sup>359</sup> Furthermore, more significantly, the Malaysian political regimes have to avow that they have to interact first with Al-Saud family rulers for they need the latter's contribution and co-operation more, for instance in obtaining financial aid or in fulfilling the Islamic appeal of the Malaysian Muslim community particularly in doing pilgrimage activities in the Kingdom, and not vice-versa. Moreover, since Malaysia is only a small country, and has no bigger influence in the international system, this indirectly leads Al-Saud family rulers to pay more attention to other more influential and important countries in order to consolidate their diplomatic recognition, to enhance the level of security as well as to further develop their economic prosperity in the international system.

#### **4.8 Conclusion**

The role of the nature of state and regime interests is one of the essential variables that influence Malaysia's relations with Saudi Arabia. Throughout the discussion which is largely based upon the leadership period of Malaysian and Saudi Arabian political regimes, the study has found, decidedly, that most of the initiatives taken, particularly by the Malaysian political regimes from the Tunku Abdul Rahman to the Dr. Mahathir regimes, have enhanced the level of interactions between both countries. The efforts, which normally take place through formal visits by the Prime Minister of Malaysia and his officials to Saudi Arabia, can be regarded as successful because they are able to generate diplomatic and socio-economic opportunities, as well as the religious

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<sup>359</sup> Anuar Kasman, Counsellor, Deputy Mission, "Brief Statement", Embassy of Malaysia in Riyadh, Saudi Arabia, 5.

commitment that is highly beneficial for both countries. However the study cannot deny that the relations, in fact, have been mostly initiated by Malaysian political regimes, and not Al-Saud family rulers.

The study has also identified that the nature of Malaysia's relations with Saudi Arabia are mostly on the basis of mutual recognition since there has yet to appear a conflict or dispute between them, and only a few occasions have arisen where both countries have been involved as the mediator to settle some Muslim countries' problems such as the Iran-Iraq War, the Afghanistan crisis, the Israel-Palestinian conflict, and others under the Organization of Islamic Conference (OIC). The issues discussed at the exchanges of visit by Malaysian and Saudi Arabian political regimes are more about pilgrimage, education, *dakwah* (ancient links), economic, financial assistance, market opportunities, and investment. In other words, the character of relations is not under stress but more on peaceful-mutual basis without the expulsion of the element of rationality. Furthermore, the study attempts to relate the significance of the relations to the Malaysian political regimes in terms of religious commitment (by having close interaction with one of the most influential Muslim countries, Saudi Arabia) both domestically and internationally. It has made some relatively valuable findings, especially at the domestic level where the portrayal of religious commitment is more towards gaining political support among Malaysian Muslim communities. Besides, the level of religious portrayal has varied from the Tunku to the Dr. Mahathir regimes. This might be due to the different situation at the domestic and international levels, which to some extent, has affected the level of commitment. In contrast with the Saudi

government, due to the lack of visits by Al-Saud family rulers to Malaysia, except for King Feisal, it is difficult for this study to enhance the significance of the relations for the Kingdom other than by considering that King Feisal's visit to Malaysia (through King Feisal's visit to Malaysia, however, had opened up more opportunities for the Malaysian political regime to continuously receive various religious donations from Al-Saud family. This will be further discussed in the Chapter VI) is part of Al-Saud family's global agenda to promote its religious ideology, Pan-Islam, to further consolidate the Kingdom's position in the Muslim countries.

In general, the main approach of this chapter gives emphasis to the nature of the state and regime interests by focusing the discussion on the different leadership period of both political regimes, especially Malaysia, which have come to appear fruitful in order to re-affirm the role of the nature of state and regime interests as one of the key determining factors influencing Malaysia's relations with Saudi Arabia. Along with that, since this chapter focuses on the nature of state and regime interests as the prime mover to establish relations, therefore the outcome of this factor may be extended and developed in the other chapters, which examine the level of economic and religious interactions, and also systemic factor that might further determine the character of Malaysia's relations with Saudi Arabia.



## CHAPTER V

### 5.0 ECONOMIC DETERMINANTS AND THE PATTERN OF RELATIONS

It has usually been argued that economic interest is amongst the basic aims of a country pursuing bilateral relations with others. This is the interest that two countries or more are able to forge closer relations, despite the existence of misunderstandings or disagreements between them over a few political matters.<sup>360</sup> In regards to Malaysia's relations with Saudi Arabia, it is quite noticeable that the economic field, along with the religious responsibility,<sup>361</sup> is one of the interests that both countries can share and develop at the highest level of cooperation, owing to the nature of the relationship which is not grounded upon security or military alliance, but more towards mutual interaction in political, socio-economic and religious fields. This is also increased with the type of affiliation of both countries, to an organization like ASEAN and GCC or even OIC, which largely focus on diplomatic and socio-economic solidarity.<sup>362</sup>

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<sup>360</sup> For instance, this has been the case with Malaysia's relations with the United States, and Singapore. Despite some misunderstandings on a few political issues, such as Dr. Mahathir's stand on US dominance in the Asia-Pacific Economic Cooperation (APEC), his question on US 'late' action towards Yugoslavian conflicts (Bosnia-Hezergovina), the dispute between Malaysia and Singapore on an island called 'Batu Putih', water issues, immigration and customs procedures for the Malaysia-Singapore rail link and others, Malaysia's economic relations with these two countries is growing tremendously, and they are still among the top five trading partners. R.S. Milne & Diane K. Mauzy, Malaysian Politics Under Mahathir (New York : Routledge, 1999), 132-133 & 141-143.

<sup>361</sup> Religious affiliation will be discussed in the Chapter VI.

<sup>362</sup> During and after the two world wars, both countries were members of a security alliance or treaty like Malaysia signed the Defence Treaty between Malaysia and Britain soon after the former achieved independence in 1957, while Hejaz (one of the Saudi Arabian territories) under Shariff Hussein had teamed up with Britain in the First World War against the Ottoman Empire in the Arabian Peninsula, and even GCC might act as a security bulwark against Iraq or Iran challenges to the stability in the Persian Gulf as well as in the entire Middle East region. See J. Saravanamuttu, The Dilemma of Independence, 21, K.S. Twitchell, Saudi Arabia : With an Account of Development of Its Natural Resources (Princeton : Princeton University Press, 1953),

Malaysia's early economic interactions with Saudi Arabia can be traced back to the era of the Malacca Sultanate where most of the Arab traders came to trade with local as well as other foreign merchants.<sup>363</sup> This tradition had been continuously pursued by the British administration in Malaya, but not by the Portuguese and the Dutch who interrupted the trade, prior to the independent period as the UK mainland also successfully secured several economic treaties with a few kingdoms in the Arabian Peninsula such as with Bahrain (1820), Muscat and Oman (1891), Kuwait (1899), Qatar (1916), and the first oil concession given to a British company by King Abdul Aziz of Saudi Arabia in 1923.<sup>364</sup> Although this interaction is not as important as Malaya's economic activities with the United Kingdom, the United States, some other European countries and Japan, at least it had formed some early economic exchanges between these two political entities. Thus, based on this established historical economic relationship, and along with Fred Von der Mehden's assumption<sup>365</sup> that Malaysia and Saudi Arabia have been co-religionist for a long period of time, it would be an enormous advantage for both countries to strongly develop their economic cooperation in the international economic system. Ironically, however, when looking at some of the economic indicators, the assumption is in doubt, and inevitably invites a few questions that need to be critically

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96-99, John Christie, "History and Development of the Gulf Cooperation Council : A Brief Overview", in John A. Sandwick (ed.) The Gulf Cooperation Council : Moderation and Stability in an Interdependent World (Boulder : Westview Press, 1987), 7-20, J.E. Peterson, "The GCC and Regional Security", in John A. Sandwick (ed.) The Gulf Cooperation Council, 169-171.

<sup>363</sup> See Chapter Three.

<sup>364</sup> See note 167 in the Chapter III. See also Roger Owen & Sevket Pamuk A History of Middle East Economies in the Twentieth Century (London : I.B. Tauris Publishers, 1998), 77, Fouad Al-Farsy, Saudi Arabia : A Case Study in Development (London : KPI Limited, 1982), 45, for the British mainland's trade agreements with several gulf countries.

<sup>365</sup> Fred R. von der Mehden, however, does not focus on one single country, but analyzes a few Middle Eastern countries that actively interact with the Southeast Asian region such as Egypt, Saudi Arabia, Libya, Turkey, Syria, Iraq, Iran, the Persian Gulf states, and Pakistan. Fred R. von der Mehden, Two Worlds of Islam, xi & 17.

analyzed. Among the indicators are, for instance, from the 1960s to the 1990s, the total amount of Malaysia's bilateral trade relations with Saudi Arabia was not more than RM3.7 billion ringgit, and constantly registered a high deficit to the former due to large imports of the latter's petroleum products. This is different with Malaysia's closest trading partners such as the US, Singapore, and Japan, which, on average have not less than RM20 billion and up to RM70 billion ringgit. In terms of trade agreements, both countries only managed to sign five major agreements, of which the last three agreements have only been signed after almost twenty years since the first two; The Economic and Technical Cooperation Agreement (1975), The Cultural and Scientific Cooperation Agreement (1976), and The Avoidance of Double Taxation Agreement (1993), Investment Guarantee Agreements, and Agreement on the Accession of Saudi Arabia to the WTO (2000).<sup>366</sup> Moreover, Saudi Arabia only ranks 27th in Malaysia's external trade relations, which demonstrates that the United States, Japan, Singapore and Europe are the leading partners in Malaysia's trade relations.<sup>367</sup>

Concerned with the above pattern of Malaysia's economic relations with Saudi Arabia, this chapter aims to identify how and why the degree of the relationship is less encouraging, especially for Malaysia. To examine this matter, the study will focus on three major economic determinants, which in the opinion of the researcher, vastly impact upon the pattern of Malaysia's economic relations with Saudi Arabia. Firstly, the

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<sup>366</sup> The Ministry of International Trade and Industry (MITI), "Opening of Caravan Malaysia 2003 Jeddah, Saudi Arabia", December 7, 2003 (<http://www.miti.gov.my/speech-7dec03.html>), *Saudia Online*, May 22, 2001 (<http://www.saudia-online.com/maynews/Business56.htm>), "Signing of Bilateral Investment Guarantee Agreement (IGA) and the Accession of Saudi Arabia to the WTO", MITI (<http://www.miti.gov.my/press34a.htm>).

<sup>367</sup> Malaysia External Trade Development Corporation (MATRADE), "Overseas Market Information, Saudi Arabia", (MATRADE Branch, Kota Kinabalu, Sabah, Malaysia, 1999-2000).

economic background of Malaysia and Saudi Arabia will be examined, secondly, the character of economic activities, and thirdly the influence of international economic system, especially by referring to the concept of core-periphery relations.

### **5.1 The Background of the Malaysian Economy**

Before achieving independence in 1957, the Malaysian economy had been under the influence of the British administration, at least, since the late 18<sup>th</sup> century, through the acquisition of Penang by Francis Light in August 1786, and after the Treaty of London in 1824 which paved the way for Britain to have full authority over the most areas of the Malay Peninsula.<sup>368</sup> Although prior to the British arrival there were some early economic interactions, mainly with Muslim-Arab traders, and other European powers, like the Dutch, it was the British who had the upper hand over them. Frankly to say, on the road to independence the historical background of the Malaysian economy was generally shaped by the presence of the British administration in Malaya, particularly from the early 19<sup>th</sup> century to 1957.

In the era of the British administration, the Malayan economy had been largely concentrated on the agricultural and mining sectors. Malaya became the main exporter of two raw materials, rubber and tin, in the international trade. The production of rubber and tin in Malaya started in the early 19<sup>th</sup> century. Rubber plantations were first developed commercially by Sir Hugh Low in 1877; tin mining, however, was initially dominated by

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<sup>368</sup> This treaty also formally decided the spheres of British and Dutch interest in the Malay Archipelago as well as gave Sumatra to the Dutch. Malayan Year Book 1936 (Singapore : The Government Printing Office, 1936), 14.

the Chinese, until the last years of the nineteenth century.<sup>369</sup> Both rubber and tin had contributed to Malayan export earning from \$269 million dollars (1920) to \$757 million dollars (1925), and \$128 million dollars (1920) to \$175 million dollars (1925) respectively.<sup>370</sup> However, these figures dropped abruptly during the 1930s due to the Great Economic Depression. For instance, in 1935, the export of rubber only amounted to \$259 million dollars, and tin to \$117 million dollars.<sup>371</sup> Thus, from 1930-1939, Malaya began to emphasize the plantation of oil palms, production from which rose significantly from 3,300 tons to 57,400 tons, and successfully contributed to the total world output, increasing from 1 per cent to over 11 per cent.<sup>372</sup> Nevertheless, at the outset of independence of 1957, rubber and tin still accounted for some 85 percent of export earnings, and almost half of the Malaysian national output.<sup>373</sup>

Malaya's main trading partners were the United Kingdom, British possessions,<sup>374</sup> the United States, European Economic Community members (EEC) or the Common Market,<sup>375</sup> Japan, and China. The United States, however, was Malaya's principal export

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<sup>369</sup> John T. Thoburn, Primary Commodity Exports and Economic Development : Theory, Evidence and a Study of Malaysia (London : John Wiley & Sons, 1977), 14, 58, & 61, P.P. Courtenay, A Geography of Trade and Development in Malaya (London : G. Bell & Sons Ltd., 1972), 115, T.H. Silcock, The Commonwealth Economy in Southeast Asia (Durham : Duke University Press, 1959), 8-9 & 157, Edmund Terence Gomez and Jomo K.S. (ed.), Malaysia's Political Economy : Politics, Patronage and Profits (Cambridge : Cambridge University Press, 1997), 10 & 13-14.

<sup>370</sup> John T. Thoburn, Primary Commodity Exports and Economic Development, 70.

<sup>371</sup> Malayan Year Book 1936, 118, John T. Thoburn, Primary Commodity Exports and Economic Development, 70

<sup>372</sup> P.P. Courtenay, A Geography of Trade and Development in Malaya, 125.

<sup>373</sup> John T. Thoburn, Primary Commodity Exports and Economic Development, 72.

<sup>374</sup> British possession including British India, Burma and Hong Kong.

<sup>375</sup> European Economic Community (EEC) or the Common Market was an organization of West European states created by the Treaty of Rome in 1957. Its original members were Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany. UK joined EEC in 1973. The Macmillan Encyclopedia (London : Guild Publishing, 1986), 426.

market, followed by the EEC, UK and Japan. For example, the Malayan total value of merchandise imported from and export to the United States in 1935 was \$204,472 million dollars, EEC \$61,890 million dollars, UK \$12,596 million dollars and Japan \$22,284 million dollars. Furthermore, from 1937 to the 1950s (1952-1953), the US continued as one of the leading Malayan trading partners as the latter's export to the former remained steady with the average between \$382,942 million dollars and \$291.7 million dollars. Meanwhile, Malayan trading with the UK registered a deficit of between -\$7,436 million dollars, and -\$56.7 million dollars.<sup>376</sup> The US developed as the main principal market for Malaya owing to her position as the rising superpower after the World Wars I and II, compared to Great Britain which started to decline politically and economically in the post-war years. Moreover, the level of Malayan imports had often surpassed exports to UK due to the huge need for certain materials, especially food and manufactured goods.<sup>377</sup> Then, as has been said before, there were no specific Middle East countries, including Saudi Arabia, listed in the overseas trade of Malaya in the Malayan Year Book from 1930s to 1950s. Malaysia's trade with Saudi Arabia was only began to be quoted from the 1960s and onwards, such as a report in the Malayan Year Book of 1966 which stated bilateral trade between both countries amounting to a deficit of -RM72,290,563 million. The huge deficit was because of the total of import for Saudi's crude oil and petroleum products (RM73,416,464 million) outnumbered Malaysian combined main

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<sup>376</sup> Nevertheless, in 1952, Malayan export to the UK surpassed its import, which amounted \$425.7 million dollar. Malayan Year Book 1939 (Singapore : The Government Printing Office, 1939), 122, Annual Report on the Federation of Malaya (Kuala Lumpur : The Government Press, 1951), 72-73, Federation of Malaya Annual Report 1953 (Kuala Lumpur : The Government Press, 1954), 104-105. See also T.H. Silcock, The Commonwealth Economy in Southeast Asia, 161-162, for a good elaboration.

<sup>377</sup> See Malayan Year Book 1939, 121.

exports, rubber manufacture, tin, preserved fruits and electrical machinery (RM1,016,912 million).<sup>378</sup>

After gaining independence in 1957, the Malaysian government moved ahead with the industrialization process. This owed much to the realization of the price fluctuation of its primary commodities in the international market, faced with the United States's synthetic rubber during the war, and a few recommendations by the International Bank and Reconstruction Development (IBRD), which visited Malaya in 1954, to diversify its economy and not merely depend on agricultural products.<sup>379</sup> This was also related to its total GDP, of which two-fifths came from agriculture, and only less than 10 percent from the manufacturing sector.<sup>380</sup>

The process of industrialization in Malaysia can be referred to the phases of import-substitution-industrialization (ISI), and export-oriented-industrialization (EOI). The former took off in the late 1950s to 1960s, and it was a strategy to encourage foreign investors to set up production, assembly and packaging plants in the country to supply finished goods previously imported from abroad. The government also subsidized, directly or indirectly, the establishment of new factories, and at the same time, protected the domestic market. ISI policy was very encouraging as it led Malaysian GDP to grow

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<sup>378</sup> Malaysia Quaterly Statistics of External Trade, July-September 1966 and Nine Months Ended September 1966 (Kuala Lumpur : Department of Statistics, 1966), 28, 33 & 52.

<sup>379</sup> David Lim, "Malaysian Development Planning", Pacific Affairs 55 (4) Winter 1982-83, 617, John Gullick, Malaysia : Economic Expansion and National Unity (London : Westview Press, 1981), 142, John T. Thoburn, Primary Commodity Exports and Economic Development, 72.

<sup>380</sup> Jomo K.S. & Chris Edward, "Malaysian Industrialisation in Historical Perspective" in Jomo K.S. (ed.), Industrialising Malaysia : Policy, Performance and Prospects (London : Routledge, 1993), 18.

from 9 percent in 1960 to 13 percent in 1970. The EOI policy, which began in the early 1970s, attempted to facilitate and encourage Malaysian manufacturing production for export using imported equipment and available raw materials. The prime aims of EOI were to increase the processing of older (rubber and tin) and newer (palm oil and timber) primary commodities for export, and also to develop non-resource based exports like electrical and electronic components. The first aim was less successful as it was not consumed much by developed economies as they prefer to import those raw materials rather than finished products, while the electrical and electronic sector indicated potential growth as it produced more than half of the total manufactured exports since the mid-1980s.<sup>381</sup>

Beside that, due to the importance of energy sector, especially oil, as the backbone of economy where petroleum products are the dominant fuel use of commercial energy about 64.5 percent, followed by electricity (18%), coal and coke (3.1%), particularly in the 1990s,<sup>382</sup> Malaysia begins to explore some potential areas which are believed to have oil reserves such as off-shore Sabah, Sarawak and Terengganu. This effort became fruitful when petroleum was successfully drilled for the first time in

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<sup>381</sup> Jomo K.S. & Chris Edward, "Malaysian Industrialisation in Historical Perspective", 25-26, Edmund Terence Gomez and Jomo K.S. (ed.), *Malaysia's Political Economy*, 16-17.

<sup>382</sup> Petroleum products are largely used in transport sector (42%), followed by industrial sector (37%), residential and commercial sector (13%) and agricultural sector (0.3%). National Energy Balance 2001, "Executive Summary", ([http://ns2.ptm.org.my/medishomepage/PDFReport/NEBES\\_01.pdf](http://ns2.ptm.org.my/medishomepage/PDFReport/NEBES_01.pdf)), Petroliam Nasional Bhd, "The Oil and Gas Industry : Providing Energy for the Future", in Michael Yeoh (ed.), *21<sup>st</sup> Century Malaysia : Challenges and Strategies in Attaining Vision 2020* (London : ASEAN Academic Press Ltd., 2002), 140.



1957.<sup>383</sup> With the establishment of PETRONAS in 1974,<sup>384</sup> the production of oil is encouraging. The range of Malaysia's oil production was from 1,000 barrels to 99,000 barrels per day between 1967-1973.<sup>385</sup> In the mid-1980s, the average production of oil was dramatically increasing at the rate of 444 000 barrels a day.<sup>386</sup> Furthermore, from the 1990s and onwards, Malaysia was successful in enhancing its monthly crude oil production to about 650,000 barrels per day, and was placed as the 27<sup>th</sup> largest of crude oil reserves in the world (the total volume is about 4.84 billion barrels<sup>387</sup>). Most of its crude oil is exported to Singapore, Japan, Thailand, and South Korea.<sup>388</sup>

In spite of the ability to export of crude oil, Malaysia is still producing or refining insufficient petroleum products for its domestic energy uses. For example, in 1980 and 1995, Malaysia could only supply petroleum products between 2,323 ktoe<sup>389</sup> and 610 ktoe compared to the level of use was between 5,550 ktoe (1980) and 16,142 ktoe (1995),

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<sup>383</sup> Fong Chan Onn, New Economic Dynamo : Structures and Investment Opportunities in the Malaysian Economy (Sydney : Allen & Unwin, 1986), 132.

<sup>384</sup> PETRONAS stands for Petroliam Nasional Bhd which was set up in August 17, 1974. It is a wholly-owned by the Malaysian government to manage the entire oil and gas resources in Malaysia. PETRONAS, "Corporate", 2000-2005 ([http://www.petronas.com.my/internet/corp/centralrep2.nsf/frameset\\_corp?OpenFrameset](http://www.petronas.com.my/internet/corp/centralrep2.nsf/frameset_corp?OpenFrameset)).

<sup>385</sup> Bruce Gale, "PETRONAS : Malaysia's National Oil Corporation", Asian Survey xxi (II) November 1981, 1131.

<sup>386</sup> Fong Chan Onn, New Economic Dynamo, 134.

<sup>387</sup> However, according to the recent report by Energy Information Administration (EIA), Malaysia's proven oil reserves decreased from 4.3 billion barrels in 1996 to 3.0 billion in early 2005, and it will last less than 20 years. Energy Information Administration (EIA), "Country Analysis Briefs : Malaysia", January 2005 (<http://www.eia.doe.gov/emeu/cabs/malaysia.html>), United States Energy Information Administration, "Malaysia", July 1996 (<http://www.converger.com/eiacab/malaysia.htm>).

<sup>388</sup> Energy Information Administration (EIA), "General Background : Malaysia", (<http://www.eia.doe.gov/emeu/cabs/malaysia.html>), UK, Trade and Investment, "Oil, Gas, Refining and Petrochemicals (Plant Design) & Construction Market in Malaysia" ([http://www.tradepartners.gov.uk/oil\\_and\\_gas/malaysia/profile/overview.shtml](http://www.tradepartners.gov.uk/oil_and_gas/malaysia/profile/overview.shtml)), Sidek Kamiso, "Shell Makes Major Oil Discovery", The Star September 23, 2004 (<http://biz.thestar.com.my/news/story.asp?file=/2004/9/23/business/8963658&sec=business>).

<sup>389</sup> Ktoe stands for 'kilo tan of energy'.

and also in 1998 and 1999 the production was only at 1,793 ktoe and 848 ktoe, whereas the total use was 17,488 ktoe and 19,247 ktoe respectively.<sup>390</sup> This scenario has generally been shared by the Ministry of Energy, Communications and Multimedia, Malaysia, which believes that supply from petroleum products and crude oil for domestic uses decreased from 87.8 per cent in 1980 to 52.1 per cent in 1998.<sup>391</sup> Therefore Malaysia has to import some petroleum products from Saudi Arabia, UAE, Iran and Singapore to cover up those deficiencies<sup>392</sup> and the government is compelled to seek an international exploration and production strategy by investing in some foreign countries' oil industries including Syria, Turkmenistan, Iran, Pakistan, China, Vietnam, Burma, Algeria, which contributes one-third of PETRONAS revenue.<sup>393</sup> The insufficient production of oil for the domestic consumption which Malaysia is largely dependable upon the oil rich countries, particularly Saudi Arabia, indirectly too leads to the imbalance in the former's trade with the latter as has been discussed later in the sub-topic : "Trade : The Pattern of Export and Import".

As Malaysia headed towards the 1980s and onwards, its economy, to some extent, diversified considerably from too much dependence upon agricultural commodities towards export-oriented-industrialization, and heavy industries (automobile) which

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<sup>390</sup> Komathi Mariyappan, "Status of Renewable Energy & Energy Efficiency in Malaysia", Center for Environment, Technology and Development, Malaysia (CTDEM), (<http://www.isep.or.jp/spena/2000/countryreports/malaysia.htm>).

<sup>391</sup> Ministry of Energy, Communications, & Multimedia, "National Energy Balance Malaysia, 1999 & Quarter 1 & 2, 2000", ([http://ns2.ptm.org.my/medishomepage/PDFReport/NEBQ1\\_Q2\\_00.PDF](http://ns2.ptm.org.my/medishomepage/PDFReport/NEBQ1_Q2_00.PDF)).

<sup>392</sup> Singapore is the biggest exporter of petroleum products (71.7 per cent) to Malaysia. UK, Trade and Investment, "Oil, Gas, Refining and Petrochemicals (Plant Design) & Construction Market in Malaysia" ([http://www.tradepartners.gov.uk/oil\\_and\\_gas/malaysia/profile/overview.shtml](http://www.tradepartners.gov.uk/oil_and_gas/malaysia/profile/overview.shtml)).

<sup>393</sup> Energy Information Administration (EIA), "General Background : Malaysia", (<http://www.eia.doe.gov/emeu/cabs/malaysia.html>).

endeavoured to replicate the model of Newly Industrializing Countries of Asia (NICs),<sup>394</sup> mainly South Korea as well as Japan, the most developed economy in East Asia. To speed up the phase of industrialization, Malaysia, under the administration of Dr. Mahathir Mohammed, also introduced the 'Look East Policy', which tried to emphasize and implement the culture of the Japanese and the South Korean people who turned their country into one of the fastest growing modern economies in the world. Furthermore, to develop heavy industry of automobile production, the Heavy Industries Corporation of Malaysia (HICOM) was responsible for setting up joint ventures between Perusahaan Otomobil Nasional (PROTON), Mitsubishi Motor Corporation (MMC), Mitsubishi Corporation (MC), Perwaja Terengganu Sdn. Bhd. (PERWAJA), and with a consortium of eight Japanese firms led by Nippon Steel Corporation (NSC).<sup>395</sup> The Malaysian government's efforts to industrialize its economy by attempting to emulate the model of development in Japan, and the Newly Industrializing Countries in the East Asian region, and by the same token also, to open up more opportunities to foreign investors to become involved in several industrial projects at the local level, caused Malaysia to undergo booming economies in the mid-1990s, before succumbing to the East Asian crisis in 1997.

## **5.2 The Background of the Saudi Arabian Economy**

Not much different to Malaysia, the Saudi Arabian economy prior to the discovery of oil in the 1930s was based on agricultural and pastoral activities in tribal villages at oases. It

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<sup>394</sup> There are four countries labeled as NICs; South Korea, Taiwan, Hong Kong and Singapore.

<sup>395</sup> Kit G. Machado, "Japanese Transnational Corporations in Malaysia's State Sponsored Heavy Industrialization Drive : The HICOM Automobile and Steel Projects", *Pacific Affairs* 62 (4) Winter 1989-90, 505, Jomo K.S. & Chris Edward, "Malaysian Industrialisation in Historical Perspective", 29.

was faced with geographical inadequacy for cultivation of more food for little water, with desert lands where the rainfall was only five inches annually. Its main agricultural products were dates, millet, wheat and barley. Nonetheless, after oil production started in Saudi Arabia in 1937, with commercial production begun in the following year by the Standard Oil Company of California (Socal) which obtained a 60 year concession from 1933-1993,<sup>396</sup> its economy grew rapidly. Since then too, Saudi dependency upon industrial nations, mainly the United States through the setting up of Arabian-American Oil Company (Aramco) which has dominated oil exploration in the Kingdom, the development of its oil industry has vastly increased.<sup>397</sup> Saudi Arabian oil revenues rose continuously year by year from \$56.7 million in 1950 to \$2,734.1 million in 1972, and reached \$60 billion in 1980.<sup>398</sup> In 1990, it went down a little, however, to around \$38,995 billion, mostly due to the Gulf War crisis following Saddam's invasion of Kuwait on August 2, 1990.<sup>399</sup> Despite that, from the 1990s and onwards, Saudi Arabia has become

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<sup>396</sup> The concession agreement was signed between the Kingdom of Saudi Arabia and the Standard Oil Company of California on May 29, 1933, and it was later be extended from a 60 year concession for a further six years. Sheikh Rustum Ali, Saudi Arabia and Oil Diplomacy (New York : Praeger Publishers, 1976), 6, Saudi Arabian Information Source, "Oil : Historical Background and Aramco (4)", (<http://www.saudinf.com/main/d14.htm>).

<sup>397</sup> Actually Saudi Arabia had been receiving European influence since the fall of the Ottoman Empire, where the role of Britain and France began penetrating the most areas of the Middle East region. For further discussion see Abbas Alnasrawi, Arab Nationalism, Oil and the Political Economy of Dependency, (New York : Greenwood Press, 1991), 4-14, Rodney Wilson, Economic Development in the Middle East (London : Routledge, 1995), 13-17, William B. Quandt, Saudi Arabia in the 1980s : Foreign Policy, Security and Oil (Washington DC : The Brookings Institution, 1981), 147-149.

<sup>398</sup> Sheikh Rustum Ali, Saudi Arabia and Oil Diplomacy, 6-10, Abbas Alnasrawi, Arab Nationalism, Oil and the Political Economy of Dependency, 13, J.S. Birks & C.A. Sinclair, "The Domestic Political Economy of Development in Saudi Arabia" in Tim Niblock (ed.), State, Society and Economy in Saudi Arabia (London : Croom Helm Ltd., 1982), 199.

<sup>399</sup> The NCB Economist 1 (1) September 1991, 6, Dr. Nasser Ibrahim Rashid & Dr. Esber Ibrahim Shaheen, Saudi Arabia and the Gulf War (Joplin, Missouri : International Institute of Technology, Inc., 1992), 159.

the leading producer and exporter of oil by contributing 11.5 percent of world oil in 2002, followed by Russia (10.7 percent), the US (9.9 percent) and others.<sup>400</sup>

It is quite obvious that the Saudi Arabian economy depends heavily on the production and the export of crude oil to the international market. Before the discovery of oil, pilgrimage, along with agricultural sectors, was among the main sources of Saudi economy.<sup>401</sup> The Kingdom has been categorized as one of those countries whose commodity products (oil exporter) cover between 90 to 100 per cent of its total export and the oil industry alone contributes 30 to 40 per cent of Saudi GDP to the present day.<sup>402</sup> Saudi's close trading partners, as well as its oil main consumers from the 1950s to the 1990s, have been the five industrial countries of the United States, UK, Japan, France and Italy, which require Saudi oil to nourish their industrial projects.<sup>403</sup> Therefore, in

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<sup>400</sup> This is different with Saudi Arabian position in the 1970s, where it was only the third largest behind the US and the former Soviet Union. See Justin Thompson, "Venezuela and Oil", CBS News Online, November 27, 2003, (<http://www.cbc.ca/news/background/venezuela/oil.html>), Ministry of Information, Saudi Arabia and Its Place in the World (Jeddah : Dar Al Shorouq, 1979), 134, Paul Stevens, "Saudi Arabia's Oil Policy in the 1970s : Its Origins, Implementation and Implications" in Tim Niblock (ed.), State, Society and Economy in Saudi Arabia, 215.

<sup>401</sup> Today pilgrimage only contributes US\$2 billion annually, while the agricultural sector lost its central position in the Kingdom's economy. David Edwin Long, "The Hajj Today : A Survey of the Contemporary Pilgrimage to Makkah", Unpublished Ph.D. Thesis (The George Washington University, February 1973), 190-191, "Saudi Arabia : Economy", Encyclopaedia of the Orient ([http://lexicorient.com/e.o/saudi\\_2.htm](http://lexicorient.com/e.o/saudi_2.htm)).

<sup>402</sup> Professor Issam El-Zaim, "The Industrial Patterns of Islamic Countries and Their Opportunities of Industrial Co-operation", Cahier 23 1983, 6 (1-51), Joseph D. Coppock, Foreign Trade of the Middle East : Instability and Growth, 1946-1962 (Lebanon : Economic Research Institute, American University of Beirut, 1966), 133, Ramon Knauerbase, "Saudi Arabia's Economy at the Beginning of the 1970s", The Middle East Journal xxviii Spring 1974, 133 (126-140), Anthony H. Cordesman & Arleigh A. Burke, "Saudi Arabia Enters the 21<sup>st</sup> Century", 2, The Energy Information Agency of the US Department of Energy, "Saudi Arabia" (<http://www.eia.doe.gov/emcu/cabs/saudi.html>).

<sup>403</sup> Except from 1951 to 1961, Bahrein was the main consumer of Saudi exports along with the five industrial countries. However, in the 1980s and onwards, Non-Islamic Asian States combined, mainly Japan and South Korea, replaced the North American region as the largest market of Saudi exports. Joseph D. Coppock, Foreign Trade of the Middle East, 141, Middle East

order to diversify its economy and not depend solely on the export of crude oil, as well as to develop industrial status, the Saudi government focuses on several economic-industrial oriented sectors that have large potential for development, including modern agriculture, the electrical industry, petroleum and mineral wealth, commerce, and the manufacturing sector.

The diversification effort, however, was initiated in 1957, through a close co-operation between Saudi Arabia and the United Nations, which both signed two agreements under the name of Technical Assistance Board (TAB) in 1957 and 1960-1961. In 1970, TAB was changed to United Nations Development Programme (UNDP), which would emphasize more the technical training of Saudi people. Like Malaysia, the Saudi development program, under UNDP, would be carried out in the Fourth Five Year Plan (1970-1990), and this plan will continue further in the years ahead.<sup>404</sup> The Saudi government also set up the General Petroleum and Mineral Organization (Petromin), the first Saudi national petroleum company, in 1962, to formulate and execute projects for the development of the petroleum, petrochemical and mineral industries.<sup>405</sup> Nevertheless, despite the rigorous efforts towards the diversification plan, the Saudi economy is still principally based on the production of oil and petroleum products, which roughly

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Economic Digest (MEED), August 1978, 39, Middle East Economic Digest (MEED), July 1983, 13, Middle East Economic Digest (MEED), June 1987, 6, The NCB Economist 2 (8) October 1992, 5, Saudi Economic Survey xxxii (1599) December 30, 1998, 9, The NCB Economist 9 (4) July/August 1999, 4-7.

<sup>404</sup> Ministry of Information, Saudi Arabia and Its Place in the World, 134-136, Fouad Al-Farsy, Saudi Arabia : A Case Study in Development (London : KPI Limited, 1982), 135-141, David G. Edens & William P. Snavely, "Planning for Economic Development in Saudi Arabia", The Middle East Journal xxiv Winter 1970, 21-27.

<sup>405</sup> Ramon Knauerbase, "Saudi Arabia's Economy at the Beginning of the 1970s", 134, Fouad Al-Farsy, Saudi Arabia : A Case Study in Development, 49-51.

accounts for 75 per cent of budget revenues, 45 per cent of GDP, and 90 per cent of export earnings.<sup>406</sup> This also added to the lesser achievement of other non-oil sectors, particularly agriculture (food cultivation), which is still growing insufficiently,<sup>407</sup> and Saudi Arabia itself (within the Arab region) is one of the highest food-importing countries in the world.<sup>408</sup>

### 5.3 Closer to Developed Countries and High Demand for Industrialization

By looking at the background economy of both Malaysia and Saudi Arabia, which has been discussed before, it can be seen that there are a few similarities, for instance, the presence of European or US influences, the provider of raw materials to industrial countries, and high demand for industrialization status. Perhaps it may sound paradoxical to some researchers, since the existence of several similarities might lead to closer interaction between two countries, but this situation is different for Malaysia and Saudi Arabia. What the study means by 'those similarities' is that since Malaysia and Saudi Arabia had experienced some European influences, the former under Great Britain, and the latter at the early stage enjoyed British alliance (or support King Abdul Aziz administration) before the US took the lead in the Middle East and indirectly assumed its bigger role in Saudi oil exploration, both countries inevitably complied with the needs and the policies of these developed economies. Malaysia and Saudi Arabia had to

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<sup>406</sup>The NCB Economist 9 (1) January/February 1999, 1-3, The NCB Economist 11 (1) First Quarter 2001, 3, The World CIA Factbook (<http://www.cia.gov/cia/publications/factbook/geos/sa.html>).

<sup>407</sup> For instance in 1995-1996, agricultural sector represents only 6.6 per cent of total Saudi GDP. The NCB Economist 6(1) January/February 1996, 9.

<sup>408</sup> During 1994-1995, the volume of import on food stuffs was not declining (around SR2 million quarterly) compared to other products. The NCB Economist 6(1) January/February 1996, 3, Abbas Alnasrawi, Arab Nationalism, Oil and the Political Economy of Dependency, 177.

maintain relations with their 'parent'<sup>409</sup> countries as it was they that helped or influenced the creation of the basis of their economic structure as well as guiding them to sell their primary commodities in the international market. The intimate economic links between Malaysia-United Kingdom and Saudi Arabia-the United States can be observed when both countries (Malaysia and Saudi Arabia) at the early stage of development, played a more important role as the main supplier of raw materials for UK and the US, and also to other industrial nations as has been argued by Jomo K.S,<sup>410</sup> William B. Quandt,<sup>411</sup> Abbas Alnasrawi.<sup>412</sup> This scenario is unavoidable as industrial countries may provide bigger markets as well as vast capital in return compared with if they only trade between themselves alone or with other less developed countries.

Furthermore, in order to develop and keep pace with the modern global economy, both Malaysia and Saudi Arabia emphasize the process of industrialization and diversification of their economies. This trend certainly encourages both countries to behold and attempt to emulate a model of economy from developed countries, rather than from other countries which have par level with them. Up to the 1980s, Malaysia began to replicate the model of Japan, and other four Newly Industrialising Countries (NICs); South Korea, Hong Kong, Taiwan and Singapore, by launching the Look East Policy which gave more focus to industrializing its economy by venturing into heavy industries such as manufacturing sectors (electrical and electronic products), and automobile

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<sup>409</sup> The word 'parent' represents colonial and protectorates, and it refers to the influence of Britain, and the US over the Malaysian and Saudi Arabian governments respectively as the latter was not colonized by British or the US as the former was.

<sup>410</sup> Jomo K.S. "Introduction" in Jomo K.S. (ed.) Industrialising Malaysia, 1.

<sup>411</sup> William B. Quandt, Saudi Arabia in the 1980s, 147-149.

<sup>412</sup> Abbas Alnasrawi, Arab Nationalism, Oil and the Political Economy of Dependency, 1-2.



projects. This policy, however, will not totally ignore the model of developed-western counterparts (as the US still the biggest Malaysian trading partner), but it is argued, perhaps, is only a justification for Malaysia as Japan and the four NICs are from the Asian region, which may, to some extent, be more appropriate for the culture of the Malaysian economy. In the case of Saudi Arabia, this Kingdom started its development plan much earlier than Malaysia. This is due to the role of the Arabian-American Oil Company (Aramco) that has shaped major features of Kingdom economy, especially the Saudi oil industry.<sup>413</sup> Unlike Malaysia, which prefers the Look East Policy, Saudi Arabia is more inclined towards developed-western countries, mainly the United States, for bringing development to the Kingdom.<sup>414</sup> The outcome of this approach has slightly transformed Saudi Arabia into one of the more modern countries in the Middle East, despite having to face some common domestic problems such as the lack of manpower from the Saudi citizens, the large influx of foreign labourers, and less achievement in the agricultural field.

The high demand for industrialization status has, up to the present, unsurprisingly demonstrated that both countries have more lively economic relations with developed

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<sup>413</sup> Even when Aramco was taken over by the Saudi government in 1980, it still heavily staffed with American workers. William B. Quandt, Saudi Arabia in the 1980s, 147, Anthony H. Cordesman & Arleigh A. Burke, "Saudi Arabia Enters the 21<sup>st</sup> Century", 6, J.S. Birks & C.A. Sinclair, "The Domestic Political Economy of Development in Saudi Arabia", 200.

<sup>414</sup> Although some efforts by the Saudi government to reduce its reliance on the developed western economies, especially post-1975, but less fruitful as those countries, especially the US, are the major consumers of its oil as well as the main arms suppliers for the Kingdom (However, in July 1985, through al-Yamamah deal, British secured the largest single defence contract with Saudi Arabia worth US\$30 billion, consequently shifted the entire structure of Saudi dependence on the US). J.S. Birks & C.A. Sinclair, "The Domestic Political Economy of Development in Saudi Arabia", 206, Abbas Alnasrawi, Arab Nationalism, Oil and the Political Economy of Dependency, 46 & 112-116, Gerd Nonneman, "Saudi-European Relations 1902-2001", 649-650.

countries vis-à-vis as their current major trading partners, mainly the US, Japan, UK, South Korea, Singapore, France and other OECD groups, which indirectly also keeps the level of economic interactions between Malaysia and Saudi Arabia from becoming properly enhanced. This is added too with Malaysia's dependence on Saudi oil which largely causes the trade balance between Malaysia and Saudi Arabia since the early 1960s to the 1990s has been unfavourable to the former.<sup>415</sup> In other words, the closeness of Malaysia and Saudi Arabia to developed countries (or to their parent countries in particular) which, in some ways, cannot be denied in terms of providing more market opportunities for their commodities and higher potentiality of gaining technological know-how in order to achieve their desire for industrialization process (also without ignoring Malaysia's unfavourable reliance on Saudi oil), had made their economic interaction less dynamic. Besides the nature of the economic background that has affected the degree of Malaysia's economic interactions with Saudi Arabia, the study will also examine the character of economic activities, ranging from the kinds of trade, financial assistance, investment and others which might further colour the relations.

#### **5.4 The Character of Economic Activities**

The study will analyze some major economic activities that have patterned the level of economic interactions between Malaysia and Saudi Arabia. Those economic activities and a few indicators such as the amount of trade, investment, and others, are useful as a level of measurement to point out quantifiably the interactions between both countries in the economic field. In doing this, the study will concentrate on several key points of economic indicators, mainly the level of trade, financial assistance, investment, and

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<sup>415</sup> As has been indicated in the page 135 in the Chapter V.

foreign workers, and also the tourism industry, for this sector (acts as income services), has lately indicated impressive growth in the Malaysian economy. This chapter will not cover the economic interactions during the Malacca Sultanate and the British administration in Malaya as these periods have been slightly touched on before, and also owing to the nature of the study which emphasizes more the period of Malaysian independence and after; therefore the focus will be from the day of Malayan independence in 1957, when it became a modern sovereign state (although Saudi Arabia had been earlier), to the 1990s and onwards. Nevertheless, since most of the formal written documents<sup>416</sup> only started reporting exclusively on Malaysia's economic relations with Saudi Arabia in 1960, the period of under examination will be more from the 1960s up to the 1990s.

#### **5.4.1 Trade : The Pattern of Export and Import**

Principally, Malaysia's bilateral trade with Saudi Arabia has been predominantly influenced by the massive import of the latter's oil products. This, in some way, has led to a continuous deficit in Malaysian trade with the Kingdom. Even though Malaysia exports a lot of products to the Kingdom like palm oil, vegetable oil, electrical and electronic machinery, gold, jewellery, and sawn timber, they are still besieged by the import of oil, and other organic chemicals (like alcohol, phenol-alcohol, hydrocarbon and polymer ethylene). For overall picture of Malaysia's trading pattern (export and import

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<sup>416</sup> Basically prior to 1960, most of the formal written documents like the Malayan Book of the Year or any economic indicators from the Department of Statistics, Malaysia, do not specifically mention Saudi Arabia, instead the term 'the rest of the world' is frequently used, which may indicate the lower significance of such economic interactions. Moreover, the Federation of Malaysia was only established in 1963.

performance) with Saudi Arabia, the study will highlight the pattern from the 1960s and onwards as shown in the Table 1.

**Table 1. Malaysia's Bilateral Trade with Partner Country Saudi Arabia (1960-2002)**

Year	Export Value	Import Value	Trade Balance Value
1960 <sup>a</sup>	4.3	5.9	-1.6
1961	4.2	13.9	-9.7
1962 <sup>b</sup>	0.65	4.10	-3.45
1963	0.83	11.26	-10.43
1964	1.00	16.17	-15.17
1965	1.37	50.09	-48.72
1966	1.14	73.43	-72.29
1967	1.67	75.95	-74.28
1968	3.33	79.04	-75.71
1969	3.32	72.64	-69.32
1970 <sup>c</sup>	0.971	23.642	-22.671
1971	0.948	20.748	-19.8
1972	1.169	25.300	-24.131
1973	N.A	37.445	-37.445
1974	0.718	129.627	-128.909
1975	9.517	80.344	-70.827
1976	9.296	85.706	-76.41
1977	32.023	193.673	-161.65
1978	33.346	236.594	-203.248
1979	42.633	247.155	-204.522
1980	60.954	664.668	-603.714
1981	60.726	543.540	-482.814
1982	70.702	404.950	-334.248
1983	63.800	569.600	-505.80
1984	132.801	430.642	-297.841
1985	93.141	268.406	-175.265
1986	53.261	46.441	6.82
1987	81.855	106.021	-24.166
1988	123.820	150.579	-132.113
1989	144.200	96.098	48.102
1990	150.488	143.534	6.954
1991	191.841	190.982	0.859
1992 <sup>d</sup>	0.68	0.53	0.15
1993	0.72	0.67	0.05
1994	0.71	0.57	0.14
1995	0.85	0.57	0.28
1996	0.80	0.83	-0.03
1997	0.83	1.02	-0.19

1998	1.10	0.90	0.2
1999	1.14	1.09	0.05
2000	1.23	2.40	-1.17
2001	1.30	2.41	-1.11
2002	1.46	1.51	-0.05

a. From 1960 & 1961, the value of trade is in million Saudi Riyals. Source : Department of Economic and Social Affairs, Statistical Office of the United Nations, Yearbook of International Trade Statistics, 1964 (New York : United Nations, 1966), 537.

b. From 1962 to 1969, the value of trade is in RM million ringgit (Ringgit Malaysia). Source : Department of Economic and Social Affairs, Statistical Office of the United Nations, Yearbook of International Trade Statistics, 1966 (New York : United Nations, 1968), 513, Department of Economic and Social Affairs, Statistical Office of the United Nations, Yearbook of International Trade Statistics, 1969 (New York : United Nations, 1971), 540.

c. From 1970 to 1991, the value of trade is in US\$million dollars. Source : Department of Economic and Social Affairs, Statistical Office of the United Nations, Yearbook of International Trade Statistics, 1970-1971 (New York : United Nations, 1973), 465, Department of Economic and Social Affairs, Statistical Office of the United Nations, Yearbook of International Trade Statistics, 1974 vol. I (New York : United Nations, 1975), 585, Department of Economic and Social Affairs, Statistical Office of the United Nations, Yearbook of International Trade Statistics, 1975 vol. I (New York : United Nations, 1976), 626, Department of Economic and Social Affairs, Statistical Office of the United Nations, 1978 Yearbook of International Trade Statistics, vol. I (New York : United Nations, 1979), 733, Department of Economic and Social Affairs, Statistical Office of the United Nations, 1979 Yearbook of International Trade Statistics vol. I (New York : United Nations, 1980), 616, Department of Economic and Social Affairs, Statistical Office of the United Nations, 1984 Yearbook of International Trade Statistics, vol. I (New York : United Nations, 1986), 798, Department of Economic and Social Affairs, Statistical Office of the United Nations, 1987 Yearbook of International Trade Statistics, vol. I (New York : United Nations, 1989), 535, Department of Economic and Social Affairs, Statistical Office of the United Nations, 1989 Yearbook of International Trade Statistics, vol. I (New York : United Nations, 1991), 538, Department of Economic and Social Affairs, Statistical Office of the United Nations, 1990 Yearbook of International Trade Statistics, vol. I (New York : United Nations, 1992), 549, Department of Economic and Social Affairs, Statistical Office of the United Nations, 1993 Yearbook of International Trade Statistics, vol. I (New York : United Nations, 1995), 581.

d. From 1992 to 2002, the value of trade is in RMbillion ringgit. Source : Department of Statistics, Malaysia, compiled by Malaysia External Trade Development Corporation (MATRADE), February 2003.

N.A : Not Available.

Based upon the Table 1, it shows that Malaysia's trading pattern with Saudi Arabia is mostly in deficit terms, with the exception from 1986, 1989 and mid-1990s. In the 1960s, for instance, between 1962 to 1968, the average deficit of the trade was -RM42.864 million although from 1962 until 1966 the total of Malaysian external trade was in

surplus ranging from RM180.8 million to RM436.3 million ringgit,<sup>417</sup> and continuously acquiring a surplus of RM680 million ringgit in 1968 with most of its trading partners like France, the US, Singapore, and Italy.<sup>418</sup> The huge deficit was because the total Malaysian imports from Saudi Arabia, which mostly oil, were bigger than its total exports. Furthermore, in the 1970s (from 1970 to 1979), the pattern of Malaysian external trade with Saudi Arabia continued to be in deficit which amounted -US\$949.613 million in trade balance value. Moreover, although the overall external trade performance in the 1980s was in the surplus value, where exports surpassed imports, for instance RM4,721 million ringgit in 1980, and the last five years (1986-1990) with average surplus roughly around RM8,071 million ringgit,<sup>419</sup> Malaysia's trade with Saudi Arabia still indicated some deficits. The amount of deficit was much higher than the previous years as it reached till US\$603.714 million, particularly in the early 1980s. The vast amount of deficit in the 1980s, could be closely linked to the price of oil in the international market which abruptly increased due to the second oil shock began in 1979 following the Iranian

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<sup>417</sup> This external trade includes West Malaysia (Malay Peninsula), Sabah and Sarawak. Malaysia Official Year Book 1966 vol. 6 (Kuala Lumpur : Government Press, 1968) 194.

<sup>418</sup> Malaysia main exports were mostly from primary commodities such as rubber, tin, palm oil, and some manufactured goods like food, rubber products, footwear, beverages and tobacco and others. While its imports were more of crude materials, petroleum products, manufactured goods including metal, mineral and wood manufactures, machinery and transport equipment. The favourable trade balance for Malaysia with its trading partners like France, the US, Singapore, and Italy was largely due to the consistency of the level of export, especially from the primary commodities, which constantly registered surplus in trade value against the level of import. For example, from 1964 to 1968, the average growth rate of exports by Malaysian primary commodities alone was 10.5 per cent compared to its total imports, 6.7 per cent only. Malaysia Official Year Book 1968 vol. 8 (Kuala Lumpur : Government Press, 1969), 12-13 & 14-15.

<sup>419</sup> Statistics Handbook 1987 (Kuala Lumpur : Department of Statistics, 1987), 12, Statistics Handbook 1988 (Kuala Lumpur : Department of Statistics, 1988), 12, Statistics Handbook 1989 (Kuala Lumpur : Department of Statistics, 1989), 12, Statistics Handbook 1990 (Kuala Lumpur : Department of Statistics, 1990), 12.

revolution.<sup>420</sup> Nevertheless, at the end of the 1980s, from 1986 to 1990, the import level of Saudi oil averagely declined by about RM291 million ringgit per year.<sup>421</sup> This was because of the dynamic operation of Petroliam Nasional Sdn. Bhd. (PETRONAS), a local Malaysian oil corporation set up in 1974, which had successfully begun to increase the production of crude oil, and contributed well to the Malaysian economy.<sup>422</sup> This is added too with the economic situation of Malaysia which was not encouraging (affected the level of export and import) for most of its commodities' prices were declining which indirectly resulted the balance on the current account turned around from surplus to a deficit.<sup>423</sup> During the early 1990s, especially from 1992-1995, however, Malaysia's trade balance with Saudi Arabia had been positive due to the level of the former's export outshining its imports to the latter by an average of 0.155 billion ringgit.<sup>424</sup> From 1996 to 2000, except for 1998-1999, the trade balance was back to negative for Malaysian overall trade with the Kingdom. Up to 2000, the amount of bilateral trade reached RM3633.56 million ringgit, a 63 per cent increase over 1999, with the imports of Malaysia still larger

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<sup>420</sup> For instance, the price of Saudi oil increased from US\$24 per barrel in 1979 to US\$32 per barrel in 1980. Energy Information Administration, "World Oil Market and Oil Price Chronologies : 1970-2004", (<http://www.cia.doc.gov/emeu/cabs/chron.html>), Samuel Basseyy Okposin & Cheng Ming Yu, Economic Crises in Malaysia : Causes, Implications and Policy Prescriptions (Selangor, D.E. : Pelanduk Publications (M) Sdn. Bhd., 2000), 72 & 85.

<sup>421</sup> Statistics Handbook 1987, 14-15, Statistics Handbook 1988, 14-15, Statistics Handbook 1989, 14-15, Statistics Handbook 1990, 14-15.

<sup>422</sup> Bruce Gale, "PETRONAS : Malaysia's National Oil Corporation" Asian Survey xxi (11) November 1981, 1141-1142.

<sup>423</sup> In fact, it was not Malaysia that only facing the economic recession but it was a global economic problem that overwhelming international economic system following the second oil shock. Samuel Basseyy Okposin & Cheng Ming Yu, Economic Crises in Malaysia, 81, Samuel Basseyy Okposin, Abdul Halim Abdul Hamid & Ong Hway Boon, The Changing Phases of Malaysian Economy (Kuala Lumpur : Utusan Publication, 2003) 24, Mohamed Ariff, 1 & 16.

<sup>424</sup> "Malaysia's Bilateral Trade with Partner Country Saudi Arabia (RMBillion)", Department of Statistics, Malaysia, compiled by Malaysia External Trade Development Corporation (MATRADE), February 2003.

than its exports, about RM2406.54 million to RM1227.02 million ringgit respectively.<sup>425</sup> (See also Table 1). Frankly to say, despite the pattern of trade is largely in deficit terms (especially for Malaysia), the growth of Malaysia's trade with Saudi Arabia is undeniably increasing, particularly in the late 1990s. This is due to the recent negotiations made by both parties on trade and investment opportunities<sup>426</sup> without ignoring that oil is still the biggest import in Malaysia's trade with Saudi Arabia which amounted US\$5263.64 million of total import US\$6328.67 million from 2000 to 2002.<sup>427</sup>

There might be the question of why Malaysia still needs Saudi oil (petroleum products) as the former has been producing and exporting petroleum since the mid-1970s. It is no doubt that when PETRONAS was launched in 1974, Malaysia began to produce crude oil and petroleum products for domestic use as well as to be exported abroad. Malaysia's oil production had been dramatically increasing from only 1,000 barrels in the 1960s to almost 650,000 barrels per day in the 1990s. This production also has been continuously growing till reached 912,000 barrels per day in 2004.<sup>428</sup> However, (as has been said before in the background of the Malaysian economy) although Malaysia is able to produce its own oil, the production is still insufficient for the domestic consumption.

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<sup>425</sup> "Perdagangan Dengan Arab Saudi Boleh Ditingkatkan", Utusan Malaysia, 24 May, 2001, ([http://utusan.com.my/utusan/archive.asp?y=2001&dt=0524&pub=Utusan\\_Malaysia&sec=Ekonomi&pg=ck\\_05.htm](http://utusan.com.my/utusan/archive.asp?y=2001&dt=0524&pub=Utusan_Malaysia&sec=Ekonomi&pg=ck_05.htm)).

<sup>426</sup> See sub-topic "Mahathir Era : Dynamic Relations" in the Chapter IV.

<sup>427</sup> Malaysia External Trade Development Corporation (MATRADE), "Malaysia's Import From Saudi Arabia by SITC 3 Digit (Million)", 4 September 2003, ([http://www2.matrade.gov.my/application/mtr-eis.nsf/df\\_iecgr?OpenForm&Seq=2](http://www2.matrade.gov.my/application/mtr-eis.nsf/df_iecgr?OpenForm&Seq=2)).

<sup>428</sup> Green Car Congress, Energy, Technologies, Issues and Policies for Sustainable Mobility, "Malaysia May Become Oil Importer by 2009", ([http://www.greencarcongress.com/2005/07/malaysia\\_may\\_be.html](http://www.greencarcongress.com/2005/07/malaysia_may_be.html)).



Malaysia could only averagely supply petroleum products less than 2,000 ktoe<sup>429</sup> whereas the consumption is roughly about 20,000 ktoe at the end of the 1990s. On top of that, since Malaysia's oil is of premium quality, low-sulfur and fetches higher prices than Arabian light, the marker crude, it is an advantage for Malaysia to export its oil to other countries like Singapore, Japan, Thailand, and South Korea in order to gain more profits in Malaysia's total international trade.<sup>430</sup> The ability of Malaysia to export its petroleum to international markets, it unnecessarily means that it has sufficient reserves of oil. Instead Malaysia have to import oil from other countries, especially Saudi Arabia for its own reserves are only predicted to be last less than 20 years to come<sup>431</sup>. This also had been noticed by the Deputy Prime Minister of Malaysia, Najib Tun Razak by saying that : "Malaysia is an oil exporter, but if we do not find new oil reserves, then by 2009, we will become a net importer..... This mean we cannot continue to lean on the oil sector".<sup>432</sup>

Notwithstanding the increasing total amount of Malaysia's trade with Saudi Arabia since the 1960s and onwards (although most in deficit terms), the amount of trade is still smaller compared with Malaysia's former main trading partners, namely the US, Japan, Singapore and the UK. The average percentage of the bilateral trade is about 3.5 to 4.0 percent, whereas Malaysia's trade values with the four main countries are around 11

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<sup>429</sup> Ktoe stands for 'kilo ton of energy'.

<sup>430</sup> Fong Chan Onn, New Economic Dynamo, 134, and discussion, via telephone, with Tuan Hj. Fadzil, Senior Project Leader of PETRONAS, Kuala Lumpur Headquarters, 22 December 2005, 4.30-5.00pm (Malaysian time).

<sup>431</sup> United States Energy Information Administration, "Malaysia", (<http://www.converger.com/eiacab/malaysia.htm>).

<sup>432</sup> Green Car Congress, Energy, Technologies, Issues and Policies for Sustainable Mobility, "Malaysia May Become Oil Importer by 2009", ([http://www.greencarcongress.com/2005/07/malaysia\\_may\\_be.html](http://www.greencarcongress.com/2005/07/malaysia_may_be.html)).

to 24 per cent.<sup>433</sup> Moreover, it is not merely the imbalance of the export-import level which influences Malaysia's bilateral trade relations with Saudi Arabia, but there are also some difficult policies that restrict the growth of trade. For instance, Malaysian goods found it difficult to penetrate directly into Saudi markets due to the tax imposed, which is quite high at about 12 per cent. Thus, Malaysia chooses to export its goods to Dubai first (Free Trade Zone), and re-export, via Dubai, to Saudi Arabia and other Gulf states, which reduces the tax payable to 4 per cent. Beside that, Malaysia also faces some strict administrative business matters such as Saudi health authorities' stringent requirements for imports of pharmaceutical products. Only Malaysian companies that are already exporting to a developed country like the European Union, the US, and Japan can register with the Ministry of Health. The Saudi Ministry of Health does not recognize the Good Manufacturing Practice (GMP) issued by Malaysia, and for new chemical products, proof of 10 years research is required.<sup>434</sup> The same also goes for the Malaysian quality standard like SIRIM which sets the grade for products and goods manufactured by Malaysian companies (for example palm oil and vegetable oil), where the Saudi government seems less confident with the standard.<sup>435</sup> Malaysian companies are also less comfortable with the high cost of endorsement of trade documents like certificate of origin, invoices and

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<sup>433</sup> Malaysia Quarterly Statistics of External Trade July-September 1966, 6-9, 52 & 58, Preliminary Figures of External Trade 1973 (Kuala Lumpur : Department of Statistics, 1973), 29, Preliminary Figures of External Trade 1979, 33, 35-36, Preliminary Figures of External Trade January 1984 (Kuala Lumpur : Department of Statistics, 1984), The Ministry of Finance (Malaysia), Economic Report 1986/1987 (Malay version) (Kuala Lumpur : Jabatan Percetakan Negara, 1986), xxvi-xxix & 106-107, Yearbook of Statistics 1989 (Kuala Lumpur : Department of Statistics, Julai 1990), xiii, 157-160, Yearbook of Statistics 1997-2000 (Kuala Lumpur : Department of Statistics, September 2000), 169 & 171.

<sup>434</sup> Interview with Mr. Ibrahim Md. Yusop, Manager (Asia/Africa) for Malaysia External Trade Development Corporation (MATRADE), Kuala Lumpur, Malaysia, 9 April, 2003.

<sup>435</sup> Interview with Raja Saifful Ridzuwan Raja Kamaruddin, Assistant Secretary for West & North Africa, Ministry of Foreign Affairs, Putrajaya, Malaysia, 2 April 2003.

other trade documents for goods exported to Saudi Arabia. These documents must be endorsed by three agencies, the Malaysian Chamber of Commerce, Wisma Putra and the Saudi Embassy. In the opinion of Malaysian companies, the fees charged by Saudi Arabia are a burden for them. On top of that, obtaining a business visa to Saudi Arabia is rather hard because a Saudi sponsor (must be Saudi citizen) is always needed before the visa can be issued, and this is time consuming for the Malaysian companies,<sup>436</sup> whereas for Malaysia, upon the visit of Ministry of International Trade and Industry, Datuk Rafidah Aziz, to Riyadh, Saudi Arabia in 2001, the Minister announced a relaxation of entry procedures for Saudi companies and investors in order to attract them more to the Malaysian economy by dispensing with the visa requirement.<sup>437</sup>

#### **5.4.2 From Saudi Aid to Investment Activities**

Malaysia, as one of the developing countries in the international economic system, is very much in need of capital inflow from industrial nations, oil-rich countries or international financial institutions in order to develop its economic infrastructure. This could be referred, for instance, to Malaysia's dependency on foreign direct investment (FDI) where from 1969 to 1983, FDI had been the major supplier of foreign capital inflow to Malaysia with an average of US\$550.266 million dollars, or 52 per cent of all total capital inflow.<sup>438</sup> Malaysia was also ranked first among the ASEAN countries in receiving FDI amounting to \$35,177 million dollars, followed by Indonesia (\$23,684

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<sup>436</sup> Interview with Mr. Ibrahim Md. Yusop, Manager (Asia/Africa) for Malaysia External Trade Development Corporation (MATRADE), Kuala Lumpur, Malaysia, 9 April, 2003.

<sup>437</sup> Saudia Online, "Malaysia Unveils Package to Attract Saudi Investment", May 22, 2001 (<http://www.saudia-online.com/maynews/Business56.htm>).

<sup>438</sup> Thomas G. Parry, "The Role of Foreign Capital in East Asia Industrialization, Growth and Development", 100.

million), Thailand (\$17,177), and the Philippines (\$8,379) from 1990 until 1997.<sup>439</sup> Traditionally, western counterparts, especially the United Kingdom, and the US, along with Japan, Singapore, Taiwan, South Korea, and ASEAN neighbours are among the biggest investors in Malaysia.

Nonetheless, in regards to Saudi capital inflow into Malaysia, it was initially begun with the Kingdom's financial aid, and later continued by its investment, in nourishing some of the Malaysia's developmental projects. For example, during the years 1975-1993, Malaysia received SR312.30 million from the Saudi Fund for Development Fund (SFD).<sup>440</sup> The aid was specifically for socio-economic infrastructure in the Malaysian economic development plan. The first Saudi aid received by Malaysia was under Tun Razak administration in 1975 and amounted to US\$200 million.<sup>441</sup> The financial aid, which was in the form of a loan, was used to help finance a few developmental projects, namely the University of Technology, the Medical Faculty of the National University of Malaysia, the Ulu Kelantan Land Settlement Project, and the Pahang Tenggara Land Settlement Project. About SR48.20 million was given to the University of Technology for the availability of trained professional manpower, SR54.20 million for the Medical Faculty of UKM to increase the ratio of medical doctors, and to expand health care in Malaysia, SR40 million for Ulu Kelantan Land and SR86.1 million

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<sup>439</sup> Stephen Thomsen, "Southeast Asia : The Role of Foreign Direct Investment Policies in Development", Working Papers on International Investment, Organisation for Economic Co-operation and Development (OECD), 1999/1, p.7 (1-33),

<sup>440</sup> The aid, in fact, ended in 1983. Besides, this aid does not include donations which are given by the Saudi government for the purpose of religious activities as this will be discussed in Chapter VI. The Saudi Fund Development, Annual Report (20), 1993 (1413/1414H).

<sup>441</sup> See Chapter IV on Malaysia's relations with Saudi Arabia during Tun Razak's reign (Malaysia's second premier).

for Pahang Tenggara Land, which both were projected to grow 30,000 acres of rubber plantations, and 86,400 acres of oil palm plantations, as well as for the settlement of small farmers for both areas respectively.<sup>442</sup> Furthermore, from 1976 to 1983, Malaysia continued to receive Saudi aid (also in the form of loans) in developing its projects. There were, at least, three additional developmental projects which were financed by this aid such as Lepar Utara Land Settlement (SR52.70 million), the construction of five Mara Junior Science Colleges (SR15.20 million), and four new district hospitals (SR15.90 million), with the total aid approximately SR312.30 million.<sup>443</sup> All these developmental projects which received the financial aid from SFD, with the interest rates ranging from 3.5 to 4.0 per cent per annum, and a grace period of 5 to 15 years, were completely developed by the Malaysian government.<sup>444</sup>

A question may arise as to why SFD distributed its funds to co-develop those particular Malaysian development projects. In answering this question, it would be better first to relate the inflow of the Saudi aid to Malaysia with the Kingdom's position as among the biggest of the world's donors alongside the United States, a few European countries, and Japan. The Kingdom had vigorously started distributing its financial aid to

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<sup>442</sup> The Saudi Fund for Development, Annual Report (20) 1993, (The Kingdom of Saudi Arabia, 1993), 37.

<sup>443</sup> The financial reports given by SDF in 1975 and 1976 were inconsistent. Therefore, the researcher used SDF reports from 1982/1983, 1989, 1991, and 1993, which were more accurate and reliable. See for a good comparison The Saudi Fund for Development, First Annual Report March to July 1975, 13-14, The Saudi Fund for Development, Annual Report III, June 1976 to June 1977 (The Kingdom of Saudi Arabia, 1977), 22, The Saudi Fund for Development, Annual Report March 1982/83, (The Kingdom of Saudi Arabia, 1983), 25, The Saudi Fund for Development, Annual Report 1989, (The Kingdom of Saudi Arabia, 1989), 46, The Saudi Fund for Development, Annual Report 1991, (The Kingdom of Saudi Arabia, 1991), 40, The Saudi Fund for Development, Annual Report (20) 1993, 37.

<sup>444</sup> Anuar Kasman, "Brief on Malaysia's Bilateral Relations with Saudi Arabia", Embassy of Malaysia in Riyadh, Saudi Arabia, 2004, 17.

other countries in the late 1960s. At the early period of involvement, however, most of the aid distribution was concentrated on Arab counterparts. Together with other Arab donors like Kuwait, the United Arab Emirates (UAE), Qatar, and Iraq, they set up their own donor institutions like the Kuwait Fund for Arab Economic Development (KFAED), the Abu Dhabi Fund for Arab Economic Development (ADFAED), the Iraqi Fund for External Development (IFED),<sup>445</sup> the Saudi Fund for Development Fund (SFD), and also through the OPEC aid to finance as well as participate in developmental projects in a few targeted countries. From the 1970s onwards, Arab donors began to develop and spread the aid to other non-Arab countries, however, it was quite noticeable that Saudi Arabian aid, mainly through SFD,<sup>446</sup> was more prominent than the others. With its huge oil revenues the Kingdom was able to take the major role in helping needy countries to build their infrastructural developments.<sup>447</sup> For example, from 1974-1985, Saudi Arabia was the leading donor among the Arab OPEC members with the average of donation \$3662.2 million, followed by Kuwait (\$979.08 million), UAE (\$686.25), and Qatar (\$155.5 million).<sup>448</sup>

Up to the 1990s, the Kingdom remained as one of the most significant world donors for socio-economic development; for example in 1993, it distributed, through

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<sup>445</sup> Iraq, however, turned into a net importer by 1983 after engaging in Iran-Iraq War. Gerd Nonneman, Development, Administration and Aid in the Middle East (London : Routledge, 1988), 126.

<sup>446</sup> The Saudi Development Fund (SDF) was chartered by Royal Decree on October 1, 1974. The authorized capital was 10 billion Saudi Riyals, and its operation began on March 1, 1975. The Saudi Fund for Development, First Annual Report March to July 1975 (The Kingdom of Saudi Arabia, 1975), 7.

<sup>447</sup> See Gerd Nonneman, Development, Administration and Aid in the Middle East, 125-128, 152-155,

<sup>448</sup> Gerd Nonneman, Development, Administration and Aid in the Middle East, 129.

SFD alone, the total aid of SR19,510.10 million to several countries based on their income levels, with 65 per cent of the total aid amounting to SR12602.30 million disseminated to Low Income Countries (LICs), SR5876.50 for Low Least Developed Countries (LLDCs), SR4345.30 for Low-Middle Income Countries (LMICs), and SR286.70 million to Upper-Middle Income Countries (UMICs).<sup>449</sup> Throughout 1995-1998 and onwards, SFD has loaned more than SDR21 billion and financed 298 projects with about 62 countries benefiting from the fund, where Asia accounted for 52 per cent, 46 per cent for Africa, and the rest for the European and Latin continents.<sup>450</sup> The nature of aid distribution by Saudi Arabia is not merely on the basis of co-religious affiliations as the aid is not only distributed to Muslim countries but also to other developing countries such as Thailand, Brazil, China, India, Nepal, and others. The Kingdom also disbursed its financial aid to other various international organizations such as the International Monetary Bank US\$6,534,200,955 (3.42% of total fund), Islamic Development Bank (IDB) US\$536,440,000 million (25.5% of total fund), International Fund for Agriculture US\$333,778,000 (14.26% of total fund), African Development Fund (ADF) US\$116,524,973 (3.4% of total fund),<sup>451</sup> and until today Saudi Arabia is still the leading donor in OPEC Development Bank with US\$995,038,196 million, followed by Venezuela (US\$488,360,532 million) and Kuwait (US\$358,525,916 million).<sup>452</sup> The generosity of the Kingdom in giving away such massive financial aid to needy countries

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<sup>449</sup> The level of income is based on U.N classifications. The Saudi Fund for Development, Annual Report 1993, 1413/1414 A.H (The Kingdom of Saudi Arabia, 1993), 20.

<sup>450</sup> The Saudi Fund for Development, "Beneficiaries of SFD loans", (<http://www.kingfahdbinabdulaziz.com/main/n022.htm>).

<sup>451</sup> "Saudi aid contributions through other organizations", (<http://www.kingfahdbinabdulaziz.com/main/n032.htm>).

<sup>452</sup> Opec Development Fund, "Contributions to the Opec Development Fund", (<http://www.kingfahdbinabdulaziz.com/main/n040.htm>).

as well as to other international financial institutions, although in some ways is difficult to be answered for the type of recipient countries and the level of development are different, and also the nature of the aid distribution varies based on the needs of the recipients, but it was probably due to the enormous surplus of the Saudi Arabian economy, the attempt of the Saudi government to influence the thinking of other governments, especially for other fellow Muslim countries, and for the justification as well as the recognition of the Kingdom's wealth and independence at the international level.<sup>453</sup> For the Saudi government itself, the generosity of distributing some financial aid to other Arab and non-Arab countries is impelled neither by economic nor political motivation, but to be spent in the way of God.<sup>454</sup>

In regards to Saudi Arabia's financial aid, through SFD, to Malaysia, the study believes that since the nature of SFD, which focuses on helping the development process of less developed countries all over the world, Malaysia was not exceptional as it had been classified as one of the less developed countries (or low-middle income countries specified by the U.N), and also a member of the OIC. This might easily generate aid from the Kingdom and in addition, owing to the personal contact particularly between the first Prime Minister of Malaysia, Tunku Abdul Rahman, and King Feisal of Saudi Arabia, which had been developed until the retirement of the former, and continuously maintained by Tunku's successors, this further enhanced the flow of aid into Malaysia. This explanation can also be linked to the types of aid distributed by the Kingdom as most of the aid given was for socio-economic development, namely in the education,

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<sup>453</sup> Gerd Nonneman, Development, Administration and Aid in the Middle East, 126.

<sup>454</sup> The Saudi Fund for Development, First Annual Report March to July 1975, 6.



health, and agriculture-rural development sectors, analogous with the nature and general objectives of the Saudi Fund for Development Fund (SFD).<sup>455</sup> Beside that, for the Malaysian government, Saudi financial aid was considered as the major boost for the economic development plan as those projects co-sponsored by SFD had been put under the Third Malaysia Plan, which was launched by the late Tun Hussein Onn, the third Prime Minister of Malaysia. Moreover, since the riot of 1969 and onwards, the government, through the New Economic Policy (NEP), has taken a lot of initiatives to minimize the poverty level among multi-racial Malaysian society, and also to develop rural areas by opening new settlements as well as encouraging its citizens, particularly the Malays, to venture into entrepreneur programs. Malaysia needs more funds or capital to achieve the NEP's goals, and the coming of the Saudi fund has, at least, eased the financial demands.

Yet, as Malaysia was no longer receiving the Saudi financial aid from mid-1980s and onwards, for the Kingdom considered Malaysia to be one of the developing nations in the world,<sup>456</sup> it started to lure several investments from the Kingdom. The investment from Saudi Arabia, however, had only begun during the early 1990s, probably with the exception of the first major breakthrough of the massive inflow of Saudi Arabian capital into Malaysia in June 1979 (in the form of Arab capital market, and not directly from the Saudi government), when the Malaysian government signed a US\$220 million ringgit loan agreement of 10 years to be utilized in its various development projects. This loan, however, was shared between Malaysia and the Arab-Malaysian Development Bank, as

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<sup>455</sup> The Saudi Fund for Development, *Annual Report (20) 1993*, 25-27.

<sup>456</sup> Anuar Kasman, "Brief on Malaysia's Bilateral Relations with Saudi Arabia", Embassy of Malaysia in Riyadh, Saudi Arabia, 2004, 18.

well as with its co-members such as the National Commercial Bank of Saudi Arabia, Gulf International Bank, and Bank Bumiputra Malaysia Berhad.<sup>457</sup> The late investment of the Kingdom of Saudi Arabia was mainly associated with the Malaysian government's stress on attracting industrialized-developed countries to invest in its industrialization projects.<sup>458</sup> With the launching of the Malaysian Industrial Development Authority (MIDA) in 1965, investors from more developed countries like the US, UK, Denmark, Germany, Japan, and several Asian Newly Industrializing Countries (NICs) like Taiwan, Singapore, Hong Kong and South Korea gave more priority to helping developing industrial sectors in Malaysia. Whereas other investors from less developed countries, including Saudi Arabia, were less emphasized because the Kingdom in particular had not yet fully industrialized.<sup>459</sup> Nevertheless, since Malaysia, to some extent, has rapidly achieved some industrialization processes, like producing its own national car, becoming the major exporter of the world electronic and electrical semi-conductor products, and lately paying more attention to refining crude oil, and petroleum products, more new capital inflow is needed, and among the new potential investors identified are Saudi

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<sup>457</sup> "Malaysia Seals \$220m Arab Loan Deal", *The New Straits Times*, 28 June 1979.

<sup>458</sup> Even Lennox A. Mills cited that prior to the World War II, western private investments were already the established investors, variously estimated at US\$394,000,000 and US\$372,000,000, which at least 70 per cent was British, and the rest American, Dutch, French, and Japanese. Nevertheless, Chinese investments were believed to amount to US\$200,000,000. Lennox A. Mills, *Southeast Asia : Illusion and Reality in Politics and Economics* (Minneapolis : University of Minnesota Press, 1964), 259.

<sup>459</sup> Even, according to Mr. Anuar Kasman, the Kingdom of Saudi Arabia was not listed by MIDA. Discussion with Mr. Anuar Kasman, Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30<sup>th</sup>, 2004, Riyadh, Saudi Arabia. See also Fatimah Kari & Rashida Bee, "Pelaburan Asing dan Pemandahan Teknologi", in Mohd. Rosli Mohamad & Mohamed Aslam Gulam Hassan (ed.), *Pembangunan Ekonomi Malaysia Era Globalisasi* (Kuala Lumpur : Penerbit Universiti Malaya, 2000), 271-276.

Arabia, and Pakistan.<sup>460</sup> Moreover, as the relations between the two countries has grown, instead of depending on financial aid, both countries, especially Malaysia, pay more attention to strengthening bilateral trade and investment sectors as these two activities are the main key to rendering their economic interactions more prosperous. In addition, Malaysia since the era of Dr. Mahathir, has attempted to change the character of relations from one way (by not merely depending on Saudi aid) to two ways of communication by increasing the volume of bilateral trade and investment.<sup>461</sup>

The investments from Saudi Arabia, which only just started from 1990 to 1997, were poured into eight Malaysian projects with equity worth RM139.6 million, mostly in the industrial-manufacturing sectors like food processing, plastic materials, textiles and textile products, electrical and electronic manufactures.<sup>462</sup> Furthermore, from 1998 to 2000, Malaysia secured two more manufacturing investments from Saudi Arabia amounting to RM7.8 million, and one project in 2001, worth RM10.8 million (See Table 2 & 3).<sup>463</sup> Malaysia has also had limited investment activities in Saudi Arabia, with the total amount of RM17.86 million ringgit, or roughly at the average of RM1.9 million per year since the late 1990s. Among the joint-venture investment projects are included

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<sup>460</sup> Fatimah Kari & Rashida Bee mentioned that the total investment from Pakistan to Malaysia in 2000 was RM33.5 million ringgit. Fatimah Kari & Rashida Bee, "Pelaburan Asing dan Pemindahan Teknologi", 274-275.

<sup>461</sup> See sub-topic "Mahathir Era : Dynamic Relations" in the Chapter IV.

<sup>462</sup> Malaysia External Trade and Development Corporation, 2000 (Data supplied by Mr. Ibrahim Md. Yusop, Manager Asia/Africa for Malaysia External Trade Development Corporation), "Malaysia Sokong Kemasukan Arab Saudi Dalam WTO", *Utusan Malaysia*, 23 May, 2001, ([http://utusan.com.my/utusan/archive.asp?y=2001&dt=0523&pub=utusan\\_malaysia&sec=ekonomi&pg=ek\\_02.htm&arc=hive](http://utusan.com.my/utusan/archive.asp?y=2001&dt=0523&pub=utusan_malaysia&sec=ekonomi&pg=ek_02.htm&arc=hive)).

<sup>463</sup> Malaysia External Trade and Development Corporation, 2000 (Data supplied by Mr. Ibrahim Md. Yusop, Manager Asia/Africa for Malaysia External Trade Development Corporation), Malaysia Industrial Development Authority or MIDA (See Table 8 & 9 which are provided by MIDA).

maintenance services of machines and equipment used for gas pipelines and the drilling and extracting of crude oil.<sup>464</sup> In addition, there are six companies which have established marketing offices in Saudi Arabia to promote their products, namely Ajinomoto (Monosodium Glutamate) Malaysia Sdn. Bhd., Alinamin (Tomato Sauce) Malaysia Sdn. Bhd., Kao Personal Care Products Malaysia Sdn. Bhd., Prime Oleochemical Industries (Medical Products) Sdn. Bhd., Sapura Holdings (Telephone) Sdn. Bhd., and Thong Fook Plastic Industries (Packing Bags) Sdn. Bhd.<sup>465</sup>

**Table 2. Projects Approved with Saudi Arabian Participation by Industry, 1990-2001\***

Year	Food Manufacturing	Textiles & Textiles Products	Plastic Products	Electronic & Electrical Products	Miscellaneous	Total (RM Million)
1990				1 Project		RM44,730,700
1991			1 Project			RM7,200,000
1992						--
1993						--
1994	1 Project					RM30,000,000
1995		1 Project				RM999,450
1996	1 Project	1 Project				RM56,570,500
1997						--
1998			1 Project			RM4,938,192

<sup>464</sup> This joint venture is between a Malaysian company, Seafeld Company Sdn. Bhd. (30 per cent equity interest), with Mohamad Said Ibrahim Al-Ghamdi. Discussion with Mr. Ibrahim Md. Yusop, Manager (Asia/Africa) for Malaysia External Trade and Development Corporation (MATRADE) 2003, Anuar Kasman, "Brief on Malaysia's Bilateral Relations with Saudi Arabia", Embassy of Malaysia in Riyadh, Saudi Arabia, 2004, 15-16.

<sup>465</sup> Anuar Kasman, "Brief on Malaysia's Bilateral Relations with Saudi Arabia", Embassy of Malaysia in Riyadh, Saudi Arabia, 2004, 16.

1999						--
2000				1 Project		RM2,880,000
2001					1 Project	RM10,806,900
TOTAL INVESTMENT				RM158,125,742		

\*(Source : Malaysia Industrial Development Authority (MIDA), 2003)

**Table 3. Sources of Foreign Investment in Approved Projects 1998-2002 (Selected Countries)\***

Country	No. of Projects	Value (RM Million)
China	40	RM3,384,132,986
Federation of Germany	97	RM9,653,526,466
Iran	2	RM8,110,000
Japan	622	RM9,708,060,085
Jordan	1	RM720,000
Saudi Arabia	3	RM18,625,092
Singapore	722	RM6,896,038,155
Taiwan	393	RM3,575,573,177
United Arab Emirates	4	RM310,591,119
United Kingdom	84	RM1,734,376,117
United States	206	RM25,163,581,374

\* Malaysian Industrial Development Authority

([http://www.mida.gov.my/stats\\_man/2003/march/table12.htm](http://www.mida.gov.my/stats_man/2003/march/table12.htm))

It is undeniable that Saudi aid between 1975 and 1983 had helped Malaysia to provide some economic infrastructures for consistent development of its economy in the international economic system. However, this amount of Saudi aid (US74.90 million dollar) was still smaller than other financial aid from more established and bigger funds like Japan's Official Development Assistance (ODA) and the World Bank. For example, the former had averagely distributed loans in the form of technical co-operation to Malaysia of about Yen194.90 million from 1995-2000, and the World Bank gave \$152 billion dollars in bank loans to Malaysia between 1968 and 1982 to promote the clearing of 1.3 million acres of tropical forest land for export agriculture.<sup>466</sup> This is also different to investment sectors where, if a proportional percentage is made between Saudi investment and other developed countries like Japan, the US, UK and Singapore into Malaysia, the difference is quite immense. For example, from 1990-2001 (ten years period), the average percentage of Saudi investment was 8.3 per cent compared to Japan and the US from 1977-1982 (six years only), which had 19.9 per cent, and 8.6 per cent respectively,<sup>467</sup> or from 1981-1986 (six years also), Japan had 20.7 per cent, UK 10.7 per cent, Singapore 9.2 per cent, and the US 8.02 per cent.<sup>468</sup> Even today (2001-2003), the US, Singapore Japan, and the UK are still the largest investors in Malaysia with

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<sup>466</sup> Japan International Corporation Agency (JICA), (<http://www.jica.org.my/aboutms/disbursements.htm>), "The World Bank : The Global Forest Threat", (<http://www.americanlands.org/IMF/wbfact.htm>).

<sup>467</sup> Ku-Hyun Jung, "Foreign Direct Investment and Regional Economic Growth : With Emphasis on Korea's Experiences", in Dalchoong Kim & Noordin Sopiee (ed.) Regional Cooperation in the Pacific Era (Seoul : Institute of East and West Studies, Yonsei University, 1988), 220.

<sup>468</sup> Ministry of Finance, Malaysia, Laporan Kewangan 1986/87 (Kuala Lumpur : Jabatan Percetakan Negara, 1986), Ivi-Ivii.

RM5,968,457,760.2 million, RM3,905,772,924.2 million, RM3,579,779,370 million, and RM3,774,193,41.4 million respectively<sup>469</sup> (See also Table 9 from 1998-2002).

### 5.4.3 Tourism Sector

The tourism sector did not give a significant turnover for the Malaysian economy in the 1960s, and towards the 1980s, as the country put more emphasis on developing agricultural, and industrial-manufacturing sectors.<sup>470</sup> Nevertheless, when Malaysia experienced financial crisis in 1997, which dragged its economy down after achieving 7-9 per cent GDP growth in almost a decade, the government began to look at other economic fields, especially the tourism sector, which might increase wealth resources for Malaysia. It does not entirely mean, however, that the government has just paid more attention to tourism in the post-crisis period, it is only where the level of emphasis has been greatly intensified by the effort of National Economic Action Council (NEAC), which was also newly established after the crisis of 1997, and among the efforts was included attracting more Saudi as well as other Middle Eastern tourists to come regularly to visit fascinating places in Malaysia.<sup>471</sup> The effort of the government has, to some

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<sup>469</sup> UK, however, has been overtaken by The Federation of Germany which ranks second behind the US with total FDI of RM5,352,365,979.8 million. Malaysian Industrial Development Authority(MIDA) Malaysia Industrial Development Authority "Projects Approved By Country 2003 and 2002", (<http://www.mida.gov.my/proposed/2003/sept/table3RM-apr.html>), Malaysian Industrial Development Authority (MIDA), "Sources of Foreign Investment in Approved Projects 1998-2002", ([http://www.mida.gov.my/stats\\_man/2003/march/table12.htm](http://www.mida.gov.my/stats_man/2003/march/table12.htm)).

<sup>470</sup> For instance, in 1980 and 1990, export of rubber alone amounted RM4,618 million and RM3,028 million, meanwhile the tourism sector only contributed at RM317 million, and RM1,667 million. See Statistics Handbook 1990 (Kuala Lumpur : Department of Statistics, 1990), 15, United Nations Economic & Social Commission for Asia and Pacific (ESCAP), "Malaysia", (<http://www.unescap.org/stat/statdata/Malaysia.pdf>), Public Bank Economic Review, "Key Trends of the Tourism Industry in Malaysia", ([http://www.publicbank.com.my/cnt\\_review46.htm](http://www.publicbank.com.my/cnt_review46.htm)).

<sup>471</sup> Majlis Tindakan Ekonomi Negara (MTEN), Pelan Pemulihan Ekonomi Negara : Agenda Tindakan (Kuala Lumpur : Jabatan Percetakan Negara, Ogos 1998), 218 & 221, Malaysia,

extent, paid off as at the end of the 1990s, the tourism sector successfully attracted more tourists to visit Malaysia. For instance in 1990, the total tourist arrivals were about 7,446,000 million people, an enormous increase from only 800,000 people in 1980, and continued to achieve steady arrivals around 7,469,000 million and 9,931,000 million people in 1995 and 1999 respectively.<sup>472</sup> Beside that, the tourism sector, which is currently categorized as an 'export-oriented services industry', has become the second largest source of foreign exchange earnings after manufacturing, as it generates government revenue, for instance, at RM22 billion in 2001, and contributes 7.2 per cent of Malaysia's GDP in the same year compared to only 1.8 per cent in 1981.<sup>473</sup>

In regards to the coming of Saudi tourists to Malaysia, it can be generally expected that at the early stage of the Malaysian tourism development, especially from the 1960s to the end of 1980s, the level of arrival is barely discernible. This is, as has been mentioned before, owing to less emphasis by the Malaysian government on tourism development in its economic field, and also the tendency of Saudi people, as well as other Arab tourists, to prefer visiting more interesting places, especially in Europe and North America.<sup>474</sup> For example, the number of Middle Eastern tourists (classified as 'Arabia',

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"Impact of Financial Crisis on Malaysia's Tourism Industry", WTO High-Level Meeting on the Economic Impacts of Tourism, Kobe, Japan, 25-27 November, 1998, 5-6, (<http://www.mct.go.kr/conf/wto/2.htm>).

<sup>472</sup> United Nations Economic & Social Commission for Asia and Pacific (ESCAP), "Malaysia", (<http://www.unescap.org/stat/statdata/Malaysia.pdf>).

<sup>473</sup> National Economic Action Council (NEAC), "Tourism Receipts to GDP Ratio Highest in the Region", 7 November 2002, (<http://neac.gov.my/index.cfm?ID=227>).

<sup>474</sup> However, currently the Saudis tend to spend their holidays in Asian, and other Middle Eastern countries. Syed Rashid Husain, "Saudis Avoid U.S for Summer Holidays", Gulf News, July 15, 2002 (<http://www.aljazeera.info/News%20archives/2002%20News%20archives/July%202002%20News%20Items/Saudi%20avoid%20US%for%20Summer%20holidays.htm>), "Saudi Tourists Dump U.S and Europe for Muslim, Arab Countries", Arab-American Business, July 2002, (<http://www.arabamericanbusiness.com/July%202002/tourism.htm>).



which may refer to Saudi Arabia) who visited Sabah, one of the Malaysian Federation states, in 1969 was only 3 out of the total of 37,369 tourists.<sup>475</sup> Due to the small number of Middle Eastern tourists, including the Saudi people, most of the Malaysian tourist statistics (1970s-1980s) only categorized them as tourists from other Asian countries or other countries. The total number of tourists within this category in 1970 was only about 593 people compared to other major tourists from the US (8,482 people), UK (5,120 people), and Singapore (3,589 people), and between 1980 and 1982,<sup>476</sup> were 957 people, while there were 24,822, 14, 238, and 6,751 people from Singapore, UK, and the US respectively visiting a few states in Malaysia.<sup>477</sup>

Nonetheless, as Malaysia headed towards the 1990s, tourists from the Middle Eastern countries, including Saudi Arabia made a vast impact on the Malaysian tourism sector. Their numbers are increasing year by year, except between 1997-1998, where Malaysia had bad experiences such as economic downturn, environmental degradation (the occurrence of haze), and related health problems such as the outbreak of local viruses; *Nipah* and Coxsackie B, which attacked local populations.<sup>478</sup> According to Table

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<sup>475</sup> The data covered from June-December 1969, while the Tourists Statistics States of Malaya 1961-63, only categorized the Saudi, other tourists from the Middle East, and the rest as 'other countries in Asia and Africa' indirectly indicated the less significant of their numbers in the entire figure of tourists visiting Malaysia. Tourist Statistics States of Malaya 1961-63, (Kuala Lumpur : Department of Statistics, 1963), see Table 7, 8, and 9, Tourists Statistics Sabah, (Kota Kinabalu : Department of Statistics, 1969), 18.

<sup>476</sup> Although there was an agreement signed between the Malaysia Airline System (MAS), and Wabel Travel of Saudi Arabia in 1977 to encourage more Saudi coming into Malaysia. New Straits Times, 28 October 1977.

<sup>477</sup> Visitor Arrival Statistics Sarawak, 1980 (Kuching : Department of Statistics, 1980), Visitor Statistics Sabah, 1982 (Kota Kinabalu : Department of Statistics, 1982), 32-33.

<sup>478</sup> For instance, in 1997, there were, at least, 40 children died due to the epidemic of Coxsackie B. Malaysia, "Impact of Financial Crisis on Malaysia's Tourism Industry", 1-2, (<http://www.mct.go.kr/conf/wto/2.htm>), Public Bank Economic Review, "Key Trends of the Tourism Industry in Malaysia", ([http://www.publicbank.com.my/cnt\\_review46.htm](http://www.publicbank.com.my/cnt_review46.htm)).

4, the coming of Saudi tourists to Malaysia from 1992 to 2002 has indicated an impressive growth of arrivals in the tourism sector. Starting with the number of Saudi tourists in 1992 of 9,208 thousand people, it made a huge leap to 45,007 thousand people in 2002, and the overall average of arrival is about 17,402 people. Among the major reasons leading to the massive increase of the Saudi and other Middle Eastern tourists, particularly at the end of the 1990s, were the hectic campaigns launched by the government headed by the Minister of Culture and Tourism of Malaysia, Datuk Abdul Kadir Sheikh Fadzil, who made several visits to the Gulf Countries in 2000, including Saudi Arabia, to attract more tourists from this region to come to Malaysia.<sup>479</sup> During his stay in Jeddah, Saudi Arabia, Datuk Abdul Kadir, stated that only around 20,000 Saudi people visited Malaysia per year compared to Malaysians who made up 100,000 to 200,000 people who came to the Kingdom to perform pilgrimage every year.<sup>480</sup> Beside that, it was also following the tragedy of 11 September, 2001, which indirectly caused most of them to spend holidays in Asian countries, including Malaysia.<sup>481</sup> The purpose of visits by the Saudi tourists were mostly for holidays (77.5 per cent), business (11.6 per cent), and attending conferences (3.3 per cent), and they preferred staying in metropolitan cities such as Kuala Lumpur, Selangor, Penang and Pahang.<sup>482</sup> Despite the huge increase of the arrivals of the Saudi as well as other Middle Eastern counterparts, tourists from Singapore, Australia, UK and the US are still among the most consistent visitors to

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<sup>479</sup> "Kadir Kempen Tarik Pelancong Saudi", Utusan Malaysia 10 April 2000, ([http://utusan.com.my/utusan/archive.asp?y=2000&dt=0410&pub=Utusan\\_Malaysia&sec=Ekonomi&pg=bs\\_01.htm](http://utusan.com.my/utusan/archive.asp?y=2000&dt=0410&pub=Utusan_Malaysia&sec=Ekonomi&pg=bs_01.htm)).

<sup>480</sup> Malaysians perform pilgrimage in Mecca and Medina could be considered as the main attraction for them to come to the Kingdom, and this will be further elaborated in the Chapter VI.

<sup>481</sup> Discussion with Puan Yusnita, an official from the Ministry of Tourism, Kuala Lumpur, Malaysia, 5 may 2003.

<sup>482</sup> Discussion with Puan Yusnita, an official from the Ministry of Tourism, Kuala Lumpur, Malaysia, 5 may 2003.

Malaysia from 2001-2002. Singapore tourists are among the highest average arrivals of 7,249,678 thousand people, followed by UK (250,859 thousand), Australia (208,067 thousand) and the US (136,874 thousand).<sup>483</sup>

**Table 4. Malaysia Tourist Arrivals  
(Major Middle Eastern Countries, No. of People)\***

Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Saudi Arabia	9,208	9,640	11,267	11,679	10,878	5,498	8,925	11,564	27,808	39,957	45,007
U.A.E	5,681	5,497	5,859	5,883	5,846	3,205	4,637	2,909	2,391	13,762	14,124
Kuwait	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	1,095	7,428	10,470
Oman	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	1,223	7,284	8,432
Turkey	1,899	2,666	2,333	2,803	3,791	3,834	4,283	2,603	8,705	6,392	5,742
Syria	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	2,784	18,205	21,109
Jordan	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	2,888	3,688	3,611

\*Source : Ministry of Tourism, Malaysia, & Malaysia Tourism Promotion Board, Malaysian Tourism Statistics Update, December/Fourth Quarter 1993, 14.

N.A. : Not Available

#### 5.4.4 Foreign Workers

As is generally known, the Saudi labour market is heavily flooded with foreign workers or 'expatriates'.<sup>484</sup> For instance, in the early 1980s, the Kingdom received about 3 million

<sup>483</sup> Ministry of Tourism, "Tourist Arrivals to Malaysia From Selected Market January-December 2001-2002", ([http://www.tourism.gov.my/statistic/tourist\\_arrivals.asp](http://www.tourism.gov.my/statistic/tourist_arrivals.asp)).

<sup>484</sup> The term expatriates is more preferable for the Malaysian workers in Saudi Arabia as most of them work in professional jobs like nurses, and others. Discussion with Mr. Anuar Kasman,

foreign workers, and this number is continuously growing, with the total current estimate between 7 million to 8 million people from its total population (23 million people) at the end of the 1990s.<sup>485</sup> The Indian workers outnumbered other foreign workers with almost 3 million people, followed by Pakistanis (1 million people), Bangladeshis (1 million people), Filipinos (900,000 people), Indonesian (900,000 people), and the rest including Egyptians, Syrians, Sudanese, and others.<sup>486</sup> These foreign workers who worked in various jobs in Saudi Arabia, as was mentioned by Saudi Labour Minister, Ghazi Al-Gosaibi : “....because our labour market is open even to those who don’t have any working experience....if he didn’t make it as a barber, he probably could as a pharmacist!”<sup>487</sup> repatriated from US\$8 billion in 1980 to US\$17.6 billion in 1995.<sup>488</sup>

Nonetheless, in the case of Malaysia’s foreign workers or expatriates in Saudi Arabia, the size is small, which also certainly does not make a big impact upon their remittance for the Malaysian economy, compared to other foreign workers in the

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Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30<sup>th</sup>, 2004, Riyadh, Saudi Arabia.

<sup>485</sup> See Summer Scott Huyette, Political Adaptation in Sa’udi Arabia : A Study of the Council of Ministers, (London : Westview Press, 1985), 34, Anthony H. Cordesman, Saudi Arabia : Guarding the Desert Kingdom (Boulder : Westview Press, 1997), 71, Abdul-Aziz Al-Sa’aedi, “SR60B, 7M Workers... and Free Training!”, The Saudi Gazette, August 3, 2004, M. Ghazanfar Ali Khan, “Ease Restrictions on Family Visas, GCC Study Suggests”, Arab News August 24, 2004.

<sup>486</sup> This data is adopted in 2004 through the discussion with Mr. Anuar Kasman, Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30<sup>th</sup>, 2004, Riyadh, Saudi Arabia. In another study (1999), it was indicated that there were about 1.2 million Indians, 1.2 million Egyptians, 800,000 Pakistanis, 600,000 Filipinos, 130,000 Sri Lankans, and 40,000 Americans which made the total number of foreign workers in Saudi Arabia to 6 million people. The Bureau for Democracy, Human Rights and Labor, “Annual Report on International Religious Freedom for 1999 : Saudi Arabia”, Center for Studies on New Religions, U.S. Department of State, Washington DC, USA, September 9, 1999, ([http://www.cesnur.org/testi/irf/irf\\_saudiara99.html](http://www.cesnur.org/testi/irf/irf_saudiara99.html)).

<sup>487</sup> Abdul-Aziz Al-Sa’aedi, “SR60B, 7M Workers... and Free Training!”, The Saudi Gazette, August 3, 2004.

<sup>488</sup> Anthony H. Cordesman, Saudi Arabia : Guarding the Desert Kingdom, 71-72.

Kingdom. There are only about 942 Malaysian expatriates in Saudi Arabia, of which 80 per cent are working as nurses, and the other 20 per cent in a variety of private companies like banks, hotels, telecommunications, and petroleum industries.<sup>489</sup> Besides, there are about 300 to 500 Malaysian people presently permanently resident in a few cities like Mecca, Madinah, Tabuk and Jeddah, without obtaining Saudi citizenship but holding Malaysian passports, who came to Saudi Arabia as early as the 1940s and 1960s.<sup>490</sup> The small number of Malaysian expatriates in the Kingdom is largely because Malaysia, as Saudi Arabia, is not one of the biggest exporters of foreign or migrant workers to other countries, instead, it is one of the highest receivers of migrant workers from its neighbouring countries in the Southeast Asian region, mainly Indonesia and the Philippines. For example, in 1999, the total number of registered migrant workers according to the Malaysian government was 715,145 thousand people, of whom 73 per cent were Indonesians, 19 per cent Bangladeshis, 3 per cent Filipinos, and the remainder from other nations such as India, Myanmar, Pakistan, and Sri Lanka.<sup>491</sup> Yet, this figure is probably excludes the actual number of other migrant workers, especially those working illegally in Malaysia; it was estimated that there are approximately from 1.5 million to 2 million both legal and illegal migrant workers.<sup>492</sup>

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<sup>489</sup> Discussion with Mr. Anuar Kasman, Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30<sup>th</sup>, 2004, Audrey Edwards & Cecil Fung, "Malaysians in Riyadh Safe", The Star Online, November 10, 2003, ([http://pgoh.free.fr/riyadh\\_safe.html](http://pgoh.free.fr/riyadh_safe.html)).

<sup>490</sup> Discussion with Mr. Anuar Kasman, Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30<sup>th</sup>, 2004.

<sup>491</sup> A. Navamukundan, "Labour Migration in Malaysia : Trade Union Views", 116, (<http://www.ilo.org/public/english/dialogue/actrav/publ129/21.pdf>).

<sup>492</sup> A. Navamukundan, "Labour Migration in Malaysia : Trade Union Views", 116, Joseph Liow, "Desecuritising the 'Illegal Indonesian Migrant Worker' : Problem in Malaysia's Relations with Indonesia", Institute of Defence and Strategic Studies, Nanyang Technological University, Singapore, September 2002, ([http://www.ntu.edu.sg/idss/Perspective/research\\_050220.htm](http://www.ntu.edu.sg/idss/Perspective/research_050220.htm)).

Interestingly, however, although the number of Malaysian expatriates in Saudi Arabia is small, the career of nurse had attracted a lot of Malaysian people as well as other Asian foreign workers to come to the Kingdom of Saudi Arabia. It was stated that in 2004 alone, the total number of nurses in the Kingdom was 37,459, but only 32.1 per cent of this number were Saudi citizens.<sup>493</sup> The shortage of Saudi nurses, particularly female nurses, is closely related to the policy of the Saudi government which limits the career development of their women.<sup>494</sup> Lately, however, they have realised the importance of the health sector in the Kingdom, and also noticed the gradual departure of non-Saudi female nurses from Saudi Arabia to other developed countries (for instance, in the early 1990s, there were over 48,000 nurses, but in 2004 there were only 37,459 nurses). This is mainly due to the certain rigid regulations practised, such as they are not allowed to go out to the malls, and other shopping complexes except twice weekly, and then only if they are accompanied by the Ministry's driver, and they are prohibited to drive a car. The nurses have received better offers from other developed countries like the US, and UK as well wishing to as to avoid terrorist attacks in the Kingdom.<sup>495</sup> So the Saudi government will have to double its efforts in recruiting more local nurses, especially the Saudi girls, by opening up new schools, and colleges, and offering several

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<sup>493</sup> Sabria S. Jawhar, "Kingdom Suffers Nurses Shortage", The Saudi Gazette, August 3, 2004.

<sup>494</sup> Nevertheless, towards the 1980s, Saudi policy towards their women gradually changed when more job opportunities offered to the women, for instance, in 1965, there was no female teacher in government schools, but in 1980 there were 11,847 Saudi female teachers working full time. Despite this development, the movement of Saudi women is still limited such as no integration of both sexes in public, have no authority in making decisions and policies concerning women affairs, and others. Louay Bahry, "The New Saudi Woman : Modernizing in an Islamic Framework", The Middle East Journal 36 (4) Autumn 1982, 503 & 505 (502-515).

<sup>495</sup> Joe Avancena, "Years Before Saudis Fill Vacancies", The Saudi Gazette, August 3, 2004.

relevant courses in local universities in order to develop nursing careers in Saudi Arabia.<sup>496</sup>

For Malaysian nurses, apart from several attractive packages offered by the Saudi government like free accommodation, free board, free passage from home to the Kingdom, and other benefits, the higher salary is one of the most important factors driving them to leave their homes, as they are paid between SR7,000 riyal to SR12,000 riyal per month (which also approximately between RM7,000 ringgit to RM12,000 ringgit).<sup>497</sup> In Malaysia, by contrast, the nurses are only paid around RM700 to RM1,200 per month as a starting salary.<sup>498</sup> The willingness of Malaysian nurses to work in Saudi Arabia does not mean that Malaysia has enough nurses, instead, the ratio between nurses and the Malaysian population is still wide, for example in 2001, one nurse is equivalent to serve 970 patients (1 : 970) in public hospitals, while in private hospitals the ratio is 1 : 2,719.<sup>499</sup> Mr. Anuar Kasman, Malaysia's Counsellor in Riyadh, described the attitude of these Malaysian nurses as 'selfish', for the Malaysian government still needs their

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<sup>496</sup> Sabria S. Jawhar, "Kingdom Suffers Nurses Shortage", *The Saudi Gazette*, August 3, 2004.

<sup>497</sup> Discussion with Mr. Anuar Kasman, Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30<sup>th</sup>, 2004.

<sup>498</sup> "Malaysia : Nurses Get Pay Rise", *Asian Labour News*, November 28, 2003, (<http://www.asianlabour.org/archives/000134.php>), Embun Majid & Florence Samy, "New Salary Scheme Soon for Nurses with Post-Basic Skills", *The Star*, March 28, 2005 (<http://thestar.com.my/news/story.asp?file=/2005/3/28/nation/10530433&sec=nation>).

<sup>499</sup> But in 2004, according to the Ministry of Health, Malaysia, Datuk Dr. Chua Soi Lek, the ratio is one nurse for 630 patients. Ministry of Health, Malaysia, "Table 4.8 : Health Manpower Population Ratio by Category of Manpower, Malaysia as on 31.12.2001", (<http://www.moh.gov.my/indicator%202001/Jadual%204B.pdf>).

services to further improve the quality of health institutions for the Malaysian population.<sup>500</sup>

### 5.5 The Influence of the International Economic System

Scholars of International Relations and International Political Economy, to some extent, come to a similar argument that since, at least, the emergence of the modern state in the post-Westphalia system in the sixteenth century, there has been international economic interaction between sovereign states in conducting their trading and commerce activities. Nevertheless, they pose different views on the character of the international economic system that influences the relations between states, and how it affects the level of development of a state. There are, at least, three main schools that dominate the discussion of the character of the international economic system, namely the Liberal, Marxist, and Structuralist schools.<sup>501</sup> The Liberal tends to believe that state participation in the international economic system, such as free trade, which operates on the basis of natural laws, will lead to economic prosperity.<sup>502</sup> Meanwhile, both the Marxist and the Structuralist argue that the international economic system, which is largely based on the influence of the western-capitalist model, will not bring states, especially Less Developed

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<sup>500</sup> Discussion with Mr. Anuar Kasman, Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30<sup>th</sup>, 2004.

<sup>501</sup> There might be another school called the Realist-Mercantilist which is nationalist-oriented, emphasizes the importance of wealth in influencing power and the use of economic instruments for the pursuit of political goals. See for instance, Nazli Choucri, "International Political Economy : A Theoretical Perspective" in Ole R. Holsti, Randolph M. Siverson & Alexander L. George (ed.) Change in the International System (Boulder : Westview Press, 1980), 112-115.

<sup>502</sup> Natural laws defined in a situation where the degree of political interference is virtually non-existent in the economic system, and those private enterprises have more the upper hand to decide the system, in other words, the liberal prefers to let the market run economic activities naturally. See Joan Edelman Spero, The Politics of International Economic Relations (London : George Allen & Unwin, 1985), 1-2 & 170-171, William R. Nester, Japanese Industrial Targetting : The Neo-Mercantilist Path to Economic Superpower (London : Macmillan Academic and Professional Ltd., 1991), 13-14.



Countries, to development, instead there would be continuous unequal distribution between Developed Countries and Less Developed Countries, and the latter will incessantly succumb to being dependent upon the former.<sup>503</sup> Although, the Marxist emphasizes the exploitative mode of production and class struggle among bourgeoisie and proletariat, and the Structuralist on the division structure of international economy between the core and periphery zones, these two schools together confront liberal arguments, and urge international economy to be re-structured in order to achieve equal partnership.<sup>504</sup>

As the main focus of this chapter on Malaysia's economic relations with Saudi Arabia, where both countries could be relatively regarded as the peripheral states in the international economic system, the discussion of core-periphery, which is extensively debated by the School of Structuralist (including *Dependencies* group), will be treated analytically in order to examine how far the question of core-periphery, as part of the character of the international economic system, shapes Malaysia's economic relations with Saudi Arabia. It is not the central intention of this study, however, to come to the conclusion that this is the only feature of the economic relations, rather it is considerably among the major characteristics underlying the system of economic interaction between both countries, and also parallel to their degree of participation in the international economic system, which preferably classifies them as 'peripheral states'.

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<sup>503</sup> Joan Edelman Spero, The Politics of International Economic Relations, 3-4 & 171-173, Nazli Choucri, "International Political Economy : A Theoretical Perspective", 112-115,

<sup>504</sup> Some researchers consider Structuralist as further extension of the Marxian point of view, or called it 'Neo-Marxist'. See for instance, Nazli Choucri, "International Political Economy : A Theoretical Perspective", 114.

There are a few well-known groups of scholars like Immanuel Wallerstein, Andre Gunder Frank, Paul Baran, John Gatung, Samir Amin, and others, who lengthily discuss the question of core-periphery relations, specifically related to complex and stagnated development in some parts of the less developed world. Most of these scholars believe that the character of relations between developed and less developed countries is mostly based on the core and periphery relations, where the former generally acts as the main producer of manufactured goods, and gains surplus from the movement of capital goods and technological know-how, and the latter acts more as the supplier of a few raw materials and the main consumer of the former's products as well as regularly running deficits, and getting less profits, especially in trading and commerce activities.<sup>505</sup> Conceivably, there might be some disparities among these scholars, for instance, between Andre Gunder Frank, Barry K. Gills, Samir Amin, and Immanuel Wallerstein, particularly on the root and the historical system of capital accumulation in the world system involving core-periphery zones, where Andre Gunder Frank and Barry K. Gills stress that capital accumulation, which establishes linkages between core and periphery zones had existed since five thousand years ago, not from the sixteenth century, and the system of accumulation (or production) might be, prior to the emergence of the capitalist system, in the form of feudal, or others (but remained the same system, 'one world system'). Immanuel Wallerstein and Samir Amin, on the other hand, focus only from five hundred years ago, since the fifteenth-sixteenth centuries, and more on the capitalist mode of production, but they firmly assert that unequal distribution between core and

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<sup>505</sup> Frederic C. Deyo (ed.) The Political Economy of the New Asian Industrialism (Ithaca : Cornell University Press, 1987), 13, Samir Amin, Capitalism in the Age of Globalization : The Management of Contemporary Society (London : Zed Books, 2000), especially p. 12-45, Paul A. Baran, The Political Economy of Growth (Middlesex : Penguin Books Ltd., 1973).

periphery will unavoidably, and continuously exist in the past, present, and future of the world economic system.<sup>506</sup>

The study does not deny the Structuralist point of view that there are some forms of unequal distribution for less developed countries' achievement in the international economy. Even before the collapse of the former Soviet Union, world economic development had divided, at least, into four categories, namely the First World (Mostly western developed countries, including Japan), the Second World (Socialist countries), Third World (Developing countries like East Asian Newly Industrializing Countries, and others), and the Fourth World (The poorest countries in some African continents). After the post-Cold War era, however, the term 'Second World' seems to have vanished, while 'Third World' and 'Fourth World' appeared infrequently; instead the phrase 'less developed countries' is more commonly used to refer to those countries which have yet to reach fully industrialized countries status, including developing and least developing countries.

Among the economic figures that might show some inequalities of the world economic distribution, particularly between developed countries and less developed countries for instance, is the different in per capita income of 1949, where high income

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<sup>506</sup> Andre Gunder Frank & Barry K. Gills, "The 5,000-Year World System : An Interdisciplinary Introduction", Andre Gunder Frank & Barry K. Gills (ed.) The World System : Five Hundred Years or Five Thousand? (London : Routledge, 1996), xx-xxi, 3, 39, & 304, Sing C. Chew & Robert A. Denemark, "On Development and Underdevelopment" in Sing Chew & Robert A. Denemark (ed.), Essays in Honour of Andre Gunder Frank : The Underdevelopment of Development (London : Sage Publications, 1996), 11, Immanuel Wallerstein, The Politics of the World-Economy : The States, the Movements and the Civilizations (Cambridge : Cambridge University Press, 2-5, 15 & 80, Samir Amin, Capitalism in the Age of Globalization, 1-2.

countries (developed countries) had \$915 million dollars (67 per cent of world income, and 18 per cent of world population), while low income countries (less developed countries) had only \$54 million dollars (15 per cent of world income, and 67 per cent of world population).<sup>507</sup> The direction of international trade was also more prosperous among developed countries rather than between developed countries and less developed countries, for example, export growth rates in 1960 to 1970 within developed countries was 2.9 per cent compared to only 1.9 per cent between developed and less developed countries. Moreover, the direction of exports in 1970 within developed countries was 80.2 per cent, whereas between developed and less developed countries it was only 19.8 per cent.<sup>508</sup> Furthermore, less developed countries experienced huge debts, of which the total volume of outstanding debt rose from \$22 billion in 1962 to about \$60 billion in 1970,<sup>509</sup> and the region that was most badly affected by the debt was Latin America: Brazil in 1987 had the total debt of \$121 million, followed by Mexico (\$105 million), and Argentina (\$54.5 million).<sup>510</sup> Beside that, the lack of food and starvation, due to imbalance between production and consumption (rapidly expanding population) was also among the major problems that plagued most of the states in the less developed world, specifically the African continents. For instance, the less developed countries' gross cereal imports alone rose from 2 million tons between 1949-1951 to 36 million tons in 1972, and this indirectly strained the balance of payments between the former with the

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<sup>507</sup> Paul A. Baran, The Political Economy of Growth, 267.

<sup>508</sup> Frances Stewart, "The Direction of International Trade : Gains and Losses for the Third World" in G.K. Helleiner (ed.) A World Divided : The Less Developed Countries in the International Economy (Cambridge : Cambridge University Press, 1976), 94-95.

<sup>509</sup> Paul A. Baran, The Political Economy of Growth, 81.

<sup>510</sup> Ingrid Iversen, "Future Financing for Developing Countries", in Professor Graham Bird (ed.) Third World Debt : The Search for a Solution (Hants, England : Edwar Elgar Publishing Limited, 1989), 175.

developed countries as most of the import of food came from the latter.<sup>511</sup> The unfavourable economic situation for most of the less developed countries led them to propose a few new arrangements, including the setting up of several meetings between developed and less developed countries, and economic groupings such as The United Nations Conference on Trade and Development (UNCTAD) in 1964,<sup>512</sup> the quest for the New International Economic Order (NIEO),<sup>513</sup> Group of 77 (South-South Co-operation),<sup>514</sup> Group of 15,<sup>515</sup> and others.

The study believes, however, that it would be unwise to merely argue that those inequalities were the result of the structure of the international economic system, which is mostly subject to the capitalist mode of production, but other factors including governmental policies, domestic political stability, the nature of the economic

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<sup>511</sup> It is not only the developed countries that distribute food aid to less developed countries, but also international agencies as the former, and the world at large was facing a world food crisis due to environmental degradation such as flood and drought. See Joan Edelman Spero, The Politics of International Economic Relations, 197-199.

<sup>512</sup> Richard N. Gardner, "The United Nations Conference on Trade and Development", International Organization 22 (1) Winter 1968, 99-114.

<sup>513</sup> The New International Economic Order (NIEO) was first initiated by the heads of state of the Non-Aligned Movement (NAM) who called for new arrangements in the international economic system to further accelerate the economic development of Less Developed Countries. See Branislav Gosovic & John Gerard Ruggie, "On the Creation of a New International Economic Order : Issue Linkage and the Seventh Special Session of the UN General Assembly", International Organization 30 (2) Spring 1976, 309-311, Harold K. Jacobson, Dusan Sidjanski, Jeffrey Rodamar & Alice Hougassian-Rudovich, "Revolutionaries or Bargainers? : Negotiators for a New International Economic Order", World Politics 35 (3) April 1983, 335-337, Joan Edelman Spero, The Politics of International Economic Relations, 392-398.

<sup>514</sup> Group of 77 was considerably attributed to the unity of Less Developed Countries, which was launched after the UNCTAD Conference in 1964, and comprised of three main regional groups, namely, Asia, Africa and Latin America. Keisuke Iida, "Third World Solidarity : The Group of 77 in the UN General Assembly", International Organization 42 (2) Spring 1988, 376.

<sup>515</sup> Members of Group of 15 are Algeria, Argentina, Brazil, Egypt, India, Indonesia, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Yugoslavia, Venezuela, and Zimbabwe. Kripa Sridharan, "G-15 and South-South Co-operation : Promise and Performance", Third World Quarterly 19 (3) 1998, 359.

environment, and historical background (including the impact of colonization) have to be re-considered as all of them interplay in influencing the level of development and world economic distribution. As most of the less developed countries experience some losses in world economic distribution, Malaysia and Saudi Arabia, could provide a good example of how these two countries successfully 'manipulated' the system of core and periphery zones. Both countries, to some extent, have enjoyed being integrated in the world economy as well as participate in a few smaller states' organizations like NAM and G-77.<sup>516</sup> The level of tendency of joining the world economy is obviously shown when only on a few occasions these two countries 'temporarily' withdrew from the world economy, specifically in the oil crisis of 1973 (Saudi Arabia led other Arab-Gulf states to boycott exporting oil to industrial countries),<sup>517</sup> and the Asian Crisis of 1997 (Malaysia introduced capital control by pegging one US dollar to RM3.80).<sup>518</sup>

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<sup>516</sup> The discussion on Malaysia and Saudi Arabia's participation in NAM and G-77 has been examined in the Chapter VII.

<sup>517</sup> In 1973, the Kingdom of Saudi Arabia led other OPEC members to launch an oil embargo upon several developed countries, mainly the US, the Netherlands, Portugal, Japan, Denmark, and other developed countries. However, the embargo was finally lifted in March 1974, when a few negotiations were held between the two parties on the issue of Israel-Palestine as well as the developed countries' offer on military and technological know-how to the Kingdom. See for instance, Jordan J. Paust & Albert P. Blaustein, "The Arab Oil Weapon : A Threat to International Peace", The American Journal of International Law 68 (3) July 1974, 410-439, Ibrahim F.I. Shihata, "Destination Embargo of Arab Oil : Its Legality Under International Law", The American Journal of International Law 68 (4) October 1974, 591-627.

<sup>518</sup> The Asian financial crisis which occurred in mid-1997 disrupted several Asian economic miracles including the other four ASEAN tigers namely Malaysia, Thailand, Indonesia, and the Philippines. Various factors were linked to the crisis, ranging from the weaknesses of financial institution of these affected countries, too much reliance on foreign direct investment, the blame for the international capital mobility which made these countries susceptible to the crisis, and others. For some readings see Michael R. King, "Who Triggered the Asian Financial Crisis?", Review of International Political Economy 8 (3) Autumn 2001, 438-466, Prema-Chandra Athukorala, "Capital Account Regimes, Crisis, and Adjustment in Malaysia", Asian Development Review 18 (1) 2000, 17-48, and others.

Malaysia, by diversifying its economy from mere agriculture-based to industrial-manufacturing sectors, and attracting a lot of foreign direct investments in order to provide more capital for its infant industries, has gained some 'miraculous achievement' by maintaining the growth of GDP from seven to nine per cent, at least, from the mid-1980s to the 1990s before tumbling in the Asian crisis of 1997,<sup>519</sup> and was nearly categorized as one of the new Newly Industrializing Countries (NICs) in the Asian region.<sup>520</sup> Furthermore, through the most celebrated theory of flying geese,<sup>521</sup> Malaysia (periphery) has increased its co-operation with Japan (core) in developing its heavy manufacturing and automobile industries. This was a tremendous achievement for Malaysia as it successfully produced its first national car called '*Proton Saga*' in 1985, and was able to export it overseas.<sup>522</sup> However, to some researchers, the level of government intervention or the so-called 'developmental state' is high, and the

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<sup>519</sup> Between 1970-1980, the growth of real GDP per capita was about 5.3 per cent annually. Bruce Glassburner, "ASEAN's 'Other Four' : Economic Policy and Economic Performance Since 1970" in Robert A. Scalapino, Seizaburo Sato & Jusuf Wanandi (ed.) Asian Economic Development : Present and Future (Berkeley : Institute of East Asian Studies, University of California, 1985), 163, Paul M. Lubeck, "Malaysian Industrialization, Ethnic Divisions, and the NIC Model : The Limits to Replication", in Richard P. Appelbaum & Jeffrey Henderson (ed.) States and Development in the Asian Pacific Rim (London : Sage Publications, 1992), 179, Jomo K.S. "Malaysia : From Miracle to Debacle", in Jomo K.S. (ed.) Tigers in Trouble : Financial Governance, Liberalisation and Crises in East Asia (London : Zed Books Ltd., 1998), 181.

<sup>520</sup> William R. Nester considered Malaysia, alongside with Thailand, Indonesia and the Philippines as the Newly Exporting Countries (NECs). See William R. Nester, Japan's Growing Power over East Asia and the World Economy : Ends and Means (London : The Macmillan Press Ltd., 1990), xi, Bruce Glassburner, "ASEAN's 'Other Four', 183.

<sup>521</sup> Mitchell Bernard & John Ravenhill, "Beyond Product Cycles and Flying Geese : Regionalization, Hierarchy and the Industrialization of East Asian", World Politics 47 (2) January 1995, 171-172.

<sup>522</sup> For example, the first total sales in UK alone, Proton set a record for new market entrants in the UK by selling 10,000 units of cars. Jomo K.S. "The Proton Saga : Malaysian car, Mitsubishi Gain", in Jomo K.S. (ed.) Japan and Malaysian Development : In the Shadow of the Rising Sun (London : Routledge, 1994), 263, Kit G. Machado, "Proton and Malaysia's Motor Vehicle Industry : National Industrial Policies and Japanese Regional Production Strategies", Jomo K.S. (ed.) Japan and Malaysian Development : In the Shadow of the Rising Sun (London : Routledge, 1994), 303.

government policy places more emphasis on the Malay (as the majority citizen, more than 50 per cent),<sup>523</sup> which might undermine Malaysian full commitment to free trade and liberal economic principles, and also too much dependence on foreign direct investment,<sup>524</sup> but it has signalled to other less developed countries that a sense of development and an impressive economic growth can be achieved by actively participating in, not isolating from, the world economic system.

On the other hand Saudi Arabia, since the discovery of oil in 1930s, the Kingdom has indirectly engaged in the world economy. Despite heavy dependence on the west, especially the US in order to expand its oil industry, the Kingdom has enjoyed enormous surplus from the export of the oil to other countries around the world. However at the same time it also faces several economic problems such as being too dependent on oil and needing economic diversification, limited growth in agricultural sectors and lack of manpower from the Saudi citizens themselves, but to some extent, Saudi Arabia is not only benefiting itself from the oil exploration, the Kingdom has also begun widening its role in the world economy by becoming one of the biggest donors in the world, contributing 4.2 per cent to 6 per cent of its GNP directly to several less developed countries (most of them are member of G-77) and also to international organizations such as OPEC, IMF, and others.<sup>525</sup> This new role might change the status of Saudi Arabia from the periphery into semi-periphery, particularly in its relations with other less developed countries, including Malaysia as it received several financial aids from the Kingdom.

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<sup>523</sup> Paul M. Lubeck, "Malaysian Industrialization, Ethnic Divisions, and the NIC Model : The Limits to Replication", 179-180.

<sup>524</sup> Jomo K.S. "Malaysia : From Miracle to Debacle", 182-183.

<sup>525</sup> The Saudi Development Fund (SDF) "Saudi Aid to the Developing World" (<http://www.saudinf.com/main/1102.htm>).



As both Malaysia and Saudi Arabia gain some benefits from the world economic distribution as periphery or semi-periphery status, especially the latter, does the integration or participation in international economic system by these two countries also enhance their economic bilateral relations? From the 1960s to the 1980s, it could be argued that the dynamic participation of Malaysia and Saudi Arabia in the world economy might indirectly encourage both countries to interact frequently, as both countries mainly depended on the export-import market-orientation of their products, which is in line with the free market system as one of the characteristics of the international economic system. This can be pointed to by the dramatic increase of Malaysia's trade volume with Saudi Arabia, from RM4.25 million ringgit in the 1962 to US\$24.613 million and US\$725.622 million ringgit in the 1970 and 1980.<sup>526</sup> Even though the character of the trade was less favourable for Malaysia as it ran huge deficits as a result of the high import of Saudi oil, it indicated that there were some increases in the former's trade with the latter. Furthermore, during the oil crisis of 1973, Malaysia was not among the countries that were boycotted by the Kingdom for the access of its crude oil. This may due to the nature of the crisis, which aimed to urge the US, especially, to be more balanced in its handling of Israel-Palestinian affairs, in which Malaysia had indicated its firm support to the question of Palestine. Even after the crisis, Malaysian Prime Ministers, the late Tun Razak and Tun Hussein, took such a golden opportunity by touring the Kingdom and some Gulf countries to get some financial assistance from the Kingdom, and at the same time continuously support the policy of the Saudi government upon Israel-Palestine affairs, especially during the 1970s. Nonetheless, there had yet to be any foreign direct investment from Saudi Arabia in Malaysia, and the same goes too for

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<sup>526</sup> See Table 1 in the Chapter V.

the Malaysian tourism industry where the Saudi tourists did not have a major impact from the late 1960s to 1980s.<sup>527</sup>

As the years headed towards the 1990s, bilateral economic relations between the two countries improved further as the total trade reached RM3,633.56 million at the end of the 1990s. Additionally the Kingdom had begun to show some interest in investing in Malaysian developmental projects, particularly in the manufacturing sector, and Saudi tourists also started to visit Malaysia more frequently.<sup>528</sup> The positive development, specifically to trade volume, and investment, could be linked to some factors that lately influenced the pattern of Malaysian economy, including the withdrawal of its privileged access to developed countries' markets, called the Generalized System of Preferences (GSP),<sup>529</sup> especially to the US, in January 1997.<sup>530</sup> In addition with the eruption of the Asian financial crisis in 1997, Malaysia was inevitably forced to seek other market opportunities, especially in other less developed countries, which had huge potential in

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<sup>527</sup> See sub-topic "From Saudi Aid to Investment Activities", especially pages 167-168, and sub-topic "Tourism Sector", pages 172-173. Both are in the Chapter V.

<sup>528</sup> For trade, investment, and tourism up to 1990s see pages 153-155 (trade), 165-168 (investment), & 173-175 (tourism) in the Chapter V.

<sup>529</sup> The Generalized System Preferences (GSP) is composed of trade preferences granted by the developed countries *en masse* on a nonreciprocal basis i.e. without market access concessions in return. The GSP was firstly proposed by the United Nations Conference on Trade and Development (UNCTAD) during the Kennedy Round to encourage the participation of developing countries in the General Agreement on Tariff and Trade (GATT). Caglar Ozden & Eric Reindhardt, "The Perversity of Preferences : GSP and Developing Trade Policies, 1976-2000", ([http://econ.worldbank.org/files/23188\\_wps2955.pdf](http://econ.worldbank.org/files/23188_wps2955.pdf)).

<sup>530</sup> John Wong had mentioned the potential loss of the GSP as the Malaysian economy experienced positive growth in the international economy. John Wong, "ASEAN Economies : Continuing Dynamic Growth in the 1990s" in Chris Dixon and David Drakakis-Smith (ed.) *Economic and Social Development in Pacific Asia* (London : Routledge, 1993), 119, USIA, "Trade Preferences Programs : US Programs for Developing Countries and Aid Recipients, Economic Perspective", (<http://usinfo.state.gov/journals/ites/0896/ijec/ej3faf1.htm>).

marketing Malaysian products.<sup>531</sup> This is also similar to the Middle East region, where Malaysia had geared up more effort to penetrate a variety of Saudi markets as well as to lure more investors from the Kingdom and other Gulf countries such as the United Arab Emirates, Kuwait, Bahrain, and others.

It is certainly true, however, that Malaysia's economic relations with Saudi Arabia are not so great compared to their economic interaction with developed countries. It is not that Malaysia in particular, does not emphasise the significance of its economic relations with Saudi Arabia, and not merely because of some stringent policies imposed by the latter caused the level of interaction to be less favourable to the former, but it is also mainly due to the level of achievement, the miraculous economic growth and massive development that was achieved, resulting with Malaysia's dynamic integration with the core countries in the world economy. Added to this was the provision of developed countries to give 'special access', or the Generalized Special Preferences (GSP) for less developed countries, including Malaysia to penetrate their markets, which augmented the level of its participation in the world economy, and which caused it unconsciously to slightly ignore the efforts to further strengthen economic relations with Saudi Arabia, and other less developed countries. Not only that, but owing to the nature of economic relations between less developed countries which is more market-driven (such as more on the import of Saudi oil), and is not based on technological knowledge

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<sup>531</sup> At the end of 1990s, Malaysia inter-trade with less developed countries (mainly among the South-South Co-operation) was reported about RM90 billion per year. "PM : Negara Kecil Penting - Nilai Dagangan Dua Hala Dengan Mereka Meningkatkan RM90b Setahun", Utusan Malaysia, August 24, 1999. [http://utusan.com.my/utusan/archive.asp?y=1999&dt=0824&pub=Utusan\\_Malaysia&sec=Muka\\_Hadapan&pg=fp\\_01.htm](http://utusan.com.my/utusan/archive.asp?y=1999&dt=0824&pub=Utusan_Malaysia&sec=Muka_Hadapan&pg=fp_01.htm)).

transfer from the core to periphery such as between Malaysia and Japan, Saudi Arabia and the US, make less developed countries' interrelations less important than with developed countries.

## **5.6 Conclusion**

The character of Malaysia's economic relations with Saudi Arabia highlights a few vital patterns in the context of inter-less developed countries interaction, and also within the co-religionist point of view. Despite both countries being categorized as peripheral states or 'Muslim-Islamic states', and the nature of their relations being largely based on their socio-economic backgrounds, this presumably argued that their interaction in any related fields, including economy, might be thriving. However, in terms of economic interaction, it demonstrates a different picture from those presumptions. This chapter has attempted to link the unfavourable economic relations, especially for Malaysia, to the three main economic determinants; the background economy, the character of economic activities, and the influence of the international economic system, which the study believes might affect the character of the relations. Through the discussion, the study finds that these three economic determinants have differently influenced the degree of economic interaction between Malaysia and Saudi Arabia.

For the first, although both countries were carried on an almost similar economic background, agricultural based, (with the exception of Saudi income through pilgrimage, which will be discussed in the chapter VI), and to some extent, received influences from western powers, either through colonization or alliance, these 'similarities' (added with

the affiliation of Islam) are not able to bring these two countries to the highest level of economic co-operation (except Malaysia's dependence upon Saudi oil which leads to the deficit in the former's trade). Conversely, both are bound to fulfil the demand of their internal and external needs by supplying their primary products for the international market, mainly to developed countries, and at the same time seeking some technological exchanges (or technological transfer) from these developed countries for economic transformation in order to achieve industrialization status. Besides that, the character of the economic activities rather gives a more multifarious explanation for both countries interaction. For example, bilateral trade, which in the opinion of the researcher, is seen as more favourable to Saudi Arabia because Malaysia is very much in need of the former's oil and petroleum products. This has resulted in the continuous deficit to the latter's trade volume. Nevertheless, the flow of Saudi financial aid, the late positive investment, and the large influx of Saudi tourists (with the exception of Malaysian expatriates which does not have a big impact upon the Malaysian economy) to Malaysia has, to some extent, re-balanced the deficit, even though the overall volume of these economic interactions is still smaller compared to Malaysia's more established relations with other developed and developing countries, particularly with the Newly Industrializing Countries (NICs).

Furthermore, the influence of the international economic system has also affected the degree of economic relations between the two countries. Although inequality exists in the international economic system (which in some way leads both countries to join a few smaller states' organizations like NAM and G-77), Malaysia and Saudi Arabia, to this date, have successfully survived and are able to continuously maintain their economic

achievement in the modern world economy. Nevertheless, since both countries, with their own primary products, depend more on 'export-import market oriented' to generate more capital, particularly from the developed countries, this leads indirectly to their relations being secondary to the more developed countries, for these developed countries provide a bigger market and huge capital in return to their own national economic revenue. Whether their economic relations would be more developed in the future largely depends on the pattern of co-operation between these two countries by not merely focusing too much on 'market driven', but to give focus more on the research and development, and also encourage the exchange of technical expertise in the fields of agriculture, manufacturing sectors, and petrochemical industries.

## CHAPTER VI

### 6.0 RELIGIOUS AFFILIATION

Religious affiliation is the most vital element in which Malaysia and Saudi Arabia have shared commonalities in their bilateral relations. Both countries have been continuously interacting in the religious field since as early as the fifteenth century until the present day. Despite the existence of some distinct features of Islamic development in Malaysia and Saudi Arabia such as the historical background of how Islam is developed,<sup>532</sup> the culture and the local population, and the level of the implementation of the Islamic principles (Shari'ah Laws),<sup>533</sup> these divergences, more or less, will not hinder the countries in prolonging their religious co-operation, especially at the international level.

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<sup>532</sup> The arrival of Islam in Malaysia may be linked to the earliest role of the Arab and other Muslim traders and preachers who came to the Malacca Sultanate to spread Islam both to its territories and neighbours; through this traditional linkage, particularly between Malacca and the Arabian Peninsula territories, it was continuously expanded until Malaya achieved independence in 1957. For further explanation see Chapter Three. Meanwhile for the Islamic historical development in the Kingdom of Saudi Arabia, it would be largely referred to the politico-religious movement initiated by Sheikh Ibn Abdul Wahab, later became known as the Wahabi Doctrine, and Mohamed Ibn Saud (the emir of Dir'iyah,) in promoting Islamic awakening among the Bedouin communities as well as creating the Kingdom of Saudi Arabia, at least, three times in 1747-1818, 1824-1891, and 1902-1924 till today. See for instance, Taha Osman El-Farra, "The Effects of Detribalizing the Bedouins on the Internal Cohesion of an Emerging State : The Kingdom of Saudi Arabia", Unpublished Ph.D Thesis, (University of Pittsburgh, Greensbury, USA, 1973), 86, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History, 1924-1964", Unpublished Ph.D Thesis (University of Utah, USA, 1970), 2-12, 13-24 & 25-27, Phoenix, "A Brief Outline of the Wahabi Movement", Journal of the Royal Central Asiatic Society xvii October 1930, 401-402.

<sup>533</sup> Malaysia has not implemented the whole principle of Islamic rules, and only emphasized limited Shari'ah Laws that generally deal with commercial and personal matters. Muslim followers make up about half of the Malaysian population, and the Islamic legal school of Malaysia is the Shafi'ite school, whereas Saudi Arabia roughly applies the entire rule of Islamic laws, all the Saudi population is Muslim, and the Hanbalite School is the dominant legal school in the Kingdom. "Malaysia", CIA World Factbook (<http://www.cia.gov/cia/publications/factbook/geos/my.html>), Hong Qu, "Impact of Islamic Laws on Malaysia Muslim Women", (<http://aolsearch.aol.co.uk/web?/query=islamic+laws+in+malaysia&location=wholeweb&first=11&last=20>), Rohimi Hj. Shapiee, "Kedudukan Malaysia Sebagai Sebuah Negara Islam dan Cabaran Antarabangsa", 4-5 (<http://members.lycos.co.uk/nabirz/soc12.htm?>), Farouk A. Sankari,

Malaysian and Saudi Arabian governments also realize (as has been discussed in the Chapter IV) the importance of the portrayal of religious identity, Islam, in their domestic and international policies. Both countries have used 'Islam' as useful tool to justify their policies as well as reactions towards certain issues to ensure the political survival of these two political regimes as argued by James P. Piscatori (especially in his observation of Islamic values in Saudi foreign policy) who had put into : "...it is clear that Islam does play a role in Saudi foreign policy, but in the final analysis the overriding purpose of that policy is to preserve the Saudi regime and Saudi independence".<sup>534</sup> Saudi Arabia's religious tool can be associated with its global Islamic donations to other Muslim counterparts. According to James Piscatori,<sup>535</sup> Saudi Arabia's 'Islamic donation', probably began under the period of King Faysal who was at that time facing stiff challenge from Gamal Abdel Nasser for Arab-Muslim leadership. With King Faysal's slogan, 'Pan-Islam', he toured several Muslim countries including Malaysia to support Saudi Arabia's vital position within the Muslim world. In order to achieve greater support, King Faysal had also poured a lot of financial assistances to the needy or poor Muslim countries. Malaysia which was under Tunku Abdul Rahman, who had close

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"Islam and Politics in Saudi Arabia", in Ali E. Hillal Dessouki (ed.) Islamic Resurgence in the Arab World (New York : Praeger Publishers, 1982), 181, 'Saudi Arabia', CIA World Factbook (<http://www.cia.gov/cia/publications/factbook/geos/sa.html>), "Saudi Arabia : Basic Law of Government", ([http://www.mideastinfo.com/documents/Saudi\\_Arabia\\_Basic\\_Law.htm](http://www.mideastinfo.com/documents/Saudi_Arabia_Basic_Law.htm)), E.J. Brill, Dustur : A Survey of the Constitutions of the Arab and Muslim States (Leiden : Tuta Subaegide Pallas, 1966), 62-63 & 109-114.

<sup>534</sup> James P. Piscatori, however, indicates the inconsistency of the application of Islamic values in Saudi foreign policy. For instance, Islam virtually played no part during 'Abd al-'Aziz's reign, but became more significant in Faysal's term. However, since the Iranian revolution in 1979, the use of Islam in Saudi foreign policy was put into question for the Iranian regime under Khomeini had generated Islamic ideology to overthrow the monarch Shah which indirectly threatened the political authority of Al-Saud royal family. James P. Piscatori, "Islamic Values and National Interest : The Foreign Policy of Saudi Arabia", in Adeed Dawisha (ed.), Islam in Foreign Policy (London : Cambridge University Press, 1983), 33-45 & 51-52.

<sup>535</sup> James P. Piscatori, "Islamic Values and National Interest", 39-52.



personal relation with King Faysal, had taken the advantage to receive a few financial assistances from the Kingdom.<sup>536</sup> The global Islamic donation from Saudi Arabia has continued until the present day.<sup>537</sup> For Malaysia, the UMNO political regime has applied Islamic elements, including the Islamization programmes under Dr. Mahathir, both at domestic and foreign policies in order to maintain the Malay-political centrality vis-à-vis the other Malaysian ethnic communities.<sup>538</sup> In regards to Malaysia's religious relations with Saudi Arabia, it could be regarded as part of Malaysia's as well as the Kingdom's 'religious interests' in gaining Islamic recognition from domestic and international level. The Malaysian government, in fact, is very much in need the support from the Kingdom for the former seems to tend to interact more with the latter, and not vice versa, in order to fulfil its multi-variety of domestic and international necessities. These include the performance of pilgrimage activities in the two Holy Cities in Islam, Mecca and Medina, sending a number of Malaysian students to learn Islamic Studies in Saudi Arabia as it is one of the oldest centres for Islamic learning, particularly in the Arabic language, the acquisition of financial assistance to support religious activities and the building of religious schools and several mosques. They also include seeking Saudi diplomatic recognition for Malaysia as one of the Muslim states, as well as membership of the Organization of Islamic Conference (OIC), which is really vital for the needs of Muslim communities in Malaysia and for the justification of its Islamic image at the domestic and global level.

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<sup>536</sup> See sub-topic "Malaysia's Relations with Saudi Arabia Under Tunku Abdul Rahman Era" in the Chapter IV.

<sup>537</sup> See sub-topic "5.4.2 : From Saudi Aid to Investment Activities", in the Chapter V.

<sup>538</sup> Shanti Nair, *Islam in Malaysian Foreign Policy* (New York : Routledge, 1997), 9, see also Chapter IV, especially the sub-topic "The Dr. Mahathir Regime".

In religiously interacting with the Kingdom of Saudi Arabia, however, Malaysia will have to face, at least, two contrasting issues which the Malaysian government needs to conciliate between them (especially for the beneficial of the Malaysian political regime itself); the dominance of the Wahabism and the Al-Saud's religious donations for Malaysia. For the Wahabi Doctrine, it has been considered as the main religious ideology of the Kingdom of Saudi Arabia.<sup>539</sup> According to some of the Arab researchers, the doctrine had stimulated the Arab awakening (especially the Arabs in the central Arabian Peninsula, Najd territories) during the 19<sup>th</sup> century against foreign influence, for instance the Turks, as well as those local Arab rulers associated particularly with the Ottoman Empire.<sup>540</sup> It also triggered the Ikhwan<sup>541</sup> to rise against some western powers, like France and Great Britain, which later perhaps indirectly also aroused several Islamic movements in other Muslim territories, including Malaya (later became Malaysia), to participate in the calls for early Islamic re-awakening.<sup>542</sup> Besides that, the Wahabi Doctrine also created several Islamic legal decisions or *fatwa* (legal decisions) that for a few Muslim countries are not content with, such as rejecting a *fatwa* by most of the Sunni scholars that the Prophet Muhammad (p.b.u.h), after he died, can still intercede

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<sup>539</sup> See note 532 in the Chapter VI.

<sup>540</sup> This argument was mentioned by Mohamed Zayyan Al-Jazairi, although there were a few researchers such as Abdul Qadeem Zalloom, who considered the Wahhabi movement as part of the causes of the collapse of the Ottoman Empire. See Mohamed Zayyan Al-Jazairi "Saudi Arabia : A Diplomatic History", 11-12, and Abdul Qadeem Zalloom, How the Khilafah was Destroyed (London : Al-Khilafah Publications, 2000), 5-6.

<sup>541</sup> The Ikhwan was a group that formed by Ibn Saud around 1910 to help the latter raided against the opponents of the Wahabi doctrine and the formation of the Saudi state. However, in 1926 and onwards, after the capture of Hijaz, the Ikhwan began to show some resistances towards Ibn Sa'ud including its protest against his relations with Britain. See Henry Munson, Jr., Islam and Revolution in the Middle East, (New Haven : Yale University Press, 1988), 67-68.

<sup>542</sup> See Ahmad Abdol Ghafour Attar, Muhamed Ibn Abdel Wahhab, translated by Dr. Rashed Al-Barrawi, (Mecca Printing & Information Est., 1979), 85-86, George Rentz, "Wahhabism and Saudi Arabia" in Derek Hopwood (ed.) The Arabian Peninsula : Society and Politics (London : George Allen & Unwin Ltd., 1972), 66.

(*tawassul*) with his God, rebuffing all *Ijma'* (consensus of the religious scholars) after the death of the companions of the Prophet Muhammad (p.b.u.h), declaring other Muslim communities who do not accept the Wahabi Doctrine to be infidel and launching war against all innovations (*bid'ah*) in Islam, being anti-modernization (like the prohibition of using telegraph), and others.<sup>543</sup> The strict order of this doctrine in implementing Islamic rules may find difficult for the Malaysian government as well as the Malaysian Muslims to accept the Wahabism ideology. Nevertheless, the Malaysian government has no alternative choice either to formally rebuffing this doctrine or not (although it realizes that there are some Islamic groups in Malaysia which probably resemble with the Wahabism – this will be discussed later in the following pages of this chapter) for it has to safeguard its relations with the Kingdom in order to secure several religious donations from Al-Saud regime (the second issue). Those donations are crucial for the Malaysian political regime to develop its religious programmes, and simultaneously too to maintain the support of the Malaysian Muslim community, especially the Malays. For the Al-Saud family, realizing the less welcome of Wahabism ideology among Muslim counterparts, including Malaysia, its religious donations could be considered as one of the Kingdom's strategies in showing its obligation to work for Islam.<sup>544</sup>

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<sup>543</sup> Anti-modernization may not pursued by the original teaching of Sheikh Ibn Abdel Wahhab. It was strongly enunciated by the Ikhwan (Ibn Saud's army, and the fanatic followers of the Wahabi Doctrine). See Taha Osman El-Farra, "The Effects of Detribalizing the Bedouins on the Internal Cohesion of an Emerging State", 154, Phoenix, "A Brief Outline of the Wahabi Movement", 410, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 8, Henry Munson, Jr, Islam and Revolution in the Middle East, 67-68.

<sup>544</sup> The use of 'religious donations' has been one of Al-Saud's main strategies in displaying its work for Islam since the post-King Faysal. There are four kinds of Saudi recipients; a) the formal Islamic institutions like OIC, b) the government of an OIC member state, including Malaysia, c) the individual association or project in Islamic countries, d) the individual association or projects in a non-Islamic country. James P. Piscatori, "Islamic Values and National Interest", 46-48.

Based upon this account, this chapter would like to examine these two contrasting issues by concentrating on a few questions. The questions are; in what way Malaysia could face the possible influence of the Wahabi Doctrine in its long religious relations with Saudi Arabia, or in more specific way, to what extent, if any, the Wahabi Doctrine could affect the trend of *da'wah* movements (religious calls) and the practice of religious activities in Malaysia, and what are the impacts of the doctrine upon Malaysia's religious relations with the Kingdom? Furthermore, more important, since the doctrine is probably less welcome in Malaysia due to the different practice of Islamic tradition, in what form the Kingdom of Saudi Arabia can use its religious donations to spread the Kingdom's influence in Malaysia which at the same time also (or indirectly) assists the Malaysian political regime's effort in defending its Islamic political interests vis-à-vis Islamic domestic pressure.<sup>545</sup> In analyzing these particular questions, the study will first define the concept of the Wahabi Doctrine and how far it influencing several Islamic movements in other Muslim territories, including Malaysia as well as to what extent the doctrine might affect Malaysia's religious relations with Saudi Arabia. This will be followed with the discussion on how the Saudi donations, as an alternative to Wahabism ideology, play some roles in helping Malaysia to develop its religious programme which in some ways, will give huge advantage for the consolidation of both political regimes' Islamic image at domestic and international level.

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<sup>545</sup> See Chapter IV for further discussion on Islamic pressure in Malaysia, especially under the sub-topic : "The Significance of Relations for the Malaysian Political Regime".

## 6.1 The Wahabi Doctrine

The Wahabi Doctrine was commonly associated with the teaching of Sheikh Muhammad Ibn Abdel Wahhab, who was born in Uyaynah, Najd, in 1703 and died in Dir'iyah in 1792.<sup>546</sup> It is called 'Wahabi' after the Sheikh Ibn Abdel Wahhab who was considered as the initiator of the doctrine.<sup>547</sup> Several terms, however, appeared in an attempt to classify the teaching of the Wahabi Doctrine and the identity of its followers within the Muslim counterparts, such as '*Wahabiyyun*' (the followers of the Wahabi Doctrine), '*Wahabiyyah*' (the Doctrine itself), 'Protestantism' or 'Puritanism of the Mohammedans', 'reformed Muslims', Mohammedan Muslims; the Wahabi followers consider themselves as '*al-Muslimun*' (which may refer to the early Muslims called '*Salafiyyun*') and '*al-Muwahhidun*' or 'Unitarian' (their emphasis on the absolute oneness of God).<sup>548</sup>

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<sup>546</sup> Some researchers, however, indicate different dates for the birth and the death of Sheikh Ibn Abdel Wahhab, such as Jacques Benoist-Mechin, who mentioned that the Sheikh was born in 1696 (and died in 1792), while Phoenix states he was born in 1691 and died in 1736, and both Mohamed Zayyan and John Obert Voll cited distinctly the period of life of the Sheikh as being in the bracket (1703-87) and (1703-1791) respectively. Nevertheless, most of the dates (the birth and the death of the Sheikh Ibn Abdel Wahhab) revolve around 1703-1792. See Jacques Benoist-Mechin, *Arabian Destiny*, translated by Denis Weaver (Fair Lawn, New Jersey : Essential Books Inc., 1958), 48. *The New Encyclopaedia Britannica* vol. 12, (Chicago : Encyclopaedia Britannica Inc., 1992), 451, George Rentz, "Wahhabism and Saudi Arabia", 55 & 57-58, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 7, Ahmad Abdol Ghafour Attar, *Muhamed Ibn Abdel Wahhab*, 84, John Obert Voll, "Foundations for Renewal and Reform" in John L. Esposito (ed.) *The Oxford History of Islam* (Oxford : Oxford University Press, 1999), 517.

<sup>547</sup> The name of the 'Wahabi' might also be related to Sheikh Ibn Abdel Wahhab's descendant, from the Tamim tribe called 'El-Wahaba'. See John Lewis Burckhardt, *Notes on the Bedouins and Wahabys* (London : Henry Colburn and Richard Bentley, 1830), 274-275, John Obert Voll, "Foundations for Renewal and Reform", 517.

<sup>548</sup> Uwaidah M. Al-Juhany, *Najd Before the Salafi Reform Movement : Social, Political and Religious Conditions During the Three Centuries Preceding the Rise of the Saudi State* (Reading, We : Ithaca Press, in association with the King Abdul Aziz Foundation for Research and Archives, 2002), 1, *The New Encyclopaedia Britannica* vol. 12, 451, John Lewis Burckhardt, *Notes on the Bedouins and Wahabys*, 88, Louis Alexandre Olivier de Corancez, *The History of the Wahabis : From Their Origin until the End of 1809*, translated by Eric Tabet, (Reading, UK : Garnet Publishing Ltd., 1995), xi.

It would be a huge task for this chapter to elaborate upon the authentic teaching of Sheikh Ibn Abdel Wahhab that had influenced most of the Bedouin Arab community, especially in Najd territory, and it later also became the most dominant religious ideology in the Arabian Peninsula throughout the 18<sup>th</sup> and 19<sup>th</sup> centuries. However, among the main essence of the teaching of Sheikh Ibn Abdel Wahhab (or the Wahabi Doctrine) was deliberately a call for the return of all Muslim communities (specifically to the Arab-Muslim populations in the Arabian Peninsula) to the original principles of Islam based on the Qur'an and Al-Hadith (with the strict interpretation of the Hanbalite School), and a repudiation of all innovations contrary to the practices of the Prophet Muhammad (p.b.u.h) and the early generations of pious Muslims.<sup>549</sup>

This explanation probably could be linked to the basic principle of Sheikh Ibn Abdel Wahhab's call to the Bedouin Arab community,<sup>550</sup> in Najd in the 18<sup>th</sup> century, where in his eyes, they were not practicing true Islam sufficiently in their lives, or they were ignorant of Islam.<sup>551</sup> Prior to the rising of the Wahabi movement in the Arabian Peninsula, and since the central authority of Islam had been transferred from Mecca and Medina to Damascus (the Umayyad Period), Baghdad (the Abbasid Period), and Istanbul (Ottoman Empire), the religious life of the Arab-Bedouins in Najd, particularly the

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<sup>549</sup> This explanation was given by George Rentz, and with some additional statements by John S. Habib, however, it generally finds no difference from some discussions by other researchers. See for instance, George Rentz, "Wahhabism and Saudi Arabia", 54, John S. Habib, Ibn Saud's Warriors of Islam : The Ikhwan of Najd and Their Role in the Creation of the Sa'udi Kingdom, 1910-1930, (Leiden : E.J. Brill, 1978), 3, Henry Munson, Jr, Islam and Revolution in the Middle East, 66, Madawi Al-Rasheed, A History of Saudi Arabia (Cambridge : Cambridge University Press, 2002), 16, Jacques Benoist-Mechin, Arabian Destiny, 48-49, The New Encyclopaedia Britannica vol. 12, 451.

<sup>550</sup> The Bedouin Arabs here are specifically referred to those living in Najd territory, and the nomads, who most of them ignorant of Islam or only practicing traditional and customary beliefs.

<sup>551</sup> John Lewis Burckhardt, Notes on the Bedouins and Wahabys, 277.

nomads, at that particular time, was in a gloomy situation. It was pictured as full of superstitious beliefs such as cults of tree and stone worship, the manifestations of innovations (*bid'ah*) like visiting holy men's tombs, sacrifices to holy men, and others, and also the people lived in chaotic condition with little respect towards each other.<sup>552</sup>

Although most of them still believed in God and the Prophet Muhammad (p.b.u.h), they neglected ritual traditions, abiding by the laws of Al-Qur'an and Al-Hadith, such as not having faith in the day of resurrection after death, not performing prayer, fasting and *zakat* (alms giving), their women not being allowed their legal share of property left by deceased relatives, and others.<sup>553</sup>

In fact not merely in Najd, but also during Sheikh Ibn Abdel Wahhab's visit to Hijaz, Syria and Iraq, he noticed a lot of deviations and innovations (*bid'ah*) being practiced by the Muslim communities, particularly by those affiliated with the Turks-Sunni Muslims,<sup>554</sup> and the Shi'ah,<sup>555</sup> who have to be 'rehabilitated' to the true teaching of

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<sup>552</sup> Madawi Al-Rasheed, A History of Saudi Arabia, 16-17, Ahmad Abdol Ghafour Attar, Muhamed Ibn Abdel Wahhab, 8-14, George Rentz, "Wahhabism and Saudi Arabia", 55, John S. Habib, Ibn Sa'ud's Warriors of Islam, 3.

<sup>553</sup> For more explanation see Uwaidah M. Al-Juhany, Najd Before the Salafi Reform Movement, 153.

<sup>554</sup> The Turks-Sunni Muslims can be linked to the rulers and the people of the Ottoman Empire that dominated most of the Middle Eastern areas including Egypt, Syria, Iraq and others or the representative of the Ottoman Empire such as the family of Sheriff from the Hashemite tribe in Hejaz, the Mamluk in Egypt, and et cetera.

<sup>555</sup> The Shi'ah can be considered as one of the major denominations of Islam, along with the Sunni (the majority of the Muslim community), which is closely associated with the strong defender of 'Ali's descendants in regaining Muslim leadership. But in this case it refers specifically to those Shi'ah living in Al-Hasa, situated on the east coast of the Arabian Peninsula, and near the ports of the Persian Gulf like Kuwait, Bahrain, Qatar, 'Uqayr and Qatif). Madawi Al-Rasheed, A History of Saudi Arabia, 34-37, John S. Habib, Ibn Sa'ud's Warriors of Islam, 9. For further explanation on Shi'ah see S. Husain M. Jafri, Origins and Early Evelopment of Shi'a Islam (London : Longman Group Ltd., 1979), particularly pages 1-2, 13-16.

the Prophet Muhammad (p.b.u.h).<sup>556</sup> In the case of Turks-Sunni Muslims, Sheikh Ibn Abdel Wahhab was less disposed towards the philosophy and the culture of the way they carried out their religious duties and ceremonies. For instance, he disapproved of the blind acceptance of *fatwa* (legal decisions) by the *Ijma'* of *Ulama* for whom the medieval systems of Islam had the last word in religious matters, and allowed no independent thinking (new *Ijtihad*) after a *fatwa* was produced.<sup>557</sup> They rejected the use of *Qiyas* (analogical method of reasoning) by following the stance of Imam Ahmad Ibn Hanbal, and recognized only two authorities for the sources of Islamic jurisprudence, Al-Qur'an and Al-Hadith, along with the precedents of the companions of the Prophet (p.b.u.h),<sup>558</sup> and considered asking for money in return for religious services, judgement and advice as a kind of bribe.<sup>559</sup> They were strongly against the excessive culture of visiting the tombs of the Prophet (p.b.u.h) and the families of the Prophet's companions, and even destroyed several shrines and tombs, including the monument over the tomb of Zayd ibn Al-Khattab (one of the Prophet's companions, and the brother of the second Sunni caliph, 'Umar Ibn Al-Khattab), and prohibited decorating mosques and others.<sup>560</sup> Sheikh Ibn

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<sup>556</sup> Uwaidah M. Al-Juhany, Najd Before the Salafi Reform Movement, 153.

<sup>557</sup> However, since the Al-Hadith authoritatively collected in the 3<sup>rd</sup> hijrah/9<sup>th</sup> century, followers of Sheikh Ibn Abdel Wahhab later modified and accepted the *Ijma'* of the first three centuries of Islam as binding. Fazlur Rahman, Islam (Chicago : University of Chicago Press, 1979), 198.

<sup>558</sup> For further details see Fazlur Rahman, Islam, 197-198.

<sup>559</sup> Madawi Al-Rasheed, A History of Saudi Arabia, 57, Uwaidah M. Al-Juhany, Najd Before the Salafi Reform Movement, 155.

<sup>560</sup> Even, the Wahabi scholars ordered the destruction of the domed tombs of the Prophet (p.b.u.h) and the caliphs in Medina in order to discourage later visits and veneration by Muslims when Sa'ud Ibn Abdel Aziz (1803-1814) managed to establish temporary Sa'udi hegemony over Medina in 1804 (also Taif in 1802 and Mecca in 1803). For more information on how the Wahabi questioned the practice of the Turks, especially in regard to their manner to the Prophet (p.b.u.h.), after he died, and also to his companions who died in the battlefield reference can be made to the work of John Lewis Burckhardt, Notes on the Bedouins and Wahabys, 279-282, and see also Abdul Qadeem Zalloom, How the Khilafah was Destroyed, 6-7, Madawi Al-Rasheed, A History of Saudi Arabia, 21, The New Encyclopaedia of Britannica, vol. 12, 451, Uwaidah M. Al-Juhany,



Abdel Wahhab and his followers regarded the Shi'ah as a breeding ground for innovations (*bid'ah*) in Islam, and also viewed them as '*rafida*' (those who reject faith).<sup>561</sup> This is due to the Shi'ah's intoxication with the supreme authority of Ali and his descendants by claiming their legitimate leadership over the Muslim community, and exercising a few religious activities which were not parallel (or had not been done before) with the original teaching of the Prophet Muhammad (p.b.u.h). These included considering Karbala in Iraq as their holy city, the place where the grandson of the Prophet (p.b.u.h), Saidina Husayn and his followers were killed by Umayyad forces, and also having the annual rites of mourning for Husayn in Karbala as a symbol of remembering the struggle (or the suffering) of Ali's descendants in the Muslim world.<sup>562</sup> This is a blend of pre-Islamic beliefs, some new practices (*bid'ah*), and the issues of methodology in the Islamic Jurisprudence that Sheikh Ibn Abdel Wahhab attempted to rehabilitate and emphasize in his religious call to all Arab-Muslims in the Arabian Peninsula during the 18<sup>th</sup> and 19<sup>th</sup> centuries.<sup>563</sup>

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Najd Before the Salafi Reform Movement, 154, Natana J. Delong-Bas, Wahhabi Islam : From Revival and Reform to Global Jihad (New York : I.B. Tauris, 2004), 25 & 66-69.

<sup>561</sup> Madawi Al-Rasheed, A History of Saudi Arabia, 21, 41, 64. In another study, it was mentioned that although Ibn Abdel Wahhab was adamantly opposed to Shi'ah (Shiism), he specifically targeted only one particular extremist sect, called the '*Rafidah*', which was argued by Ibn Abdel Wahhab, the sect assigned greater authority to their leaders in understanding and interpreting Al-Qur'an and Islamic law than the Prophet Muhammad p.b.u.h. See Natana J. Delong-Bas, Wahhabi Islam : From Revival and Reform to Global Jihad (New York : I.B. Tauris, 2004), 22 & 85.

<sup>562</sup> In 1801, the Wahabi followers destroyed the tomb of the Imam Husayn in Karbala. Phoenix, 'A Brief Outline of the Wahabi Movement', 403, William L. Cleveland, A History of the Modern Middle East, (Boulder : Westview Press, 1994), 34, P.M. Holt, Ann K. S. Lambton & Bernard Lewis (ed.) The Cambridge History of Islam, vol. 1, (London : Cambridge University Press, 1970), 70-72, The New Encyclopaedia Britannica, vol. 10, (Chicago : Encyclopaedia Britannica Inc., 1992), 738-739.

<sup>563</sup> Uwaidah M. Al-Juhany, Najd Before the Salafi Reform Movement, 153-154.

The fundamental teachings of Sheikh Ibn Abdel Wahhab, with the political combination of Al-Saud family, had successfully united most of the Arab-Bedouin community in Najd to occupy most of the Arabian territories including Hejaz, Hasa, 'Asir and others, in order to create the first, the second and the third Saudi states from 1747 to 1818, 1824-1891, and 1902 until the present respectively, despite being halted twice by the Egyptian governor, Muhammad Ali, under Turkish command, in 1818, and the Al-Rashidi family in 1891.<sup>564</sup> His doctrine also was arguably claimed to spread out outside Najd territory to other Arabian Peninsula areas such as Hejaz, Hassa, 'Asir, Tuba, Kura, Qatif, and a few other Arab-Muslim territories, including Syria, Iraq, and others.<sup>565</sup> Not only that, the influence of the Wahabi Doctrine was also associated with other Muslim movements or certain individual figures beyond the Arabian Peninsula such as Sanusism in Libya,<sup>566</sup> Mahdism in Sudan,<sup>567</sup> Sheikh 'Uthman Dan Fodio (1754-1817) in northern Nigeria,<sup>568</sup> Haji 'Umar Tal (1794-1865) in West Africa,<sup>569</sup> Syed Ahmed Al-Bareely in India,<sup>570</sup> Haji Shariat Allah in Bengal,<sup>571</sup> and Haji Miskin in Sumatra, Indonesia<sup>572</sup> during

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<sup>564</sup> Madawi Al-Rasheed, *A History of Saudi Arabia*, 23-25, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 2-12, 13-24.

<sup>565</sup> Ahmad Abdol Ghafour Attar, *Muhamed Ibn Abdel Wahhab*, 74.

<sup>566</sup> Sanusism movement was led by Muhamad Ali Al-Sanusi (1787-1859). Youssef M. Choueiri, *Islamic Fundamentalism* (Washington : Pinter, 1997), 10.

<sup>567</sup> Sudanese Mahdism appeared in 1881-1898 and was initiated by Muhamad Ahmad Abdullah (1844-1885). Youssef M. Choueiri, *Islamic Fundamentalism*, 10-11.

<sup>568</sup> Youssef M. Choueiri, *Islamic Fundamentalism*, 8.

<sup>569</sup> Youssef M. Choueiri, *Islamic Fundamentalism*, 9.

<sup>570</sup> The religious movement of Syed Ahmed Al-Bareely (died in 1831) was commonly regarded as the Wahhabite of India. Qeyamuddin Ahmad, *The Wahabi Movement in India* (Calcutta : Firma K.L. Mukhopadhyay, 1966), 17-18. Nevertheless, the religious movement by Shah Waliullah of Delhi (1703-1762) could be considered as the pioneer of Islamic reformation (claimed being influenced by the Wahabi Doctrine) in India. See R. Upadhyay, "Muslim Fundamentalism in India : Hostage to Medieval Concepts", *South Asia Analysis Group Paper no. 351*, 31 October 2001 (<http://www.saag.org/papers4/paper351.html>).

<sup>571</sup> Fazlur Rahman, *Islam*, 204.

<sup>572</sup> Ustaz Mohd. Kamil Hj. Abdul Majid, *Tokoh-Tokoh Pemikiran Gerakan Dakwah* (Angkatan Belia Islam Malaysia, ABIM, 1990), 46-47.

the 18<sup>th</sup> and 19<sup>th</sup> centuries, and also the Islamic reform movements in the 20<sup>th</sup> century led by Hassan Al-Banna, and Rashid Ridha.<sup>573</sup>

## 6.2 A Few Arguments on the Wahabi Doctrine

There are discussions by several scholars on the teaching of Sheikh Ibn Abdel Wahhab. It is generally believed, however, that there is no single change of element brought by Sheikh Ibn Abdel Wahhab into the religion of Islam. He only emphasized the old classical teaching of Islam, of which most of the Muslim followers had been ignorant,<sup>574</sup> as John Lewis Burckhardt put it: "...Ibn Wahab not purify the existing religion, but they made the Arabs strictly observe the positive precepts of one certain religion...".<sup>575</sup> Even during a discussion held in Cairo, Egypt, in Autumn 1815 under the order of Muhammad Ali Pasha, between two religious scholars of Wahabism and the Congress of Ulama, the latter found the Wahabis' teachings and their written documents not contradictory to the principal teachings of Islam.<sup>576</sup>

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<sup>573</sup> Youssef M. Choueiri, Qeyamuddin Ahmad, and Fazlur Rahman do not indicate that the above movements (except Hassan Al-Banna's teaching argued by Fazlur Rahman) were influenced by the Wahabi Doctrine. The researcher only quotes some data on these Islamic movements given by these researchers. Among the past studies, however, that link these movements with the Wahabi Doctrine were, for instance, George Rentz, "Wahhabism and Saudi Arabia", 66, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 11, Dr. Sheikh Mohammad Iqbal, Sheikh Muhammad bin Abdul Wahab : The Wonder of Modern Islam, (Srinagar, Kashmir : Burzalla Bridge, 1988), 120-123, Ahmad Abdol Ghafour Attar, Muhammed Ibn Abdel Wahhab, 85-86, Ustaz Mohd. Kamil Hj. Abdul Majid, Tokoh-Tokoh Pemikiran Gerakan Dakwah, 46-47. For Fazlur Rahman's presumption on the link between the Ikhwanul Muslimin (Hassan Al-Banna's movement) with the Wahabi Doctrine, see Fazlur Rahman, Islam, 200.

<sup>574</sup> Jacques Benoist-Mechin, Arabian Destiny, 49, Phoenix, "A Brief Outline of the Wahabi Movement", 402, George Rentz, "Wahhabism and Saudi Arabia", 56, John Lewis Burckhardt, Notes on the Bedouins and Wahabys, 275, Louis Alexandre Olivier de Corancez, The History of the Wahabis, 13.

<sup>575</sup> John Lewis Burckhardt, Notes on the Bedouins and Wahabys, 285.

<sup>576</sup> Phoenix, "A Brief Outline of the Wahabi Movement", 402, John Lewis Burckhardt, Notes on the Bedouins and Wahabys, 283.

Nonetheless, as the Wahabi Doctrine began to be known to other Muslim countries, either by direct or indirect contacts or visits or any effects through the dissemination of information about the outcome of Arabian Reformation, especially in Najd,<sup>577</sup> and also due to the different Islamic legal schools and cultures being practised in those Muslim countries,<sup>578</sup> the teaching of Sheikh Ibn Abdel Wahhab still created some differences among the non-Wahabi Muslim communities, particularly the Sunni-Muslims, despite a conference.<sup>579</sup> As has been mentioned before, there are some religious issues that lead these two parties, the Wahabi followers and non-Wahabi (Sunni-Muslims) to have a few discussions between them. Those issues are, for instance, the concept of *tawassul* (intercede) where most of the Sunni scholars believe that although the Prophet Muhammad (p.b.u.h) had died, but he can still intercede with God for his people. However this *fatwa* is refuted by the Wahabi Doctrine, arguing that the Muslims would not be allowed to intercede with the Prophet (p.b.u.h) for he died as a mortal as all other mortals.<sup>580</sup> Besides that, there are a number of methodological questions raised, including the interpretation of some of the Qur'anic verses called 'anthropomorphic'

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<sup>577</sup> The researcher rephrases the statement written by Dr. Sheikh Mohammad Iqbal in explaining how the Wahhabi Doctrine influenced other Islamic movements. Dr, Sheikh Mohammad Iqbal, Sheikh Muhammad Bin Abdul Wahab, 120.

<sup>578</sup> It may also, as John Lewis Burckhardt argued, the Wahabi followers do not accustom with the Turks-Muslims, and other Arab cultures (like Syria and Egypt) inevitably lead to some quarrels. John Lewis Burckhardt, Notes on the Bedouins and Wahabys, 277.

<sup>579</sup> It does not mean that the Wahabi followers are not Sunni, this is only to relate them with the founder of the doctrine, Sheikh Ibn Abdel Wahhab. Nevertheless, there are some Muslim scholars like Sheikh Imam Muhammad Abu Zahrah who questioned whether the Wahabi can be considered as Sunni as they are the followers of the thought of Ibn Taimiyyah who was not bound to any Islamic theological school. Zamihan Mat Zin Al-Ghani, Salafiah Wahabiah : Suatu Penilaian (Selangor, Malaysia : Tera Jaya Enterprise, 1996), 132.

<sup>580</sup> Al-Imam Al-Hafiz Sheikh Al-Islam An-Nawawi, Al-Azkaar, (Beirut, Lubnan : Darul Fikri, 1403H/1983), 307, Phoenix, "A Brief Outline of the Wahabi Movement", 410.

(*'Mutasyabihat'*) where the Wahabists emulate Ibn Taimiyyah's explanation.<sup>581</sup> They, for example, do not interpret (*Ta'wil*), or arguably attempt to assimilate the word '*Istawa*' with the nature of God's creatures<sup>582</sup> in this Qur'anic verse: "The Most Gracious (Allah) rose over (*Istawa*) the (Mighty) Throne (in a manner that suits His Majesty)",<sup>583</sup> but consider it as the (Mighty) Throne that is suitable to God.<sup>584</sup> Sunni scholars, however, are not in favour of the Wahabi's approach as this will lead to God's assimilation with His creatures. They endeavour to avoid inferring that the nature of God, such as the word 'Throne', is similar to or allied with any of His creatures. They prefer to apply the word 'Throne' as '*Irtifa*' (Arabic word), which means 'high' or the indication of God's power and His commands to all creatures upon the universe.<sup>585</sup>

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<sup>581</sup> Or looks similar to the Ulama Salafi where they do not interpret those Mutasyabihah verses. A Discussion, through a letter containing questions and answers, with Ustaz Haji Muchlis Sitanggang, Ma'had Tahfiz Al-Qur'an wal-Qiraat, State Mosque of Sabah, Malaysia, February 26-March 2, 2004.

<sup>582</sup> A discussion, through a letter containing questions and answers, with Ustaz A. Aero, a religious teacher at SMUI Toh Puan Hajjah Rahmah, Kota Kinabalu, Sabah, Malaysia, February 26-March 2, 2004, Dr. Muhammad Ibn Halifah At-Tamimi, Mu'taqid Ahlis Sunnah wal-Jama'ah Fi Tauhidil Asma was-Sifat (Medina Al-Munawarah : Hai'ah At-Tadris bil Jami'ah Al-Islamiyah, 1414H/1994), 87, Sheikh Yusof Ad-Dajwi, Maqalat wa Fatawa (Kaherah, Egypt : Majmu'ul Buhuthi Al-Islamiyyah, 1401H/1981), 331.

<sup>583</sup> Surah Thaha, verse 5.

<sup>584</sup> The translation of this Qur'anic verse (from the Arabic language) is adopted from Dr. Muhammad Taqi-ud-Din Al-Hilali & Dr. Muhammad Muhsin Khan, Translation of the Meanings of the Noble Qur'an in the English Language (Madinah, Kingdom of Saudi Arabia : King Fahd Complex for the Printing of the Holy Qur'an, 2000), 414. This translation circuitously signifies the nature of the authors' interpretation to the Wahabi Doctrine as it printed in the Kingdom. See also Al-'Allamah Muhammad Khalil Harras, Sharkh Al-Aqidah Al-Wasitiyyah : Shaykh Al-Islam Ibn Taimiyyah, translated by Abdul Wahhab Awang Kechik, (Riyadh, Kingdom of Saudi Arabia : Mu'assasah al-Haramayn al-Khayriyyah, 2003), 25-27.

<sup>585</sup> Prof. Dr. H. Mahmud Yunus, Tafsir Qur'an Karim (Changi Road, Singapore : Tawakkal Trading, 1973), 448-449 (See the explanation of the verse in the footnote), Zamihan Mat Zin Al-Ghani, Salafiyah Wahabiyah : Suatu Penilaian, 50, and also a discussion with Ustaz Rahim, Education Attache of Malaysian Student Department of London, Newcastle upon Tyne, UK, 12.30-1.30pm, March 20, 2004.

Furthermore, the Wahabis also discouraged the Muslims from merely depending on the authority of medieval schools, or *Ijma'* by any *Ulama'* who had the last word in Islamic jurisprudence,<sup>586</sup> in which no independent thinking (*Ijtihad*) was allowed. Instead they encouraged all Muslims to emphasize only the text of the two authoritative sources, Al-Qur'an and Al-Hadith, along with the precedents of the Prophet's companions, and urged them to exercise independent reasoning (*Ijtihad*) rather than applying *Qiyas* (analogical method of reasoning) in interpreting the legal sources or making any Islamic laws.<sup>587</sup> The Wahabis' strict approach, however, was not shared by Fazlur Rahman because by only emphasizing the text of the two divine sources, it will, in some way, lead to ultra-conservatism and almost absolute literalism, and the intense use of independent reasoning (not covered by any divine text) rather than *Qiyas* (as it has restrictive principles and a code of ethics developed by medieval legists) will generate more liberal forces to interpret the divine text further freely. In other words, Fazlur Rahman had said : "Although.....the Wahabis were much more fundamentalists and literalists so far as the body of the text of the Scripture is concerned, their *Ijtihad* (independent reasoning), in the long run, proved to be much less literalist and restrictive than the *Qiyas* of the *Ulama'*".<sup>588</sup>

Moreover, most of the Sunni-Muslim scholars are not at ease with the strong *fatwa* of the Wahabis on several new religious practices performed by some Muslims, for the Wahabis considered them as innovations (*bid'ah*). Those new practices include building shrines on the tombs of the Prophet (p.b.u.h), and his companions, decorating

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<sup>586</sup> However, their opinion of *Ijma'* was changed later. See note 557 in the Chapter VI.

<sup>587</sup> Fazlur Rahman, *Islam*, 197-198.

<sup>588</sup> Fazlur Rahman, *Islam*, 198-199.

mosques,<sup>589</sup> dressing Ka'aba with any kinds of clothes,<sup>590</sup> and smoking tobacco.<sup>591</sup> The same goes too for a few customs or ethics such as considering asking for money in return for religious services (like judgement or advice) as a kind of bribe, prohibiting the marking of Muslim graves with any shrines,<sup>592</sup> and also the attitude towards modern life including proclaiming (by some of the Wahabi zealous followers) the use of modern technological devices including wireless telegraphy, telephones, television and others as innovation (*bid'ah*).<sup>593</sup> The Wahabis considered the doers of these practices not to be true Muslims, and in need of rehabilitation. If they refuse to accept the Wahabi Doctrine, the Wahabis will view them as 'infidel', and unavoidably war have to be declared against these infidel people.<sup>594</sup> Yet, this *fatwa* was negated by the Sunni-Muslim scholars, as they believe that the doers of innovations (*bid'ah*) cannot be simply considered as infidel where a war against them can be justified. This is because those innovations have yet to fall within the idolator (*mushrik*) categories which may not require harsh punishments like declaring a war upon the doers or killing them.<sup>595</sup>

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<sup>589</sup> Louis Alexandre Olivier de Corancez mentioned that no decorations are to be found inside their (the Wahabis) mosque. Louis Alexandre Olivier de Corancez, The History of the Wahabis, 13.

<sup>590</sup> For example, in 1806 Ibn Sa'ud asked the Egyptian and Syrian pilgrims to stop the tradition of the Holy Carpet (Mahmal) in which they annually dressed the Ka'aba with sumptuous gold-inscribed velvet hangings in an impressive ceremony. Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 14.

<sup>591</sup> Phoenix, "A Brief Outline of the Wahabi Movement", 410.

<sup>592</sup> Madawi Al-Rasheed, A History of Saudi Arabia, 52 & 57, Louis Alexandre Olivier de Corancez, The History of the Wahabis, 14.

<sup>593</sup> George Rentz, "Wahhabism and Saudi Arabia", 64.

<sup>594</sup> As-Syeikh Imam Muhammad Abu Zahrah, Tarikh Al-Mazahib Al-Islamiah (Jizah, Egypt : Darul Fikri Al-'Arabi, 1996), 209, Zamihan Mat Zin Al-Ghani, As-Salafiah Al-Wahabiyyah, 133.

<sup>595</sup> A discussion, through a letter contains of questions and answers, with Ustaz A. Aero, a religious teacher at SMUI Toh Puan Hajjah Rahmah, Kota Kinabalu, Sabah, Malaysia, February 26-March 2, 2004.

Besides, those arguments that asserted that the Wahabi Doctrine influenced some Islamic movements in other Muslim countries were also questionable. For example, the movements of Haji Shari'at Allah in Bengal, and Syed Ahmed Al-Bareely in India were arguably not under the influence of the Wahabi Doctrine. When Haji Shari'at Allah visited Mecca for pilgrimage in 1782-1802, Hejaz had yet to fall to the hands of Al-Sa'ud family (Mecca was only occupied a year later), while when Syed Ahmed Al-Bareely stayed in Mecca in 1822 (also for pilgrimage), the Ottoman Empire had already retaken Hejaz from the administration of the Al-Sa'ud family. On both occasions, it would be difficult for these leaders to receive the teachings of Sheikh Ibn Abdel Wahhab easily.<sup>596</sup> While for other Islamic movements, such as Sanusism, Mahdism, and the Fulani Uthman dan Fodio, although they resemble the Wahabis (emphasizing purification of faith and Islamic reformation), their method of struggle was a little different since the former (most of these movements) attempted to establish theocratic states, whereas the latter had not assumed political authority himself (he put more emphasis on religious reformation) but chosen to ally with the Al-Sa'ud family.<sup>597</sup> Along with that, several researchers believe that the Wahabi movement was mainly confined to peripheral areas (Najd territories, and some other parts of the Arabian Peninsula),<sup>598</sup> only regarded as internal reformation against superstitious beliefs,<sup>599</sup> to rectify weaknesses (purify the faith) among local Muslim society<sup>600</sup> or, at least, as Arab-Muslim awakening, or the solidarity (*'asabiyyah*) of the tribes, against the Sherif family in Hejaz and the dominance of the Ottoman

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<sup>596</sup> Fazlur Rahman, *Islam*, 203-204

<sup>597</sup> Fazlur Rahman, *Islam*, 210, Qeyamuddin Ahmad, *The Wahabi Movement in India*, 21-22.

<sup>598</sup> Youssef M. Choueiri, *Islamic Fundamentalism*, xi.

<sup>599</sup> Dilip Hiro, *Islamic Fundamentalism* (London : Paladin Grafton, 1988), 2.

<sup>600</sup> John L. Esposito, *Islam and Politics* (New York : Syracuse University Press, 1984), 32.



Empire, in the pursuit of power in the Arabian Peninsula,<sup>601</sup> which seemed less convincingly inspired by Islamic movements in other Muslim territories.

It is of less doubt that the Wahabi Doctrine invites some debate among researchers. However, it is not the focal point of this chapter to further enhance those arguments for, as was said earlier, this study will give more attention to the possible influence of the Wahabi Doctrine upon religious application in Malaysia based on its long religious relations with Saudi Arabia. Yet, it would be appropriate for the study to re-emphasize that most of the arguments (or the critiques) on the Wahabi Doctrine were closely related to some of the fundamental teachings of Sheikh Ibn Abdel Wahhab, and his rigid order upon the implementation of religious practices, including performing communal prayers, paying *zakat*, and avoiding a luxurious life that might lead to harsh punishment for those neglecting to carry out these duties (especially communal prayer and *zakat*), which to some extent also, was found to be avoided or inconvenient for other groups of Muslim communities.<sup>602</sup> Making matters worse was the extreme view held by some of the Wahabi followers on the prohibition of using modern technology in everyday life. In fact, this view was strictly upheld by the fanatical members of the Wahabis called the Ikhwan, commonly linked with Ibn Sa'ud's army to occupy some Arabian territories. Sometimes without former's command, the latter raided those Arab-Muslim people who did not accept the Wahabi Doctrine as they believed that those raids could be considered

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<sup>601</sup> R. Hrair Dekmejian, Islam in Revolution : Fundamentalism in the Arab World (Syracuse : Syracuse University Press, 1995), 16, and see also note 540 in the Chapter VI.

<sup>602</sup> John Lewis Burckhardt, Notes on the Bedouins and Wahabys, 59 & 282, a discussion with Ustaz Rahim, Education Attache of Malaysian Student Department of London, Newcastle upon Tyne, UK, 12.30-1.30pm, March 20, 2004.

as ‘holy war’ upon infidels.<sup>603</sup> The zealous attitude of the Ikhwan, and especially their raids upon Ibn Sa’ud neighbouring territories like Kuwait, Transjordan and Iraq (which also had been under the influence of the British government), forced Ibn Sa’ud to sign an agreement with Britain known as the al-Hada Agreement on November 2, 1925 to determine the eastern and northern boundaries of Saudi Arabia,<sup>604</sup> and eventually also to dissolve the group in 1929 to be replaced by the National Guard.<sup>605</sup> In other words, the major opposition of the Wahabi Doctrine was not solely associated with the fundamental teaching of Sheikh Ibn Abdel Wahhab, but also with their extreme political activity and the frequent violent militarism pursued by the Ikhwan, which upset other Muslim communities.<sup>606</sup>

Despite the existence of some forms of rigidity in Sheikh Ibn Abdel Wahhab’s religious calls to the Arab-Muslim in the 19<sup>th</sup> century, there are several considerations that have to be taken into account. For instance, the nature of the Wahabi Doctrine which stressed more on the purification of faith may found relevant to the religious situation in

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<sup>603</sup> Taha Osman El-Farra, “The Effects of Detribalizing the Bedouins on the Internal Cohesion of an Emerging State”, 155-156, see also note 594 in the Chapter VI.

<sup>604</sup> Taha Osman El-Farra, “The Effects of Detribalizing the Bedouins on the Internal Cohesion of an Emerging State”, 153.

<sup>605</sup> The main source of the conflict was not only the Ikhwan’s desire to spread the Wahabi Doctrine to those territories but also the effort of the British government to build the first of a series of police posts near the Najdi-Iraqi border. Ibn Saud protested claiming it violated the terms of the 1922 ‘Uqayr Protocols’ that had established the border between the Najd and Iraq. In addition, the Ikhwan began to criticize Ibn Sa’ud’s policies including his diplomatic relations with Britain, the Islamic legitimacy of Ibn Sa’ud’s personal conduct (his serial marriages with daughters of tribal sheikhs and slaves, and having luxurious life), and others. See Henry Munson, Jr., Islam and Revolution in the Middle East, 68-69, Madawi Al-Rasheed, A History of Saudi Arabia, 66, Taha Osman El-Farra, “The Effects of Detribalizing the Bedouins on the Internal Cohesion of an Emerging State”, 153 & 157.

<sup>606</sup> Fazlur Rahman, Islam, 200, Henry Munson, Jr., Islam and Revolution in the Middle East, 67, discussion with Ustaz Hassan, (a religious officer), Ministry of Islamic Endowments Call & Guidance Affairs, 8.00–9.30pm, September 2<sup>nd</sup>, 2004, Riyadh, Saudi Arabia.

Najd in the 18<sup>th</sup> – 19<sup>th</sup> centuries, where the majority of the Arab-Bedouins were far from practicing the true principles of Islam. They become inebriated with the mystic life of traditional beliefs, which in some circumstances, led them to greatly admire certain objects or individual figures whom they believed had spiritual power and could be asked for any help.<sup>607</sup> There were also other factors which influenced the teaching of Sheikh Ibn Abdel Wahhab, for instance, since most of the Najdi *Ulama* prior to the rise of the Wahabi movement went to Syria and Egypt to study under the Hanbalite school, which was well-known for its firmness in generating a *fatwa*,<sup>608</sup> until a Hanbali leading centre developed in al-Hasa, it too might indirectly form some basis of religious rigidity application in Najd.<sup>609</sup> Beside that, the impact of the theological thought of Ibn Taimiyyah<sup>610</sup> upon the founder of the Wahabi Doctrine, in some ways, played a vital role in developing the attitude of Sheikh Ibn Abdel Wahhab towards Arab-Muslim communities in the Arabian Peninsula.<sup>611</sup> This was compounded by the vague political situation, particularly in central Najd, which was based more on tribal confederations and

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<sup>607</sup> See notes 551, 552 & 553 in the Chapter VI.

<sup>608</sup> This could be linked to Ibn Hanbal's (780-855 A.D), the founder of the Hanbalite School, argument with the Khalif Al-Ma'mun (Abbasid Period) about the nature of Al-Qur'an. The former believed that Al-Qur'an was God's uncreated word (*Qadim*), while the latter followed the Doctrine of Mu'tazilites, that Al-Qur'an was created. Ibn Hanbal's firm and orthodox belief led to his imprisonment. James Hastings (ed.), Encyclopaedia of Religion and Ethics, vol. vii (Edinburgh : T.&T. Clark, 1914), 70.

<sup>609</sup> Uwaidah M. Al-Juhany, Najd Before the Salafi Reform Movement, 133.

<sup>610</sup> Ibn Taimiyya, or Taqi al-din Abu-l-'Abbas Ahmad b. Abdalhalim, a Muslim theologian of the 13 – 14<sup>th</sup> centuries, was familiar with his determined defendant of the old classical Islam. Beside that, his birthplace, Harran near Damascus, was regarded as a rigidly puritanical conception of religion and the strong representation of the Hanbalite School. Like Sheikh Ibn Abdel Wahhab, he also declared war against all innovations, and called upon his fellow Muslims to fall back upon the old traditional sources. Thus, it was often argued that Sheikh Ibn Abdel Wahhab's teaching was merely a re-continuation of Ibn Taimiyya's movement. James Hastings (ed.), Encyclopaedia of Religion and Ethics, 72, Zamihan Mat Zin Al-Ghani, Salafiah Wahabiah, 132, Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Perlis, 11.

<sup>611</sup> Zamihan Mat Zin Al-Ghani, Salafiah Wahabiah, 132, Imam Muhammad Abu Zahrah, Tarikh Al-Madzahib al-Islami, 208, Uwaidah M. Al-Juhany, Najd Before the Salafi Reform Movement, 157.

without formal Ottoman presence, left a vacuum for Sheikh Ibn Abdel Wahhab and the Al-Sa'ud family to freely 'reform' the society according to his teaching as well as to form a kingdom to challenge the authority of the Ottoman Empire.<sup>612</sup>

Along with that, there were other views that might attempt to look at the Wahabi Doctrine from other angles or rather in different ways, specifically on a few issues of innovations which were largely opposed by Sunni-Muslim scholars. For example decorating mosques with luxurious ornaments could be regarded as an encouraging guidance for Muslims for not to be wasting their wealth without any restraint.<sup>613</sup> On one hand, the different approach of the Wahabi Doctrine, by emphasizing the Hanbalite school<sup>614</sup> and the theology of Ibn Taimiyyah, (in fact Ibn Hanbal was one of the disciples of Imam Asy-Syafe'i), may be found adaptable to the Kingdom of Saudi Arabia,<sup>615</sup>

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<sup>612</sup> Madawi Al-Rasheed, A History of Saudi Arabia, 14.

<sup>613</sup> A Discussion, through a letter containing questions and answers, with Ustaz Haji Muchlis Sitanggang, Ma'had Tahfiz Al-Qur'an wal-Qiraat, State Mosque of Sabah, Malaysia, February 26-March 2, 2004.

<sup>614</sup> There are some arguments that in practice, Sheikh Ibn Abdel Wahhab turned the exercise of *ijtihad* into an almost literal imitation (*taqlid*) of the customs of the Prophet (p.b.u.h) and his companions as preserved in the scholarly legacy of the first two or three Islamic centuries. However, as was mentioned before, the Hanbalite school centre had been established prior to the emergence of the Wahabi Doctrine, and even Sheikh Ibn Abdel Wahhab went to Syria to learn this school. In other words, it was not unlikely that the legal thought of Sheikh Ibn Abdel Wahhab had not been influenced by the Hanbalite School. David Waines, An Introduction to Islam (Cambridge : University of Cambridge Press, 2003), 208, see also note 610 in the Chapter VI.

<sup>615</sup> In general, not only the Hanbalite School was being practised by Arab-Muslims in Saudi Arabia, but also other schools, especially the Hanafite School which still predominates in the Hejaz and part of the Eastern Province. Nevertheless, the Hanbalite School forms the basis of Shari'ah system in the Kingdom. Farouk A. Sankari, "Islam and Politics in Saudi Arabia", in Ali E. Hillal Dessouki (ed.) Islamic Resurgence in the Arab World (New York : Praeger Publishers, 1982), 181, Ira G. Zepp, Jr. A Muslim Primer : Beginner's Guide to Islam (London : Sheed & Ward Ltd., 1992), 150, Helmi Mohd. Foad, "Sano Koutoub : Menimba Ilmu di Tiang-Tiang Masjid Al-Haram", Utusan Malaysia, 11 Julai 2003, ([http://utusan.com.my/utusan/archive.asp?y=2003&dt=0711&pub=utusan\\_malaysia&sec=bicara%5Fagama&pg=ba\\_03.htm&arc=hive](http://utusan.com.my/utusan/archive.asp?y=2003&dt=0711&pub=utusan_malaysia&sec=bicara%5Fagama&pg=ba_03.htm&arc=hive)), discussion with Dr. Ahmed Y. Al-Duraiwish, Associate Professor/College of Shari'a, Islamic Law Development, Imam Mohammed Bin Saud, Islamic

owing to its culture and customs, and on the other hand, it might be a more difficult to apply in other Muslim countries, including Malaysia. In other words, the variety of religious applications, especially in Islamic jurisprudence is unavoidable due to different cultures and customs of Muslim countries, and different Islamic legal schools may have their own understanding of what Imam As-Syafe'i had said on Ibn Hanbal : "I do not leave behind any one greater as a *faqih* or more pious and learned than Ahmad Ibn Hanbal".<sup>616</sup> However, whatever the arguments on Wahabism, its firm emphasis on the absolute oneness of God (Tawheed), the denial of all acts implying polytheism such as visiting tombs and venerating saints, and the advocacy of returning to the original teachings of Islam as incorporated in the Al-Qur'an, and Hadith (traditions of Muhammad p.b.u.h.), with condemnation of all innovations or bid'ah,<sup>617</sup> helped the Al-Sa'ud families to build the Wahabi state, which later became the Kingdom of Saudi Arabia.

After the dissolution of the Ikhwan in 1929, however, the Wahabi Doctrine<sup>618</sup> was no longer as compelling in the Kingdom as it was before. The *Ulama* had only played

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University, Riyadh, Saudi Arabia, 1.00 – 1.45pm, September 1<sup>st</sup>, 2004, Riyadh, Saudi Arabia, with Ustaz Hassan (a religious officer in the Ministry of Islamic Endowments Call & Guidance Affairs, Saudi Arabia) as the interpreter of the meeting, and informal discussions with a few Saudi Arabian students such as Ayman Al-Nasser, (M.A. Student in Politics, 5 February 2004, 3.00-4.00pm, Newcastle upon Tyne, UK), and Omar Batarfi (Ph.D. Student in Computer Science, 2 February 2004, 1.00-2.00 pm, Newcastle upon Tyne, UK) who were studying at the University of Newcastle upon Tyne, UK.

<sup>616</sup> James Hastings (ed.), *Encyclopaedia of Religion and Ethics*, 70, and a discussion with Ustaz Hj. Muchlis Sitanggang, through a letter consisting of questions and answers, Ma'had Tahfiz Al-Qur'an wal-Qiraat, State Mosque of Sabah, Malaysia, February 26-March 2, 2004.

<sup>617</sup> *The New Encyclopaedia Britannica*, vol 12, (London : Encyclopaedia Britannica Inc., 1992), 451, *Britannica Concise Encyclopaedia* (London : Encyclopaedia Britannica Inc., 2002), 1975.

<sup>618</sup> This refers more to the period of the emergence of the Ikhwan until its disbanding in 1929, where the level of fanaticism was much higher. See John S. Habib, *Ibn Sa'ud's Warriors of Islam*

rather limited role as Madawi Al-Rasheed had stated: “the *Ulama* was confined to giving their opinions regarding the matters of Islamic ritual and technological innovations, of which the country would have no shortage in the coming years”.<sup>619</sup> This limited role,<sup>620</sup> the subordination of religion to politics, however, was in line with the first alliance between Al-Sa’ud as the political Imam, and Sheikh Ibn Abdel Wahhab, who was responsible for spreading *da’wah* among the local population, and in contrast with certain leaders of the Ikhwan like Al-Duwaysh, Ibn Bijad and Ibn Hithlays, who aspired to become the rulers in Najd, Hijaz and Hasa.<sup>621</sup>

### 6.3 The Influence of the Wahabi Doctrine in Malaysia

Although there are some arguments on the influence of the Wahabi Doctrine upon a few Islamic movements beyond the Arabian Peninsula,<sup>622</sup> Malaysia, as one of the Muslim countries, it is also believed, might receive some spill-over effects from the Doctrine. Among the Islamic movements that were arguably linked with the spreading of the Wahabi Doctrine to the Muslim community in Malaya (later to become Malaysia) was, for instance, the Paderi Movement in Minangkabau, Sumatera in the 19<sup>th</sup> century.<sup>623</sup> This movement was led by three local *Hajis*, Haji Miskin, Haji Abdul Rahman and Haji Muhammad Arif who (especially Haji Miskin), after returning from Mecca in 1802 at

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: The Ikhwan of Najd and Their Role in the Creation of the Sa’udi Kingdom, 1910-1930 (Leiden : E.J. Brill, 1978).

<sup>619</sup> Madawi Al-Rasheed, A History of Saudi Arabia, 68.

<sup>620</sup> However, the Kingdom still practises the teaching of Sheikh Ibn Abdel Wahhab, which was based on the Hanbalite School and the theology of Ibn Taimiyyah.

<sup>621</sup> Madawi Al-Rasheed, A History of Saudi Arabia, 68-69.

<sup>622</sup> See pages 206-207 in the Chapter VI.

<sup>623</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 13, Abdul Rahman Hj. Abdullah, Pemikiran Sejarah dan Gerakan Islah di Perlis, 3-4, Zakaria @ Mahmud Daud, “Muhammad Ibn Abd. Al-Wahab”, 460.

the time the Wahabi Doctrine-Ibn Sa'ud controlled the Hejaz, made several efforts to eradicate traditional practices which were heavily influenced by Minangkabau customs that were contrary to the true teachings of Islam.<sup>624</sup> The continuous *da'wah* of the Paderi movement in Sumatra, posed a stiff challenge to the local customs of the Minangkabau people, who had to seek help from the Dutch to suppress this movement. Nevertheless, realising that the Dutch intended to occupy their territory, they allied themselves with the Paderi movement to act against the Dutch in the "Paderi War" (1822-1837).<sup>625</sup> In spite of the defeat at the hands of the Dutch, the Paderi movement remained active under the new leaders like Mohd. Abdullah Ahmad (1878-1933), Haji Abdul Karim Amrullah (1879-1947), and others. They published a number of religious articles such as *al-Bayan*, *al-Basyir*, and *al-Itqan* in order to influence the Muslim community in Minangkabau.<sup>626</sup>

Furthermore, they came under the tutelage of another local figure, Sheikh Ahmad Khatib bin Abdul Latif (1855-1916), who had close relations with the Paderi movement but stayed in Mecca as an Imam in a mosque (*Masjidil Haram*) and who sent some letters to the local people until he had a number of vigorous disciples, who admired his messages, including Sheikh Muhammad Jamil Jambek, Haji Ahmad Dahlan, Sheikh Tahir Jalaluddin, and Haji Abdul Karim Amrullah.<sup>627</sup> These disciples were not only active in Minangkabau but also outside the territory. Sheikh Abdul Karim Amrullah,

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<sup>624</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 12, Nikki R. Keddie, Iran and the Muslim World : Resistance and Revolution (London : Macmillan Press Ltd., 1995), 45-46.

<sup>625</sup> Abdul Rahman Hj. Abdullah, Pemikiran Sejarah dan Gerakan Islah di Perlis, 2, Anthony Reid, "Nineteenth Century Pan-Islam in Indonesia and Malaysia", Journal of Asian Studies 26 (2) February 1967, 272.

<sup>626</sup> Ustaz Mohd. Kamil Hj. Abdul Majid, Tokoh-Tokoh Pemikiran Gerakan Dakwah (Angkatan Belia Islam Malaysia, 1990), 47.

<sup>627</sup> Abdul Rahman Hj. Abdullah, Pemikiran Sejarah dan Gerakan Islah di Perlis, 3-4.

Sheikh Jamil Jambek, and Sheikh Abdullah Ahmad, for example, introduced the teachings of Ibn Taimiyyah, Ibn al-Qayyim, and Sheikh Ibn Abdel Wahhab to Sumatra, while Sheikh Tahir Jalaluddin went to the Malay Peninsula to disseminate religious reformation, largely influenced by Sheikh Ibn Abdel Wahhab, to other Muslim communities in this area.<sup>628</sup> It was much argued that through the teaching of Sheikh Tahir Jalaluddin, religious reformation<sup>629</sup> began to appear in Malaysia.<sup>630</sup> Over the years, the reformation movement gradually extended to other Indonesian territories like Java, Jakarta, Kalimantan, Sulawesi and Maluku.<sup>631</sup> This was followed by the emergence of several religious associations like Muhammadiyah (1911), Persatuan al-Irsyad (1915), and Persatuan Islam or PERSIS (1923) which had close links with the Paderi movement in getting rid of all superstitions and innovations within the Muslim community. Nonetheless, these movements faced difficulties in propagating their messages due to the overwhelming impact of traditional affiliations of Islam among the local Muslim people. The establishment of new religious organization known as 'Nahdatul Ulama' by K.H. Abdul Wahab Hasbullah and K.H. Hasjim Asj'ari in 1926, which claimed to be the defender of the traditional practices of Islam, mostly under the guidance of the Shafiite School, further restrained the expansion of those reformation movements.<sup>632</sup> However, through other Indonesian religious reformers namely A. Hassan Bandung, who resided in Singapore, Hj. Abdul Ghani, Fakhri Syamsuddin, and others, religious reformation (that

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<sup>628</sup> Abdul Rahman Hj. Abdullah, Pemikiran Sejarah dan Gerakan Islah di Perlis, 4.

<sup>629</sup> The term of 'religious reformation' here specifically means a movement that claims to uphold the old classical Islam (salafi) of the Prophet (p.b.u.h) and his companions. In Malaysia, this movement is commonly associated with the phrase 'Al-Sunnah' movement.

<sup>630</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 459.

<sup>631</sup> Abdul Rahman Hj. Abdullah, Pemikiran Sejarah dan Gerakan Islah di Perlis, 4, Ustaz Mohd. Kamil Hj. Abdul Majid, Tokoh-Tokoh Pemikiran Gerakan Dakwah, 46.

<sup>632</sup> Abdul Rahman Hj. Abdullah, Pemikiran Sejarah dan Gerakan Islah di Perlis, 5.



resembled the Wahabi Doctrine) had continuously influenced a few Malayan religious scholars.<sup>633</sup>

Besides that, the influence of Middle East modern reformists, especially those from Egypt like Jamaluddin Al-Afghani and Sheikh Muhammad Abduh, also played a role in encouraging religious reformation in Malaya. Their teachings, to some extent, had influenced a number of Indonesian as well as Malayan scholars to promulgate the reformation movement in the Malay Peninsula. They were, for instance, Sheikh Tahir Jalaluddin (1869-1957), as mentioned before, who not only received some letters from Sheikh Ahmad Khatib bin Abdul Latif of Mecca (1855-1916), but also studied in Mecca under him and then continued in Al-Azhar of Egypt, and others like Sheikh al-Hadi, Haji Abbas Taha and Dato' Haji Mohammad bin Haji Mohd. Said, who were also indirectly exposed to the teachings of these two reformists.<sup>634</sup> They advocated the religious movements upheld by Jamaluddin Al-Afghani and Sheikh Muhammad Abduh in Egypt, who allegedly claimed to be influenced by Sheikh Ibn Abdel Wahhab.<sup>635</sup> In order to

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<sup>633</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 459-460.

<sup>634</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 454, Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 28-29.

<sup>635</sup> Basically, it is difficult to ultimately argue that Jamaluddin Al-Afghani, Sheikh Muhammad Abduh and Rashid Rida, as among the founders of Modern Muslim reform in the early 20<sup>th</sup> century, were directly influenced, or practised the teaching of Sheikh Ibn Abdel Wahhab in their religious calls for all Muslims all over the world. Although, there were some arguments to link them with the Wahabi Doctrine, as mentioned by Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 454-458, but the study believes that the similarity between these two movements (Modern Muslim reformists and the Wahabi Doctrine) is mostly related to their call for 'Islamic reformations' to improve Muslims' purification of Islam as well as to implement the Shari'ah laws in their daily life. The main difference, however, may point to their approach towards the aspect of modernity, where the former, especially Sheikh Muhammad Abduh who was more positive and liberal with it (for example on the subjects of modern sciences) than the latter. See Elie Kedourie, Afghani and 'Abduh : An Essay on Religious Unbelief and Political Activism in Modern Islam (London : Frank Cass & Co. Ltd., 1997), 12, Yvonne Haddad, "Muhammad Abduh : Pioneer of Islamic Reform", in Ali Rahnema (ed.), Pioneers of Islamic

convey their messages to local Muslim community, several religious periodicals were published in Malaya, like al-Imam, al-Ikhwān, Pengasuh. They also set up a few religious schools such as Madrasah al-Iqbal in Singapore (1908), Madrasah al-Hadi in Malacca (1917) and Madrasah Masyhur in Penang (1919), which generally believed in accentuating the element of religious reformation in the curriculum of those schools.<sup>636</sup>

Along with the influences of the Paderi movement and the Middle East modern reformists, the dissemination of the Wahabi Doctrine to Malaya was also through the direct teachings of a few Saudi scholars who came to some Malayan states, mainly Perlis, a state which is located in the northern Malay Peninsula. Zakaria @ Mahmud Daud argued that those Saudi scholars had already operated in Perlis in the 1920s before the birth of local reformation associations in the 1960s.<sup>637</sup> Amongst the scholars were Sheikh Hassan and Sheikh Nur al-Surur, locally identified as 'Tuan Guru Haji Ismail bin Haji Muhammad.'<sup>638</sup> The coming of Sheikh Hassan to Perlis was warmly welcomed by the people of this state, and he was allowed to form several religious schools as well as to deliver his teachings to the local Muslim community. Sheikh Nur Al-Surur, who came about thirty years later, was a scholar from the Higher Learning Institution of Dar Al-

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*Revival* (London : Zed Books Ltd., 1994), 43-46. Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 454-458.

<sup>636</sup> Mohd. Radzi Othman, *Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis*, 28-29, Ustaz Mohd. Kamil Hj. Abdul Majid, *Tokoh-Tokoh Pemikiran Gerakan Dakwah*, 47-48, Abdul Rahman Hj. Abdullah, *Pemikiran Sejarah dan Gerakan Islah di Perlis*, 5-6, Mahayudin Haji Yahya, *Islam di Alam Melayu*, 197.

<sup>637</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 451, Mohd. Radzi Othman, *Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis*, 102.

<sup>638</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 451-452.

Hadith in Medina and taught a few religious courses in Madrasah Al-Falah Mata Air in Perlis in the 1950s.<sup>639</sup>

The interactions of the Indonesian influences, modern Muslim reformists, and the teaching of the Saudi scholars with a few local religious leaders, as well as the Muslim society in Perlis circuitously led to the birth of a new religious practice in this state called 'Ahlus Sunnah of Perlis'.<sup>640</sup> It is commonly viewed that this practice generally looks similar to the doctrine of Sheikh Ibn Abdel Wahhab, from the teaching of Tawheed (such as the concept of intercession or *Tawassul*, God's character or *Sifat Tuhan*, and others), the meaning of Qur'anic anthropomorphic verses, the prohibition or eradication of all superstitions (*khurafat*) and innovations (*bid'ah*), particularly the elimination of several shrines and tombs in Perlis, like the considerably sacred places of Hj. Muhammad Salleh, Tok Shaykh Muda, Tok Lebai Salim, Tok Jernih, and others, certain religious practices in the prayer, and in managing the affairs of the deaths of close relatives.<sup>641</sup> The only main difference between Ahlus Sunnah of Perlis and the Wahabi Doctrine is that the former may claim not to strictly associate with any four Islamic legal schools, whereas the latter leans is more towards the Hanbalite School.<sup>642</sup> In fact, it has been formally agreed by the State Religious Council that the definition of Ahlus Sunnah wal-Jama'ah refers to those

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<sup>639</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 451-452.

<sup>640</sup> The term 'Ahlus Sunnah of Perlis' was thoroughly applied by Zakaria @ Mahmud Daud in his doctoral studies on the influence of the Wahhabi Doctrine upon Malaysia, specifically Perlis. See Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab dan Pengaruhnya Terhadap Ajaran Ahli Sunnah wal-Jama'ah di Perlis", Unpublished Ph.D. Thesis (Kuala Lumpur : Universiti Malaya, 1997), and also Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 96-111 (especially for the State of Perlis).

<sup>641</sup> For further explanation see Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 463-477.

<sup>642</sup> Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 473, Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 7.

Muslim people that believe in Qur'an, Al-Hadith, and the *Ijma'* of the companions of the Prophet (p.b.u.h), which clearly indicates (or parallel) in the two divine sources, and also recognizes the legitimacy of the four Islamic legal schools without any strict affiliation to practice with any of them.<sup>643</sup>

The absorption of religious reformation or 'Ahlus Sunnah of Perlis', which possibly resembles the Wahabi Doctrine, into the state religious ideology, and was strongly appreciated by some groups of the Muslim community in Perlis, was largely due to the firm support of the religious officials of the state such as Haji Mat Hakim (former Chief Ruler of Religious Council and Malay Customs of Perlis State, or Yang Dipertua Majlis Agama Islam dan Adat Istiadat Melayu Negeri Perlis), Tan Sri Datuk Syeikh Ahmad Muhammad Hashim (former chief minister and one of the Malaysian ambassadors in Saudi Arabia), Haji Datuk Wan Ahmad bin Wan Daud (former Acting Deputy Chief Judge of Perlis) and Syeikh Abu Bakar al-Asyaari (former Imam of 'Alwi Mosque in Kangar, Perlis), who in the early stages of their education became exposed to religious reformations, mainly from Indonesia and the Middle East, and these four individual figures were considered as the founding fathers of this movement.<sup>644</sup> This is further strengthened with harmonious relations between these officials and the Royal State of Perlis (which was claimed to have Arab descendants),<sup>645</sup> and also supported by

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<sup>643</sup> In fact, there was a debate between Ahlus Sunnah of Perlis and the Shafiite Muslim scholars in Perlis about the definition of Ahlus Sunnah wal-Jama'ah. However, when the State Religious Council proclaimed that all the four Islamic legal schools are legitimate, yet should avoid being rigid with any of these schools, the Shafiite Muslim scholars eventually accepted the definition. The researcher rephrased Mohd. Radzi Othman's statements. See Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 50-51.

<sup>644</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 98-99.

<sup>645</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 237.

three organizations the Al-Islah Association of Perlis, Jamiyah Pegawai Masjid Negeri Perlis (Staff Association of State Mosque of Perlis), and ABIM Perlis (Malaysian Islamic Youth Movement of Perlis), which strongly affiliate with religious reformations, and impulsively led the teaching of Ahlus Sunnah of Perlis to be officially recognized by the state constitution.<sup>646</sup> On top of that, the main religious school in Perlis, Madrasah Alwiyah, does not merely emphasize the Shafiite School, but also other legal schools in its curricula academic programmes.<sup>647</sup> In contrast with other states in Malaysia, religious reformation movements that may look like the Wahabi Doctrine were less prominent. This was largely because, unlike Perlis, the religious councils of these states were not dominated (or administered) by the followers of those religious reformations, and also because of the existence of certain policies of some state governments that did not allow this movement to freely spread its teachings.<sup>648</sup>

Despite the appearance of quite a few useful indications to relate some of the religious reformations in Malaysia, mainly Ahlus Sunnah of Perlis, with the Wahabi movement such as the historical interactions, certain religious beliefs and practices, mostly in *'ibadah* matters (worship), and also the sense of extreme affiliation with their teachings and associations,<sup>649</sup> there are also a few things that might signify these movements were not overwhelmingly or rigidly bound to the Wahabi Doctrine. These

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<sup>646</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 50-52 & 97, Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 477.

<sup>647</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 243-244.

<sup>648</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 3, 145, 188, 200-201 & 206.

<sup>649</sup> Discussion with Ustaz Rahim MSD London, visiting Newcastle on 20 March 2004, 12.00-1.00pm.

include avoiding strict affiliation with any four Islamic legal schools,<sup>650</sup> denying to be labelled as 'Wahabi followers',<sup>651</sup> and most of the names of their organizations or associations not reflecting or being traditionally associated with the name of Sheikh Ibn Abdel Wahhab, such as the Muhammadiyah group in Penang, which claimed to address itself to the Prophet Muhammad (p.b.u.h), and not to the founder of the Wahabi movement in Najd, central Arabian Peninsula. This is different, too, from some religious reformations in other states in Malaysia, which mostly used the term 'Al-Sunnah' or other terms, instead of Wahabi, in their organizations such as Ahlus Sunnah of Perlis, Sunnah Movement of Johore, Orang Sunnah of Pahang, Ittiba' al-Sunnah of Negeri Sembilan, Islam Jamaah of Selangor.<sup>652</sup>

Nonetheless, the study might be able to correlate the most essential resemblance between religious reformations in Malaysia and the Wahabi movement through the fundamental nature of their religious messages, which both deeply emphasized the realisation of the old classical Islam (*salafiyyah*) or 'al-Sunnah' into their respective lives. They urged all fellow Muslims to return to the life of the Prophet (p.b.u.h), and his companions. Both movements also endeavoured to eradicate all kinds of superstitions (*khurafat*) and innovations (*bid'ah*) among their Muslim counterparts, especially in the

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<sup>650</sup> See note 642 in the Chapter VI.

<sup>651</sup> This denial was indicated by the Chief Ruler of Islah Association of Perlis, Ustaz Abd. Razak bin Abd. Rahman. Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 101.

<sup>652</sup> Orang Sunnah of Pahang is not a formal organization, it was given by the people of the state of Pahang. Meanwhile, Ittiba' al-Sunnah was a religious school in Negeri Sembilan (one of Malaysian states) that emphasized religious reformation teachings. For further informations on all these movements, see Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 146-147, 182-187 & 200-210, and see also Abd. Rahman Hj. Abdullah, Pemikiran Sejarah dan Gerakan Islah di Perlis, 7.

affairs of worship (*ibadat*). In other words, it is considerably acknowledged that a few groups of Islamic movements exist in Malaysia that might receive some influences from the Wahabi Doctrine. Yet the number of followers of the religious reformation is less significant, approximately a few hundred people, except in Perlis which may claim to number its Muslim population in thousands,<sup>653</sup> and their movements were not politically supported by the government in comparison with the Wahabi movement, which successfully operated under the religious-political alliance with the Al-Sa'ud family until the emergence of the Kingdom of Hejaz and Nejd, later renamed as the Kingdom of Saudi Arabia in 1932.<sup>654</sup> The discouraging development of these movements could be associated with some issues that may affect their significance in the trend of religious calls in Malaysia.

Among those issues are, for example, that the Muslim community in Malaysia began, in the 15<sup>th</sup> century or even earlier, to practice Islam in their daily life, ranging from governmental administration (specifically the Malacca Sultanate), to the socio-economy and education.<sup>655</sup> Those Islamic teachings brought by Muslim traders and

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<sup>653</sup> Such as in Penang (130 followers), Selangor (not more than 50 followers), Johore (120 followers), and Pahang (250 followers). While in Perlis was roughly estimated about 30 per cent of its populations. Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 102-106, 110, 144-145, 187, 202 & 207.

<sup>654</sup> See note 532 in the Chapter VI.

<sup>655</sup> See Chapter Three, especially under two sub-topics; "Trading Activities in Malacca" and "The Spread of Islam in Malacca", and for more elaboration see also Muhammad Yusoff Hashim, The Malay Sultanate of Malacca (Kuala Lumpur : Dewan Bahasa & Pustaka, 1992), Armando Cotesao (translation), The Suma Oriental of Tome Pires : An Account of the East, From the Red Sea to Japan, written in Malacca and India in 1512-1515, vol. II, series II (London : The Hakluyt Society, 1944), and Luis Filipe Ferreira Reis Thomas, "The Malay Sultanate of Malacca" in Anthony Reid (ed.), Southeast Asia in the Early Modern Era : Trade, Power and Belief (Ithaca : Cornell University Press, 1993).

preachers, particularly the Arabs<sup>656</sup> or Muslims of Southern India<sup>657</sup>, to the Malay Peninsula were mostly believed to be under the guidance of the Sunni sect who uphold the Shafiite School.<sup>658</sup> The Shafiite school has been the major source of reference for any matters related to Islamic jurisprudence in Malaysia to the present day.<sup>659</sup> It encourages broader and more moderate approaches in dealing with Islamic affairs. It was also found to be more suited to the culture and the customs of the Muslim community in Malaysia.<sup>660</sup> Other schools of Islamic jurisprudence like Hanafite, Malikite, and Hanbalite, however, are not totally ignored, but in certain cases the National Fatwa of Malaysia will refer to these schools to solve some issues that they may be more appropriate to be deal with. For example, the concept of paying *zakat* (alms giving) with money in Malaysia follows the Hanafite school, and the Malaysian pilgrims will also practise some *fatwas* from the Hanbalite school, like a male Muslim's ablution (*wudhu*) will not become void when unintentionally touching women while performing Hajj

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<sup>656</sup> Mahayudin Haji Yahya, *Islam di Alam Melayu*, 143-146, Stephen F. Dale, "The Islamic World in the Age of European Expansion 1500-1800" in Francis Robinson (ed.), *The Cambridge Illustrated History of the Islamic World* (Cambridge : Cambridge University Press, 1996), 86, Mohd. Radzi Othman, *Gerakan Pem.*, 87-89.

<sup>657</sup> Cesar Adib Majul mentioned that the Shafiite school of jurisprudence which predominates in Malaysia was also found in Southern India. Cesar Adib Majul, "Theories on the Introduction and Expansion of Islam in Malaysia", *Silliman Journal*, 343, Barbara Watson Andaya & Yoneo Ishii, "Religious Developments in Southeast Asia, c. 1500-1800", in Nicholas Tarling (ed.), *The Cambridge History of Southeast Asia*, 170.

<sup>658</sup> Nevertheless, there were some assertions that the Syi'ah influence had come earlier to Malay Archipelago than the Sunni. See Mahayudin Haji Yahya, *Islam di Alam Melayu*, 165-171.

<sup>659</sup> Dr. Haji Abdullah Ishak, *Islam di Nusantara : Khususnya di Tanah Melayu* (Al-Rahmaniyah, 1990), 193, Mohd. Radzi Othman, *Gerakan*, 241, "Fatwa : Hasil Perbincangan Secara Jemaah", *Utusan Malaysia*, 16 January 2004, ([http://utusan.com.my/utusan/archive.asp?y=2004&dt=0116&pub=Utusan\\_Malaysia&sec=Bicara\\_Agama&pg=ba\\_01.htm](http://utusan.com.my/utusan/archive.asp?y=2004&dt=0116&pub=Utusan_Malaysia&sec=Bicara_Agama&pg=ba_01.htm)).

<sup>660</sup> Discussion, via telephone, with Ustaz Mohd. Arifin Ali, a religious official in the State Religious Council of Sabah, Malaysia, 22 February 2005, 4.00-4.30am (equivalent to 12.00-12.30pm in Malaysia), M.A. Rauf, *A Brief History of Islam : With Special Reference to Malaya* (Kuala Lumpur : Dewan Bahasa & Pustaka, 1964), 85.



activities.<sup>661</sup> Yet the Shafiite school is still the most dominant Islamic jurisprudence in Malaysia. Therefore, based on the established traditional affiliation with the Shafiite school, it would be difficult for the Wahabi Doctrine, and several Malaysian religious reformations, which do not emphasize the implementation of this school in their religious messages, to augment their influence among the Muslim population in Malaysia.

It is generally realized also that, in Malaysia, the administration of religious affairs has been put under the guardianship of the rulers of the various states, while the federal territory of Kuala Lumpur and the states of Malacca, Penang, as well as Sabah and Sarawak, are under the authority of the Supreme Ruler of Malaysia (Yang Dipertuan Agong),<sup>662</sup> and also under the coordination of the Malaysian government through its religious agencies, mainly Jabatan Kemajuan Islam Malaysia (JAKIM), Institut Kefahaman Islam Malaysia (IKIM), and the states' religious councils.<sup>663</sup> This tradition, in fact, had been implemented during the British government era in Malaya, where after the Pangkor Treaty of 1874, it provided for the appointment of a British Resident to the

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<sup>661</sup> Discussion, via telephone, with Ustaz Mohd. Arifin Ali, a religious official in the State Religious Council of Sabah, Malaysia, 22 February 2005, 4.00-4.30am (equivalent to 12.00-12.30pm in Malaysia), discussion, via letter of questions and answers, with Ustaz Hj. Muchlis Hj. Sitanggang, Ma'ahad Tahfiz Al-Qur'an wal-Qiraat, State Mosque of Sabah, February 26-March 2, 2004. Beside that, Dr. Haji Abdullah Ishak argued that to enable a Muslim person to follow other Islamic schools of jurisprudence, he or she would have to get permission from the Malay Rulers of Malaysia. See Dr. Haji Abdullah Ishak, *Islam di Nusantara*, 194.

<sup>662</sup> Federal Constitution, *Laws of Malaysia*, Article 3, (2) & (3), (Kuala Lumpur : MDC Publishers Printers Sdn. Bhd., 1998), 1, Deliar Noer, "Contemporary Political Dimension of Islam", in M.B. Hooker (ed.), *Islam in South-East Asia* (Leiden : E.J. Brill, 1988), 199, Fadzillah Mohd. Jamil, "The Reawakening of Islamic Consciousness in Malaysia : 1970-1987", *Unpublished Ph.D. Thesis* (Edinburgh : University of Edinburgh, June 1988), 73, Rohimi Hj. Shapiee, "Kedudukan Malaysia Sebagai Sebuah Negara Islam dan Cabaran Antarabangsa", 4-5 (<http://members.lycos.co.uk/nabirz/soc12.htm?>).

<sup>663</sup> Deliar Noer, "Contemporary Political Dimension of Islam", 200, Kamarulnizam Abdullah, "National Security and Malay Unity : The Issue of Radical Religious Elements in Malaysia", *Contemporary Southeast Asia* 21 (2) August 1999, 266.

Malay state. It was obligatory for the Malay ruler or sultan to ask for the British Resident's advice and act upon it in all matters other than those touching Malay religion and custom.<sup>664</sup> The provision of power for the rulers as well as for the government agencies upon the management of religious affairs has, to some extent, led to the creation as in the words of M. Kamal Hassan : “.....of a religio-legal bureaucracy subservient to the royal palace and subordinate to the traditional Malay elites (leaders) close to the palace”.<sup>665</sup>

Since the affairs of religion have been granted to the rulers, and coordinated by the government, it provides more opportunities, especially for the governmental religious agencies, to run their own Islamic orientations as well as to directly monitor other Islamic activities and religious calls that might deviate from the true teaching of Islam or can pose some challenges to the government's image as the official guardian of Islam in Malaysia. In the case of the Wahabi movement, however, its doctrine is not listed by the National Fatwa Council as one of the deviant teachings, unlike a few religious movements like Syi'ah, Qadiani, Tariqat Naqsyabandiah Kadirun Yahya which were officially declared as deviating from the true teaching of Islam.<sup>666</sup> Even according to Mohd. Radzi Othman, most of the Malaysian religious scholars never indicated that the

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<sup>664</sup> M. Kamal Hassan, Towards Actualizing Islamic Ethical and Educational Principles in Malaysian Society : Some Critical Observations (Petaling Jaya, Selangor : Muslim Youth Movement of Malaysia, 1996), 100.

<sup>665</sup> M. Kamal Hassan, Towards Actualizing Islamic Ethical, 100.

<sup>666</sup> However, the Malaysian government, through Pusat Islam (Islamic Centre), had ever stated its firm opposition to the Wahabi Doctrine. Discussion with Ustaz Rahim, MSD London, 20 March, Newcastle upon Tyne, UK, National Fatwa Council, “List of Deviant Teaching”, (<http://www.islam.gov.my/ppi/listsosat.html>).

Wahabi Doctrine is deviant.<sup>667</sup> It is mainly due to the existence of some differences in religious beliefs and practices, not fundamental but only in the minor side (*furu'iyah*) of Islam, and its rigidity in implementing religious practices that result in the Wahabi doctrine not being considered as deviant teaching in Malaysia.<sup>668</sup> The study, however, believes that the main reason for the Malaysian government not considering the Wahabi Doctrine as deviant but only restraining its movement (except in Perlis), apart from acknowledging the differences in certain theological and legal concepts, is to safeguard its relations with the Kingdom, which is so vital for the welfare of the Muslim population in Malaysia as the former (as stated before) is regarded as the place of performing pilgrimage, acquiring Islamic studies, obtaining economic assistance and, to some extent, also standing as one of the leading nations in the Muslim world. Along with that, since the followers of this faction form only a small group of the Muslim community, and their emphasis is more on worship (*ibadat*), not political, the government has only restricted the operation of these religious factions, with the exemption of Perlis where they gained support from the royal as well as religious official of the state, in order to avoid any disintegration among Muslims in Malaysia.<sup>669</sup> Hence, the controlled approach by the government has relatively caused the expansion of the Wahabi Doctrine or any other religious reformations to be rather limited.

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<sup>667</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 246.

<sup>668</sup> Mohd. Radzi Othman, Gerakan Pembaharuan Islam : Satu Kajian di Negeri Perlis, 244, Zakaria @ Mahmud Daud, "Muhammad Ibn Abd. Al-Wahab", 481.

<sup>669</sup> Discussion, via telephone, with Ustaz Mohd. Arifin Ali, a religious official in the State Religious Council of Sabah, Malaysia, 22 February 2005, 4.00-4.30am (equivalent to 12.00-12.30pm in Malaysia).

Furthermore, the trend of religious calls in Malaysia does not provide circumstances which are plainly conducive for the Wahabi Doctrine and other Al-Sunnah movements to further enhance their activities, particularly in the 1970s and onwards. Even though in the early 20<sup>th</sup> century there were some Islamic groups, which arguably looked similar to the Wahabi movement, that had successfully influenced a number of religious scholars, these were mainly aroused by the ideology of the Middle East modern reformists Sheikh Jamaluddin Al-Afghani, Muhammad Abduh, and Rashid Rida,<sup>670</sup> and also to some of the local leaders who acted against British occupation in Malaya such as Tok Janggut in Kelantan, Haji Abdul Rahman Limbong in Terengganu, and others, which feasibly may be based more on the ideology of nationalism.<sup>671</sup> Beside that, between the 1940s and 1950s, the drive for Islamic reformation in Malaya had turned into a domestic political struggle when a religious group called 'Hizbul Muslimin'<sup>672</sup>, an Islamic-leftist group associated with anti-UMNO politics,<sup>673</sup> created an Islamic Party, known as the

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<sup>670</sup> For further explanation on how Modern Muslim reformists were claimed to influence a few groups of Malay scholars see for instance, M.A. Rauf, Ikhtisar Sejarah Islam dan Hubungannya yang Khusus Dengan Semenanjung Malaysia (Petaling Jaya : Fajar Bakti Sdn. Bhd., 1987), 123, Mahayudin Haji Yahya, Islam di Alam Melayu, 197-198, M.A. Rauf, A Brief History of Islam, 93-94.

<sup>671</sup> Mahayudin Haji Yahya, however, claimed that some of these local leaders applied religious calls to act against the British occupation. See Mahayudin Haji Yahya, Islam di Alam Melayu, 198, Ahmad Fadhil bin Shaari, "Sejarah dan Masa Depan Perjuangan Politik Islam di Malaysia", Kursus Kepimpinan Pelajar YIK Zon 3, Bachok, Kelantan, 24 May 2001, 1 (<http://www.geocities.com/afadhliis/artikel10.htm>), and for more explanation on the struggle of Malay local leaders against British administration in Malaya see Haji Buyong Adil, Perjuangan Orang Melayu Menentang Penjajahan Abad 15-19 (Kuala Lumpur : Dewan Bahasa & Pustaka, 1985).

<sup>672</sup> This organization was no longer active as most of its leaders were arrested by the British administration in Malaya, partly due to their left-wing orientation. Y. Mansoor Marican, "Malay Nationalism and the Islamic Party of Malaysia", Islamic Studies xvi (1) Spring 1977, 297.

<sup>673</sup> United Malay National Organization (UMNO) is one of the dominant parties in Malaysia. Until the present, it has successfully combined with other parties to win an election as well as to form a government.

Islamic Party of Malaysia (PAS), to champion Islamic restoration in Malaya.<sup>674</sup> Then, in the 1970s and onwards, most of the religious calls were primarily concentrated among specific *da'wah* movements like Tabligh,<sup>675</sup> Al-Arqam,<sup>676</sup> ABIM,<sup>677</sup> and a few governmental religious institutions like PERKIM (Islamic Welfare Association of Malaysia), YADIM (Islamic Da'wah Foundation of Malaysia) and IKIM (Institute Islamic Understanding of Malaysia).<sup>678</sup> All these movements or institutions have their own religious agendas that notably differ from the Wahabi Doctrine.<sup>679</sup> Their vigorous activities, except for Al-Arqam which was banned in 1995, by launching several Islamic

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<sup>674</sup> Mahayudin Haji Yahya, *Islam di Alam Melayu*, 198, Louay M. Safi, "Religion and Politics in Malaysia", (<http://home.att.net/~louaysafi/articles/2000/religion.htm>), Ahmad Fauzi bin Abdul Hamid, "Islamic Resurgence in the Periphery : A Study of Political Islam in Contemporary Malaysia with Special Reference to the Darul Arqam Movement, 1968-1996", *Unpublished Ph.D. Thesis* (University of Newcastle upon Tyne, UK, March 1998), 193, Y. Mansoor Marican, "Malay Nationalism and the Islamic Party of Malaysia", 291.

<sup>675</sup> Tabligh is an Indian-inspired movement. It was founded in the 1920s, and carried by Indian mubalighs (preachers) to the Malay Peninsula in the early 1950s. Judith Nagata, "Religion Ideology and Social Change : The Islamic Revival in Malaysia", *Pacific Affairs* 53 (3) Autumn 1980, 421.

<sup>676</sup> Darul Arqam was established in Kuala Lumpur in 1968 by an Islamic religious teacher, Ashaari Muhammad. Ahmad Fauzi bin Abdul Hamid, "Islamic Resurgence in the Periphery", 146.

<sup>677</sup> ABIM or Muslim Youth Movement of Malaysia is an outgrowth of the National Muslim Students' Association of the late 1960s. It was founded in 1971, and its membership had reached 35,000 members in 1979. Judith Nagata, "Religion Ideology and Social Change", 423.

<sup>678</sup> PERKIM, YADIM and IKIM are the governmental religious institutions, and each of these institutions plays a different role in promoting Islamic consciousness among the Malaysian population. For instance, PERKIM is more towards conversion of a non-Muslim to become a Muslim, YADIM is to spread *da'wah* among Muslim society in Malaysia, and IKIM is an Islamic government think-tank. Ahmad Fauzi bin Abdul Hamid, "Islamic Resurgence in the Periphery", 107-108 & 130.

<sup>679</sup> Ahmad Fauzi bin Abdul Hamid, Fadzillah Mohd. Jamil, and Judith Nagata could be the best starting point to know more about the movement of these *da'wah* associations or institutions in Malaysia. Ahmad Fauzi bin Abdul Hamid, "Islamic Resurgence in the Periphery : A Study of Political Islam in Contemporary Malaysia with Special Reference to the Darul Arqam Movement, 1968-1996", *Unpublished Ph.D. Thesis* (University of Newcastle upon Tyne, UK, March 1998), Fadzillah Mohd. Jamil, "The Reawakening of Islamic Consciousness in Malaysia : 1970-1987", *Unpublished Ph.D. Thesis* (Edinburgh : University of Edinburgh, June 1988), 127-186, Judith Nagata, "Religion Ideology and Social Change : The Islamic Revival in Malaysia", *Pacific Affairs* 53 (3) Autumn 1980, 405-439.

programmes with different approaches within the Muslim community in Malaysia, have further marginalised the Wahabi movement and its co-followers in this country.

This is in addition to the less rigid practice of the Wahabi Doctrine in the Kingdom of Saudi Arabia following the dismantlement of the Ikhwan group in 1929, which was well-known for its zealous character towards non-Wahabi Muslim people. It does not necessarily mean, however, that the doctrine will no longer have significance to the religious ideology of the mostly Muslim population of the Kingdom, but this development (post-Ikhwan group) has given more scope for Saudi Arabia to receive some elements of modernity which were strongly prohibited before. In other words, the situation was much different after the post-Ikhwan because the Al-Saud family has more 'say' than the Wahabi scholars or the religious influence has been re-subjugated into politics as the first alliance between Al-Sa'ud, and Sheikh Ibn Abdel Wahhab. Saudi scholars have only played a limited role, which largely aimed to support, or to 'adapt', the Kingdom's religious policies concerning certain Muslim affairs.<sup>680</sup> At the same time also, instead of giving too much attention to this doctrine, more efforts have been directed towards developing the socio-economy of Saudi Arabia, particularly after the discovery of oil, which is indispensable for the survival of Al-Sa'ud family and to prolong its rule as well as to modernize the Kingdom. With the present approach that puts more emphasis on the development of the Kingdom of Saudi Arabia, which was quite different with the

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<sup>680</sup> See Ahmad Abdol Ghafour Attar, Muhamed Ibn Abdel Wahhab, 72, and Madawi Al-Rasheed, A History of Saudi Arabia, 68.

first and the second of the Wahabi-States, it probably might also further trim down any efforts of spreading the Wahabi Doctrine into other Muslim areas, including Malaysia.<sup>681</sup>

Owing to the murky situation of the Wahabi Doctrine, or the Al-Sunnah movements that closely resemble it, it is less accepted by the Muslim community in Malaysia, partly due to the distinctions in some religious beliefs (Tawheed) and practices, not fundamental, but only in minor side or *furui'yyah*. This, and the government's firm approach towards Wahabism from spreading among Malaysian Muslim communities, indirectly means that the religious co-operation between Malaysia and Saudi Arabia is quite limited, and mostly related to the affairs of pilgrimage, and education. Beside that, since Malaysia and the Kingdom have been practicing according to different Islamic legal schools, the exchange of *fatwas* among religious scholars of both countries is mainly in the coordination of pilgrimage activities, and not in the other issues in Islamic jurisprudence.<sup>682</sup> Nevertheless, various efforts have been made by the leaders of these two countries, especially by the Malaysian leaders, to enhance their relations in other fields, such as economic, as well as in the Muslim organizations, including the Organization of Islamic Conference (OIC) where Malaysia and Saudi Arabia are vigorously active in promoting Muslim issues at the international level.

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<sup>681</sup> Some scholars considered the Wahabi movement as only an internal matter, even Al-Sa'ud after conquering most of the Arabian Peninsula territories ordered his army, the Ikhwan, to stop raiding his neighbours including Kuwait, Transjordan and Iraq. Yet the Kingdom may cease using physical force to spread the doctrine, instead the distribution of written documents to other Muslim countries could be considered as a continuous effort to disseminate the doctrine.

<sup>682</sup> However, according to Ustaz Mohd. Arifin Ali, at the moment, Malaysia also refers to other three Islamic legal schools; Hanafite, Malikite, and Hanbalite schools, beside the Shafiite school, in regards to a few new issues in the Muslim world nowadays. Discussion, via telephone, with Ustaz Mohd. Arifin Ali, a religious official in the State Religious Council of Sabah, Malaysia, 22 February 2005, 4.00-4.30am (equivalent to 12.00-12.30pm in Malaysia).

#### 6.4 Saudi Arabia's Contribution to Religious Development in Malaysia

Since the Wahabi Doctrine is less welcomed by the Malaysian government as well as by most of its Muslim population, it does not particularly mean that the Malaysian political regime does not emphasize the importance of its religious interactions with the Kingdom of Saudi Arabia. In fact, as has been mentioned before, the Malaysian government has made several initiatives to strengthen the relations, especially to gain some capital donations from Saudi Arabia to build religious buildings like the mosques, schools, *da'wah* organizations and to send a number of Malaysian students to continue their studies in the Kingdom. These religious needs are essential for the Malaysian government to be more responsible with for they are closely linked with the political interests of the Malaysian political regime, especially UMNO, to ensure the continuity of its dominance over others (particularly over Islamic oppositions). For the Saudi government, any request by a Muslim country, including Malaysia, for help financing religious development plans would be regarded as in line with 'Al-Saud family's interest'; to further consolidate the Al-Saud's political independence as well as to preserve its image at the Muslim world. In the case of the Saudi religious financial assistance to Malaysia, most of them were mainly distributed to some specific *da'wah* organizations and educational institutions such as the Islamic Welfare Association of Malaysia (PERKIM), the International Islamic University of Malaysia (IIUM), Islamic Da'wah Foundation (YADIM), and other *da'wah* organizations and religious schools. In order to analytically discuss Saudi's contribution (financial assistance) towards religious development in Malaysia, the study will focus on some religious institutions which are believed to have closer connections with the Kingdom.



#### 6.4.1 Muslim Welfare Organisation Malaysia (PERKIM)

The Muslim Welfare Organisation Malaysia or PERKIM is a non-governmental (or voluntary) organization which specifically focuses on spreading Islamic *da'wah* among Muslims as well as non-Muslim communities in Malaysia and other countries.<sup>683</sup> It was founded in 1960 in Kuala Lumpur by the former first Prime Minister of Malaysia, YTM Tunku Abdul Rahman Putra al-Hajj, with his close friends, namely Tan Sri SOK Ubaidullah, Tan Sri Haji Yusof Ibrahim, Tuan Haji Ibrahim TY Ma, Tan Sri Mubin Sheppard, and others.<sup>684</sup> The activities run by PERKIM cover three main areas; welfare, missionary and education, including performing religious *da'wah* messages, providing some religious education particularly to those new Muslim converts, co-operating with other religious organizations, and other activities that are closely related to the pursuit of Islam.<sup>685</sup> In regards to conversion, former vice-President of PERKIM, Tan Sri Haji Yusoff bin Haji Ibrahim, disclosed to Prince Mohamed Al-Feisal Al-Sa'ud of Saudi Arabia during his visit to PERKIM, Malaysia, that there were about 30,000 people who had been converted to Islam since its inception in 1960 to the 1980s.<sup>686</sup> Then, based on the annual report of PERKIM, the average figure of conversion at the end of the 1990s and early 2000s is about 1000-1200 people.<sup>687</sup> Most of the converted people are Chinese, Indians, Malay aborigines, other local communities, and also those from the Philippines,

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<sup>683</sup> PERKIM Leaflet, (Kuala Lumpur : PERKIM, 2003), 1.

<sup>684</sup> PERKIM Leaflet, 1, The Brochure of Muslim Welfare Organisation Malaysia, PERKIM (Kuala Lumpur : Affluent Master Sdn. Bhd., 2003), 3.

<sup>685</sup> PERKIM Leaflet, 1-8, The Brochure of Muslim Welfare Organisation Malaysia, PERKIM, 3.

<sup>686</sup> Shahrin Shuib, "Perkim's 30,000 Converts", New Straits Times, December 10, 1980.

<sup>687</sup> PERKIM, Mesyuarat Agung Tahunan PERKIM Kebangsaan Ke-41, (Kuala Lumpur : PERKIM, 2002), 51.

Kemboja and Indonesia.<sup>688</sup> PERKIM also provides care and assistance to Muslim refugees from other countries, mainly from Indochina and Bosnia-Herzegovina.<sup>689</sup> It was reported that during the Balkan crisis, PERKIM received 119 Bosnian refugees in 1993, and it increased to about 138 people in 2000.<sup>690</sup> Beside that, PERKIM also co-operates with the United Nations Commission of Human Rights (UNCHR) to give shelter and food to those refugees from other parts of the world, irrespective of nationality or religion.<sup>691</sup> The cost of managing these refugees, however, is mostly the responsibility of the Ministry of National Unity and Social Development of Malaysia.<sup>692</sup>

Owing to the nature of PERKIM, which gives attention to spreading Islamic *da'wah*, it does not possess fixed income, and has to depend on donations from government agencies as well as from other corporate and private sectors; it also needs to generate more financial assistance from other Muslim countries.<sup>693</sup> Thus, various attempts have been made to promote PERKIM among the Muslim counterparts, especially to those oil-rich countries from the Middle East. Those efforts eventually became fruitful when PERKIM began to receive some donations from the Middle East countries, including the Kingdom of Saudi Arabia. PERKIM started to receive capital donations from the Kingdom on May 15, 1975 which amounted to \$19,751 thousand

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<sup>688</sup> PERKIM Leaflet, 5, PERKIM, Mesyuarat Agung Tahunan PERKIM Kebangsaan Ke-41, 68-71.

<sup>689</sup> The unit of taking care those Muslim refugees was established in 1975. The Brochure of Muslim Welfare Organisation Malaysia (PERKIM), 7.

<sup>690</sup> Mesyuarat Agung Tahunan PERKIM Kebangsaan Ke-41, 80-82.

<sup>691</sup> The Brochure of Muslim Welfare Organisation Malaysia (PERKIM), 7.

<sup>692</sup> Mesyuarat Agung Tahunan PERKIM Kebangsaan Ke-41, 81.

<sup>693</sup> PERKIM Leaflet, 4.

dollars.<sup>694</sup> The donations continued in June 2, 1975 (\$105,000),<sup>695</sup> May 28, 1976 (\$125,000),<sup>696</sup> March 26, 1980 (\$500,000),<sup>697</sup> and in December 6, 1981 (\$1.7 million).<sup>698</sup>

Basically, the range of donations largely relied upon the personal request from Tunku Abdul Rahman as the President of PERKIM to Saudi Arabia. Since Tunku had become the first Secretary of the OIC, at the suggestion from King Feisal of Saudi Arabia, and also had a close relationship with the Saudi ambassador in Malaysia, Tuan Sheikh Mohamed Al-Hamad Al-Shubaili, he took the golden opportunity to lure more donations from the Kingdom to PERKIM.<sup>699</sup> It is admitted by the officials of PERKIM, however, that since Tunku resigned as the President of PERKIM in 1989, donations from Saudi Arabia are gradually decreasing. The most recent donation from the Kingdom was about RM100,000 ringgit (or equivalent to \$38,000) in 2002.<sup>700</sup> Besides Saudi Arabia, PERKIM also received some donations from other Arab-Muslim countries, mainly Libya, Kuwait, and Iraq. For instance, on June 22, 1974, Libya donated \$16.5 million for the building of PERKIM,<sup>701</sup> and then followed with other donations of \$3.8 million in 1978,<sup>702</sup> \$4 million in 1979,<sup>703</sup> and \$12 million in 1981.<sup>704</sup> Meanwhile Kuwait gave away

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<sup>694</sup> "Saudi's \$19,751 Gift to PERKIM", New Straits Times, May 15, 1975.

<sup>695</sup> "PERKIM Terima Sumbangan Saudi \$105,000", Utusan Melayu, June 2, 1975.

<sup>696</sup> "\$125,000 Saudi Donation for PERKIM", New Straits Times, May 28, 1976.

<sup>697</sup> New Straits Times, March 26, 1980.

<sup>698</sup> "Saudis Donate \$1.7m to PERKIM", The Star, December 6, 1981.

<sup>699</sup> Discussion with Mr. Ishak Osman, an official of Muslim Welfare Organisation Malaysia (PERKIM), Kuala Lumpur, 11.00-12.00pm, May 5, 2003.

<sup>700</sup> According to Mr. Ishak, it was not only due to the resignation of Tunku from PERKIM that led to the decline, but also since King Fahd resumed the crown from King Feisal, who died in 1975. Interview with Mr. Ishak Osman, an official of Muslim Welfare Organisation Malaysia (PERKIM), Kuala Lumpur, 11.00-12.00pm, May 5, 2003, Rekod Pandang dan Dengar, G.13750 (No. Penerimaan : 2001/0043096), National Archive of Malaysia.

<sup>701</sup> "Libya Derma \$16.5 juta Untuk Bangunan PERKIM", Utusan Melayu, June 22, 1974.

<sup>702</sup> "PERKIM Gets \$3.8 million from Libya", Malay Mail, April 26, 1978.

<sup>703</sup> "Libya Sampaikan Cek \$4 juta Untuk Kompleks PERKIM", Utusan Malaysia, January 31, 1979.

<sup>704</sup> "Libya Donates \$12m to PERKIM", The Star, December 21, 1981.

\$1 million in 1980,<sup>705</sup> and Iraq donated \$100,000 in 1977,<sup>706</sup> and \$34,500 in 1981 to PERKIM.<sup>707</sup>

It was noticeable that during the period of the mid-1970s and early 1980s, Malaysia received a vast amount of loans and donations from the Kingdom of Saudi Arabia. This was primarily because of a series of visits by the second and third Prime Ministers of Malaysia, Tun Abdul Razak and Tun Hussein Onn, to the Middle East, specifically to Saudi Arabia, in order to acquire more funds to develop Malaysia's infrastructural programmes.<sup>708</sup> Added to this was the economic situation in the Middle East in which most of the oil-rich countries like Saudi Arabia, and other Gulf countries were undergoing an economic surplus after the global oil crisis of 1973 that led the price of oil to increase abruptly. Furthermore, from the mid-1980s and onwards, under the leadership of Dr. Mahathir Muhammad, the Malaysian government had given more focus to its Islamization programmes to counteract Islamic pressure at the domestic level. At this particular moment, Malaysia also needed enormous amounts of capital inflow to further expand its development programmes as well as governmental religious orientation. Nevertheless, unlike his predecessors, Dr. Mahathir does not merely depend on loans or donations from Muslim counterparts, including Saudi Arabia, but also encourages more capital inflows from bilateral trade and investment as these two sectors are able to produce more funds than loans and donations to Malaysian economic development. Meanwhile, for religious programmes, Dr. Mahathir is more in favour of

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<sup>705</sup> "Kuwait Sumbang \$1 juta Untuk PERKIM", Utusan Malaysia, November 11, 1980.

<sup>706</sup> "Iraqi Envoy's \$100,000 'Gift' to PERKIM", The Star, December 9, 1977.

<sup>707</sup> "Iraq Donates \$34,500 to PERKIM", The Star, June 14, 1981.

<sup>708</sup> See for instance, sub-topics "Tun Razak's Political-Economic Relations with Saudi Arabia", and "Towards Much Improved Bilateral Relations under Tun Hussein Onn" in the Chapter IV.

his own Islamization plans such as the establishment of the Islamic Bank, the International Islamic University, the Institute of Islamic Understanding of Malaysia, Jabatan Kemajuan Islam Malaysia, and others, which are more conducive to the demands of the Muslim community in Malaysia, and this indirectly too makes PERKIM less popular than before during the era of Tunku Abdul Rahman.

#### 6.4.2 The International Islamic University of Malaysia (IIUM)

The International Islamic University of Malaysia (IIUM) was established in 1983 by the Malaysian government with support from the Organisation of Islamic Conference (OIC) and a number of individual Muslim countries, including the Kingdom of Saudi Arabia.<sup>709</sup>

Historically, the urge for the establishment of the IIUM in Malaysia mainly came from the constant pressure from the Islamic demands at the domestic level, which was frequently voiced by some well-known academicians, professionals, religious organizations as well as from opposition parties. The names of people like the late Dr. Ungku Umar, Tan Sri Mohamad Khir Johari, former Deputy Prime Minister, Datuk Seri Anwar Ibrahim and others, were synonymous with the founding fathers of the IIUM.<sup>710</sup> Nevertheless, the IIUM only came into reality when Dr. Mahathir Mohamad, who became the fourth Prime Minister of Malaysia, announced the establishment of the university in 1982.<sup>711</sup>

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<sup>709</sup> Other co-sponsor countries are Maldives, Bangladesh, Pakistan, Turkey, Libya, and the OIC. "Malaysia Education System : Higher Education", (<http://aolsearch.co.uk/web?query=foreign%20in%20international%20islamic%20university%20of%20malaysia&location=wholeweb&isinit=true>), The International Islamic University of Malaysia (UIAM), *Postgraduate Prospectus 2002-2003* (Kuala Lumpur : IIUM Press, 2003), 8.

<sup>710</sup> Abu Hassan Adam, "Universiti Islam Antarabangsa", *Berita Minggu*, June 20, 1982, 76-77.

<sup>711</sup> Abu Hassan Adam, "Universiti Islam Antarabangsa", 76.

It was argued that the concept of learning in the IIUM has some similarities with certain universities in Saudi Arabia, namely King Saud University, and Mohamed Ibn Sa'ud University, both located in Riyadh, where both religious and non-religious disciplines like science and technology are taught. The main difference, however, is that the IIUM emphasizes the Islamization and the integration of both disciplines (for example, an attempt to analyze human sciences' issues or subjects within the Islamic perspective).<sup>712</sup> Being one of the co-founders of the IIUM, the Kingdom of Saudi Arabia, to some extent, plays some significant roles in enhancing the development of the infrastructure of the university, especially in terms of financial assistance. Even before the setting up of the university the Kingdom, through the formal visit by King Feisal to Malaysia in 1970, had donated RM258,227 thousand ringgit to officially launch a hall at the Islamic College University in June 8, 1970, which was later called 'Al-Malik Feisal Hall'.<sup>713</sup> According to Prof. Dr. Sano Koutoub, financial donations from the Kingdom are not on an annual basis, but more upon the requests and the needs of the university. The latest donation was in 2000, which amounted \$2 million, given by Sultan Ibn Abd. Aziz, Minister of Defence, during his visit to the IIUM. An honorary doctorate in Political Science was also conferred on the Prince Sultan.<sup>714</sup> Although the Kingdom does not distribute its financial donation to the IIUM annually, this university receives about

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<sup>712</sup> Interview with Prof. Dr. Sano Koutoub Moustafa, Director of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003. See also *The International Islamic University of Malaysia, Undergraduate Prospectus 2001-2002* (Kuala Lumpur : IIUM Press, 2002), 8-9 & 64-118, *The International Islamic University of Malaysia (UIAM), Postgraduate Prospectus 2002-2003*, 112-200.

<sup>713</sup> Islamic College University was located in Petaling Jaya, Selangor. It was the first location of the IIUM before being transferred to the new location in Gombak, Selangor. *Rekod Pandang dan Dengar*, G.9718 (No. Penerimaan : 2001/0038821), National Archive of Malaysia.

<sup>714</sup> Interview with Prof. Dr. Sano Koutoub Moustafa, Director of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003.

\$300,000 per year from the Organisation of Islamic Conference through its fund, The Islamic Solidarity Fund.<sup>715</sup> The IIUM also obtains some capital donations from the Islamic Development Bank in Jeddah, Saudi Arabia, for developing its infrastructures, such as to further improve the building of the Kulliyah<sup>716</sup> of Engineering, Kulliyah of Education and Kulliyah of Law.<sup>717</sup> As is commonly acknowledged, Saudi Arabia is one of the main sponsors of these two financial institutions.<sup>718</sup>

In the administration of the IIUM, there was a Saudi citizen, Dr. Abdel Hameed Abu Sulaymen, who became the Rector of the university,<sup>719</sup> from 1988 to 1999. Under his charge, the total number of IIUM students increased from 800 to 13,000. Most of the students are from Malaysia, while other foreign students are from neighbouring Southeast Asian countries, Bosnia-Hezergovina, Albania, the Maldives, and some from Middle East and African countries.<sup>720</sup> The number of Saudi students that continued their studies (mostly undergraduate) at the IIUM is as indicated in the Table 1.

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<sup>715</sup> Interview with Prof. Dr. Sano Koutoub Moustafa, Director of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003.

<sup>716</sup> Kulliyah is an Arabic word. It simply means a faculty or a school in a university.

<sup>717</sup> The amount of those donations was not revealed by Prof. Dr. Sano Koutoub. Interview with Prof. Dr. Sano Koutoub Moustafa, Director of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003.

<sup>718</sup> According to Mr. Sazali Mustafa, Saudi Arabia alone contributes 22 per cent of the OIC finance. Interview with Mr. Sazali Mustafa Kamal, Assistant Secretary, Organisation of Islamic Conference (OIC), Ministry of Foreign Relations at Wisma Putra, Malaysia, 10.00-11.00am, April 8, 2003, and see also pages 162-164 for Saudi's contribution to other international financial institutions in the Chapter V.

<sup>719</sup> In the administration of the IIUM, Rector was the third highest rank after the Constitutional Head which is currently held by HRH Sultan Haji Ahmad Shah Al-Musta'in Billah (the Ruler of Pahang, one of the Malaysian states), and the President of the IIUM, YBhg. Tan Sri Dato' Seri Sanusi Junid. The International Islamic University of Malaysia, Undergraduate Prospectus 2001-2002, 1-2.

<sup>720</sup> Current total number of students studying at the IIUM is about 15,000 students. Admission and Records & Records Division, International Islamic University of Malaysia, "Welcome", (<http://www.iiu.edu.my/alumni/>), and interview with Prof. Dr. Sano Koutoub Moustafa, Director

**Table 1. Statistics of Saudi Arabian Students (1990-2002)**

Year	No. Students
1990	2
1991	2
1992	1
1993	3
1994	3
1995	1
1996	2
1997	2
1998	3
1999	-
2000	2
2001	5
2002	8

Source : Admissions & Records Division, International Islamic University of Malaysia, 2003.

Among the programmes or the courses they are enrolling in are Human Sciences<sup>721</sup> (4 students), Law (1 student), Engineering (4 students), Economics (1 student), English Language course (2 students), and Islamic Revealed Knowledge<sup>722</sup> (1 student).<sup>723</sup>

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of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003.

<sup>721</sup> Human Sciences programmes are like Psychology, Sociology, Political Sciences, History and Civilization, Communication, and English Literature. The International Islamic University of Malaysia, Undergraduate Prospectus 2001-2002, 96.

<sup>722</sup> Islamic Revealed Knowledge has three main programmes, Islamic Jurisprudence, Qur'an and Sunnah, and Usuluddin (Tawheed) & Comparative Religion. The International Islamic University of Malaysia, Undergraduate Prospectus 2001-2002, 97.



Nonetheless, in terms of academic staff development between the IIUM and a some of the universities in Saudi Arabia, it is less encouraging as there was only one lecturer from the Kingdom that taught in the university,<sup>724</sup> and there has yet to be any formal exchange of staff or student between both sides. Most of the visits of academic staff from Saudi Arabia to the IIUM are only on an informal basis, for instance within sabbatical leave or for doing fieldwork research in Malaysia particularly in the fields of sociology and Islamic studies.<sup>725</sup>

To some extent, the IIUM has offered a platform for Malaysia to further strengthen its relations with the Kingdom, especially in the field of religious-educational interactions. However, until the end of 1990s and onwards, the relations are more on the basis of financial assistance from the Kingdom of Saudi Arabia to improve the infrastructure of the university in order to attract more students from other Muslim countries. For the Saudi students' admission<sup>726</sup> as well as the recruitment of academic staff into this university the enrolment is still low. It might be largely because of the nature of the IIUM which was only built in 1983, and still requires further refinement of the overall structure of its education systems, particularly its religious educational

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<sup>723</sup> This data was provided by Zenita Arryani Tiyunin, Assistant Director, Admission & Records Division, International Islamic University of Malaysia, May 9, 2003.

<sup>724</sup> The lecturer has now left the IIUM. Interview with Prof. Dr. Sano Koutoub Moustafa, Director of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003.

<sup>725</sup> Interview with Prof. Dr. Sano Koutoub Moustafa, Director of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003.

<sup>726</sup> The overall enrolment of the Saudi students to the universities in Malaysia (including the IIUM) is only about 50 students. Ahmad Abdul Hamid, "Malaysia-Saudi Setuju Tingkat Kerjasama Pendidikan", Utusan Malaysia, September 29, 2001 ([http://utusan.com.my/utusan/archive.asp?y=2001&dt=0929&pub=utusan\\_malaysia&sec=dalam\\_negeri&pg=dn\\_04.htm](http://utusan.com.my/utusan/archive.asp?y=2001&dt=0929&pub=utusan_malaysia&sec=dalam_negeri&pg=dn_04.htm)).

programmes, compared to most of the established universities in the Kingdom of Saudi Arabia.<sup>727</sup> Beside that, it is a common tendency for the developing countries, including Malaysia and Saudi Arabia, to send more students to learn technological subjects to the universities of developed countries.<sup>728</sup> Nonetheless, as Prof. Dr. Sano Koutoub has argued, he foresees that IIUM's relations (as one of the Malaysian government's representatives) with the Kingdom of Saudi Arabia will flourish more in the future, for the Saudi ambassador in Malaysia has become a permanent member of the governing board of the IIUM.<sup>729</sup>

#### **6.4.3 The Hajj Fund (Lembaga Urusan dan Tabung Haji)**

The Hajj Fund officially called 'The Pilgrimage Management and Saving Corporations', is mainly established to manage capital saving and investment as well as to provide Hajj services for the Muslim community in Malaysia, particularly for those Muslims who would be performing pilgrimage in the holy places of the Kingdom of Saudi Arabia.<sup>730</sup>

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<sup>727</sup> Most of the universities in the Kingdom of Saudi Arabia were established in the 1950s and 1960s. For example, King Saud University in 1957 (<http://www.ksu.edu.sa/aboutksu/open.php>), King Abdul Aziz University in 1967 (<http://www.kaau.edu.sa/facts2000/en/page002.htm>), King Fahd University in 1963 (<http://www.kfupm.edu.sa/>), and others.

<sup>728</sup> For example, according to Grant F. Smith, the Director of the Institute for Research : Middle Eastern Policy (IRMEP) in Washington DC, during the 1970s and 1980s (petroleum booms), there were about 30,000 Saudi students studying in the United States. However, the current estimates of the Saudi students are about 3, 500 students. Grant F. Smith, "Getting Back on Track : Saudi Study in the United States", *Saudi-American Forum*, July 16, 2003 ([http://www.saudi-american-forum.org/Newsletters/SAF\\_Essay\\_17.htm](http://www.saudi-american-forum.org/Newsletters/SAF_Essay_17.htm)).

<sup>729</sup> Interview with Prof. Dr. Sano Koutoub Moustafa, Director of International Relations and Promotion Unit of the IIUM, Kuala Lumpur, 9.00-10.00am, May 9, 2003.

<sup>730</sup> Awang Had Saleh, "Modern Concept of Haj Management : The Experience of Malaysia" in Ziauddin Sardar & M.A. Zaki Badawi (ed.) *Hajj Studies vol. 1* (London : Croom Helm London for the Hajj Research Centre, King Abdul Aziz University, Jeddah, 1978), 76, Mary Byrne Mc Donnell, "Patterns of Muslim Pilgrimage from Malaysia, 1885-1985" in Dale F. Eickelman & James Piscatori (ed.) *Muslim Travellers : Pilgrimage, Migration, and the Religious Imagination* (London : Routledge, 1990), 114, Lembaga Urusan dan Tabung Haji (LUTH), *Sejarah*

Before the establishment of the Hajj Fund, the management of pilgrimage was handled by the 'Sheikh of Hajj' (Sheikh Haji), which was responsible for dealing with any pilgrimage affairs. The appointment of a Sheikh of Hajj not only took place in Saudi Arabia but also in other Muslim countries, except from 1976 and onwards where the Saudi government changed the system by only recognizing those Sheikhs of Hajj that were appointed by the Kingdom.<sup>731</sup>

The need for the establishment of the Hajj Fund was proposed by the Royal Professor, Ungku Aziz in 1959 who came up with a proposal to improve the way of saving among Muslim community in Malaysia, specifically for those Muslims that would like to do pilgrimage in the Kingdom.<sup>732</sup> After several meetings between government officials, the fund was eventually established in 1963, and approved by the House of Parliament in 1969.<sup>733</sup> The main essence of the Hajj Fund resources is derived from its depositors and increased from the amount of RM46,600 in 1963 to RM10.23 billion in 2003.<sup>734</sup> The rapid increase of the capital accumulation in the fund is not merely due to its depositors, but it is also further supported by the contributions of the Malaysian

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Perkembangan Tabung Haji Malaysia 30 Tahun (Kuala Lumpur : Utusan Printcorp Sdn. Bhd., 1993), 113.

<sup>731</sup> Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 40-50.

<sup>732</sup> Awang Had Saleh, "Modern Concept of Haj Management : The Experience of Malaysia", 76.

<sup>733</sup> The approval by the House of Parliament was only to change the old name of the fund called 'Perbadanan Wang Simpanan Bakal-Bakal Haji' to 'The Pilgrimage Management and Saving Corporations'. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 97-100.

<sup>734</sup> Helmi Mohd. Foad & Azman Che Man, "Kita Cemerlang Dalam Pengurusan Haji", Tabung Haji, 5 Januari 2003, 7.

government,<sup>735</sup> some investments<sup>736</sup> and a few agricultural projects<sup>737</sup> that have been undertaken by the fund.<sup>738</sup>

The two previous religious institutions, PERKIM and the IIUM, frequently receive capital donations from the Kingdom to run their own activities, but the Hajj Fund is in different situation. The Fund, in fact, has not formally received any capital donations from the Saudi government,<sup>739</sup> except some 'gifts' by the Kingdom. For example an amount of RM500,000 was donated in 1982 to build a Mosque for Malaysian pilgrims in Kelana Jaya, Selangor, and another RM50,000 was received from the Islamic Development Bank (IDB) in Jeddah in 1991 for the Fund programmes; it also has the opportunity to invest in the IDB in the form of short-term investments.<sup>740</sup> The character of the interactions between the Hajj Fund and the Kingdom of Saudi Arabia, however, is more concerned with the management of the Hajj activity itself. Through the setting up of

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<sup>735</sup> For example, from 1984 to 1990, the average of the government contribution to the Hajj Fund was about RM8,000,000 per year. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 215-216.

<sup>736</sup> The Hajj fund mainly invests in the local investment sectors like Bil Penerimaan Islam, pelaburan SWAP and others, and also in a few international banks in the Middle East. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 319-322.

<sup>737</sup> Most of the agricultural projects are the plantation of palm oil in a few states in Malaysia including Pahang, Johor, Terengganu, Negeri Sembilan and Sabah (total size of the plants are about 57,000 acres), and also in some private development projects such as Labuan Water Supply Sdn. Bhd., Labuan Beaufort Interconnection Sdn. Bhd., and Teratai KG Sdn. Bhd. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 322 & 325.

<sup>738</sup> For further elaboration on how the fund derives its capital resources see Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 213-214.

<sup>739</sup> Interview with Haji Mohd. Rafidi bin Haji Ibrahim, Corporate Communications Manager, The Pilgrimage Management and Saving Corporations, The Hajj Fund Building, Kuala Lumpur, Malaysia, 3.00-4.00pm, April 24, 2003.

<sup>740</sup> Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 266 & 270-271, Joni Tamkin B. Borhan, "Tabung Haji As An Islamic Financial Institution : An Analysis of Its Contribution in the Economic Development in Malaysia, 1969-1990", Islamic Culture Lxxv (4) October 2001, 65.

the fund, the administration of the Hajj is more systematic as the number of Malaysian pilgrims is increasing year by year. For instance, prior to the establishment of the fund, the average number of Malaysian pilgrims was not more than 20,000 people,<sup>741</sup> but from 1963 to 1985, it rose dramatically from only 4,886 people to 24,415 people respectively.<sup>742</sup> Apart from that, the improvement of pilgrimage transportation from only using large ships to aeroplanes had indirectly led to an increase in the number of pilgrims to the Kingdom.<sup>743</sup> The Hajj Fund made several agreements with the Saudi airline (SAUDIA) to carry the pilgrims to the Kingdom of Saudi Arabia, and usually about 50 per cent of the airline tender would be given to the Kingdom alone, and the rest to other airlines like Malaysia Airline System (MAS), AirAsia, Singapore Airlines and others operating in Malaysia.<sup>744</sup>

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<sup>741</sup> Nevertheless, the usual number of Malaysian pilgrims was only about 5,000 to 6,000 people (from 1900s to 1960s), except in a few years like 1911 (11,707 people), 1913 (11,243 people), 1920 (14,397 people), 1924 (13,024 people) and 1927 (18,407 people). In addition, from 1900 to 1948, those pilgrims were also from Indonesia, the Philippines, Thailand, Sabah, Sarawak, and others who used a few ports in Malay Peninsula and Singapore, which was more convenient under the British administration, especially compared to the Dutch policies in Indonesia, as the point for departure and arrival of pilgrimage. For further elaboration see Dato' Haji Mohd. Saleh bin Haji Awang, *Haji Di Semenanjung Malaysia*, 420-423, and also Chapter Three, page 61.

<sup>742</sup> However, from 1900-1948, the total number of pilgrims from Malaya (Malaysia) also included those from Indonesia, the Philippines, Thailand, Sabah, Sarawak, and others. Beside that, the total number of Malaysian pilgrims to the present is consistently within 23,000 – 25,000 pilgrims every year (and sometimes above the quota given by the Kingdom of Saudi Arabia). Dato' Haji Mohd. Saleh bin Haji Awang, *Haji Di Semenanjung Malaysia*, 422-423, and interview with Haji Mohd. Rafidi bin Haji Ibrahim, Corporate Communications Manager, The Pilgrimage Management and Saving Corporations, The Hajj Fund Building, Kuala Lumpur, Malaysia, 3.00-4.00pm, April 24, 2003,

<sup>743</sup> The use of vessels to carry the pilgrims ceased in 1977. Dato' Haji Mohd. Saleh bin Haji Awang, *Haji Di Semenanjung Malaysia*, 423.

<sup>744</sup> Interview with Haji Mohd. Rafidi bin Haji Ibrahim, Corporate Communications Manager, The Pilgrimage Management and Saving Corporations, The Hajj Fund Building, Kuala Lumpur, Malaysia, 3.00-4.00pm, April 24, 2003, Awang Had Saleh, "Modern Concept of Haj Management : The Experience of Malaysia", 79-80.

The Hajj Fund also is highly regarded by the Kingdom of Saudi Arabia as an example of good management in the pilgrimage industry in the Muslim world. The fund is regularly visited by the Ministry of Hajj, and other officials of the Kingdom. This started from its inception with a visit by Sheikh Hassan Kutbi on the 19<sup>th</sup> of February, 1974, which was warmly welcomed by the late second Malaysian Prime Minister, Tun Abdul Razak Hussein,<sup>745</sup> and is continuous until the present time with Sheikh Khaled Mohamed Al-Zainal, Saudi Chamber of Commerce who visited the Hajj Fund on June 6, 2001, followed by Sheikh Mohamad Mahmud, an official Co-ordinator for Pilgrimage in Jeddah, on July 11, 2002, and others.<sup>746</sup> In 1978, via the Kingdom's radio and television station, the Saudi Ministry of Hajj, Sheikh Abdul Wahab Abdul Wasie considered the Malaysian Hajj Fund to be one of the good examples that other Muslim countries could learn from.<sup>747</sup> Furthermore, the Saudi Ministry of Pilgrimage had invited Malaysia to become the host of the first seminar outside the Kingdom on the 'Preparation of Pilgrimage and Guidance', which was jointly organized by the co-operation between the Saudi Ministry of Pilgrimage and the Malaysian Hajj Fund, in September 2000.<sup>748</sup>

The high regard of the Kingdom for the Hajj Fund is probably due to the role of the fund which does not merely limit its services to Malaysian pilgrims but also assists other Muslim pilgrims, particularly in the Asia Pacific region. The fund has successfully

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<sup>745</sup> Rekod Pandang dan Dengar, G.13382 (No. Penerimaan : 2001/0042721), National Archive of Malaysia.

<sup>746</sup> The Hajj Fund Gallery, The Book of Visitors' Signature, (Kuala Lumpur : The Hajj Fund Building, 2003).

<sup>747</sup> Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 263.

<sup>748</sup> Helmi Mohd. Foad, "Tabung Haji : Cemerlang di Arena Antarabangsa", Tabung Haji, January 5, 2003, 17.

provided more opportunities for other Muslim pilgrims to do pilgrimage in the Kingdom by offering its management services, with the permission of the Saudi Embassy in Malaysia. For example, in 1969, about 244 Brunei pilgrims and 333 Singaporean pilgrims used the Hajj Fund services.<sup>749</sup> Then, in 1982, the fund, with the co-operation with the Regional Islamic Da'wah Council of Southeast Asia and the Pacific (RISEAP), visited Australia, New Zealand, Fiji and New Caledonia to offer its services for the Muslim communities in these areas to do pilgrimage. As an outcome of the visit, in the same year too, these four countries chose the Malaysian Hajj Fund to bring them to the holy cities, Mecca and Medina, in the Kingdom of Saudi Arabia. As an exemplar, there were 34 pilgrims from Australia, followed by Fiji (21 pilgrims), New Zealand (3 pilgrims), and New Caledonia (3 pilgrims). The rest were Brunei (2 pilgrims), Myanmar (1 pilgrim), Philippines (3 pilgrims), Hong Kong (3 pilgrims), India (5 pilgrims), Indonesia (13 pilgrims), Pakistan (1 pilgrim), and Singapore (56 pilgrims).<sup>750</sup>

The Saudi pilgrimage officials also find the Hajj Fund a much more convenient way of educating the Malaysian pilgrims, which in their eyes are more disciplined and organized compared to other Muslim pilgrims.<sup>751</sup> The Kingdom of Saudi Arabia also continually appreciates how the Malaysian government, through the Hajj Fund, reacts towards certain crises that happen during the pilgrimage seasons, such as the illegal

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<sup>749</sup> Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 263.

<sup>750</sup> Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 263-264.

<sup>751</sup> Interview with Haji Mohd. Rafidi bin Haji Ibrahim, Corporate Communications Manager, The Pilgrimage Management and Saving Corporations, The Hajj Fund Building, Kuala Lumpur, Malaysia, 3.00-4.00pm, April 24, 2003.

incursion of Al-Haram Mosque (Masjidil Haram) in 1979,<sup>752</sup> the Iranian demonstration in 1987,<sup>753</sup> and the tragedy of Muaissim Tunnel in 1990.<sup>754</sup> The Saudi government feels that instead of criticisms that are normally directed toward the Kingdom by other Muslim countries, the Malaysian government, through the role of the Hajj Fund, responds more positively in handling such crises. The fund co-operated well with the Saudi government in facing those crises to safeguard the welfare of the Malaysian pilgrims as well as those pilgrims who were using its services. Even to some extent, before a crisis occurred, the Saudi government had already informed some of the officials of the Malaysian Hajj Fund, such as in the case of the Iranian demonstration where the Kingdom had told them the day before the demonstration took place. This was because the Saudi government had agreed to allow those Iranian pilgrims to stage a demonstration provided it would be done in a peaceful manner, although in the end it turned into violence.<sup>755</sup> To certain extent, this study also believes that the mutual relations between the Malaysian Hajj Fund and the

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<sup>752</sup> An armed group (about 100-200 people) led by Mohammad bin Abdullah Al-Qahtani al-Quraisyi who claimed himself as 'Imam Al-Mahdi', invaded the Al-Haram Mosque. However, the incursion was overwhelmingly defeated by the army of the Saudi government. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 240-247.

<sup>753</sup> The demonstration was mainly to gain support of other Muslim fellows in the Iranian intention to become the leader of the Muslim world since the fall of the Shah Pahlavi regime in 1979. The Iran government also urged all Muslim pilgrims to support its policy against US influence over the world, especially in its war against Iraq (where the US was in favour to Iraq than Iran). The demonstration had resulted in a massive death of the Muslim pilgrims, about 402 people. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 247-249.

<sup>754</sup> The Muaissim Tunnel was a shortcut to Mina for Turks, Indonesian and Malaysian pilgrims. On the early morning of July 2, 1990, the tunnel was suddenly packed by the pilgrims, both those who had just returned from Mina and those who would be heading towards it. Due to the enormous jam-packed crowd, about 1,426 pilgrims died, of whom 153 were Malaysians. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 249.

<sup>755</sup> At the beginning, the Saudi government refused to allow the demonstration, but due to a few meetings with the Iranian government, they eventually agreed to allow it in a peaceful manner. Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 247-248.



Saudi government can be considered in the form of give and take basis. The Malaysian government, through the Hajj Fund, must maintain its good relations with the Kingdom in whatever circumstances because pilgrimage activity is one of the persistent religious demands that will continuously be pursued by the Muslim community in Malaysia.<sup>756</sup> On top of that, by cementing the relations, the number of the Malaysian pilgrims will increase in the future, which is more important for the Malaysian government in facing religious pressure (pilgrimage demands) at home.<sup>757</sup> For the Saudis, apart from seeking economic gains from the pilgrimage industry (mainly the number of Malaysian pilgrims, and airline tenders), its good relations with Malaysia, as well as with the Hajj Fund, will further strengthen its position among its Southeast Asian Muslim counterparts.

#### 6.4.4 Other Saudi Religious Sponsorship Activities

Other Saudi religious contributions, which have indirectly further enhanced the position of the Malaysian political regime at home, are the donation of 100 hundred copies of Al-Qur'an, the book of Islamic Pillars, and the Friday speech (*Khutbah Juma'at*) to the

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<sup>756</sup> Lembaga Urusan dan Tabung Haji (LUTH), Sejarah Perkembangan Tabung Haji Malaysia 30 Tahun, 257.

<sup>757</sup> The discussion on the quota of the Malaysian pilgrims is held regularly between Malaysia and Saudi Arabia. At the moment, the average quota of Malaysian pilgrims is about 25,000 pilgrims per year, and sometimes it more than the proposed quota. Moreover, there are about 200,000 would-be pilgrims on the waiting list. Discussion with Haji Mohd. Rafidi bin Haji Ibrahim, Corporate Communications Manager, The Pilgrimage Management and Saving Corporations, The Hajj Fund Building, Kuala Lumpur, Malaysia, 3.00-4.00pm, April 24, 2003, "Umrah: Lebih 400 Umat Islam Tunggu Kelulusan Saudi", Utusan Malaysia, 1/4/2003, ([http://utusan.com.my/utusan/archive.asp?y=2003&dt=0401&pub=utusan\\_malaysia&sec=muka%5Fhadapan&pg=mh\\_08.htm&arc=hive](http://utusan.com.my/utusan/archive.asp?y=2003&dt=0401&pub=utusan_malaysia&sec=muka%5Fhadapan&pg=mh_08.htm&arc=hive)), "Pertemuan Hamid, Dr. Iyad Bincang Kuota Haji 2005", Utusan Malaysia, 31/1/2004, ([http://utusan.com.my/utusan/archive.asp?y=2004&dt=0131&pub=utusan\\_malaysia&sec=muka%5Fhadapan&pg=mh\\_10.htm&arc=hive](http://utusan.com.my/utusan/archive.asp?y=2004&dt=0131&pub=utusan_malaysia&sec=muka%5Fhadapan&pg=mh_10.htm&arc=hive)), "Asingkan Penguatkuasaan, Pendakwaan Jabatan Agama", Utusan Malaysia, 13/8/2002, (<http://www.islam.gov.my/buu/asing.html>).

National Mosque of Malaysia in 1965 via Saudi Ambassador, Sheikh Hussein Al-Fattany.<sup>758</sup> On August 17, 1976, the Islamic Da'wah Foundation of Malaysia (YADIM) received a capital donation amounting to RM232,209.79 from the Kingdom.<sup>759</sup> These donations were continued to other religious or public institutions including the Islamic College of Klang (RM52,316.89) in 1976,<sup>760</sup> the Department of Welfare Society in Kelantan (RM18,000.00) in 1977,<sup>761</sup> University of Science, Malaysia (\$921,719.78) in 1979,<sup>762</sup> National University of Malaysia (\$643,000) in 1979,<sup>763</sup> the Terengganu Islamic Foundation (\$660,000) in 1980,<sup>764</sup> the State of Kelantan (\$5 million) in 1980,<sup>765</sup> and also to the Supreme Ruler of Malaysia (\$30,000) for handicapped societies in Malaysia.<sup>766</sup> As has been mentioned before, it was commonly realized that the regular donations of the Kingdom to those institutions, especially in the 1970s and 1980s were largely due to the formal visits by the two late Prime Ministers of Malaysia, Tun Abdul Razak Hussein and Tun Hussein Onn, to the Kingdom. Along with that, the personal influence of the late Tunku Abdul Rahman (the first Prime Minister of Malaysia) as the former Secretary of

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<sup>758</sup> Rekod Pandang & Dengar, G.4658 (No. Penerimaan : 2001/0034923), National Archive of Malaysia.

<sup>759</sup> Rekod Pandang & Dengar, G.14576 (No. Penerimaan : 2001/0043963), National Archive of Malaysia.

<sup>760</sup> This donation was to purchase some technical equipments for Arabic language courses offered in the college. Rekod Pandang & Dengar, G.14721 (No. Penerimaan : 2001/0044187), National Archive of Malaysia.

<sup>761</sup> The amount of RM18,000 was to organize a workshop for handicapped people in Kelantan. Rekod Pandang & Dengar, G.15090 (No. Penerimaan : 2001/0044504), National Archive of Malaysia.

<sup>762</sup> The cheque was given by Mohamed Al-Hamid Al-Shubaili to the Vice Chancellor of the University Science of Malaysia to build a mosque. The mosque was named 'Masjid Al-Malik Khalid', after the Saudi King. New Straits Times, July 20, 1979.

<sup>763</sup> The donation was to provide various facilities for the university's mosque in Bangi, Kuala Lumpur, Malaysia. New Straits Times, October 11, 1979.

<sup>764</sup> New Straits Times, March 30, 1980.

<sup>765</sup> The \$5 million was used to develop the Nilam Puri Higher Islamic Studies Centre in Kelantan. Nilam Puri now has been incorporated into the University of Malaya to further enhance Islamic Studies in the university. New Straits Times, November 13, 1980.

<sup>766</sup> New Straits Times, November 22, 1981.

the OIC further encouraged the donations. Moreover, the period of the 1970s and 1980s was the era when the Malaysian government had just begun to concentrate on expanding its basic developmental infrastructure. Hence, any financial loan as well as donations from the Kingdom would be regarded as most valuable gifts towards achieving the vision of the Malaysian leaders, and the people as a whole. Nevertheless, Malaysia developed gradually towards the 1990s, possessing much bigger economic assets, because of the foreign direct investments and the successfulness of its industrial-manufacturing sectors, which, to some extent, resulted in less reliance upon capital donations from the Kingdom.<sup>767</sup> In addition, since Dr. Mahathir Mohamed has led Malaysia, he has launched his own Islamization Programmes to counteract Islamic pressure at the domestic level, therefore, most of the focus of the government has been towards its religious-governmental institutions. Yet, it does not necessarily mean that capital donations from the Kingdom are no longer required but only less frequently, and limited to a few religious institutions, mainly PERKIM and the IIUM, as in the 1970s and 1980s, where Malaysia had not yet achieved the better economic conditions of the 1990s and onwards.

Besides capital donations, the Kingdom of Saudi Arabia also signed an agreement with the Malaysian government in 1985, to allow its Radio programme called 'Nidah Ul-Islam' (the Voice of Islam) to be broadcast live in Malaysia.<sup>768</sup> The programme was in the Malay language, and was managed by a small Radio and Television Malaysian staff from Mecca, Saudi Arabia. It covers various Muslim issues, ranging from politics, socio-

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<sup>767</sup> For further elaboration on Malaysian economic development, specifically in its relations to Saudi Arabia see Chapter V.

<sup>768</sup> Rekod Pandang & Dengar, G.19507 (No. Penerimaan : 2001/0049389), National Archive of Malaysia.

economic matters, to religion and culture.<sup>769</sup> The Saudi government is also playing a part in promoting Islamic da'wah in Malaysia through its own institutions as well as a few individual figures who received some financial assistance during their studies in the Kingdom. Nonetheless, the Kingdom's activity is rather limited, and it is handled by the Islamic Counsellor Office, Royal Embassy of Saudi Arabia in Malaysia. This Counsellor Office sets up a few programmes like Arabic courses,<sup>770</sup> and religious learning classes for the Muslim community in Malaysia.<sup>771</sup> Among a few individual figures who are promoting religious visits to Malaysia under the Kingdom's funding are Ustaz Abu Hurairah,<sup>772</sup> and other figures who taught in religious schools in Malaysia, including Ustaz Syafei Hassan Fikri, Ustaz Omar Mirdad, Ustaz Faisal, Ustaz Makki Palembang and Ustaz Othman Firfalan.<sup>773</sup>

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<sup>769</sup> However, this programme was called off in 1990. Anuar Kasman, Brief on Malaysia's Bilateral Relations with Saudi Arabia, (Embassy of Malaysia in Riyadh, Saudi Arabia, 2004), 25, Mokhtar A. Kadir, Keamanan Sejagat : Peranan Malaysia Dalam Politik Antarabangsa (Kuala Lumpur : Dewan Bahasa & Pustaka, 1991, 98.

<sup>770</sup> The Arabic courses are conducted by several Saudi universities like the University of Medina, University of Ummul Qura, and others, and these courses are based upon the invitation of the Malaysian Islamic Council. Discussion with Ustaz Zainal Abidin Malim, Islamic Counsellor Office, the Royal Embassy of Saudi Arabia, Kuala Lumpur, Malaysia, 2.00-3.00pm, May 29, 2003.

<sup>771</sup> Discussion with Ustaz Zainal Abidin Malim, Islamic Counsellor Office, the Royal Embassy of Saudi Arabia, Kuala Lumpur, Malaysia, 2.00-3.00pm, May 29, 2003.

<sup>772</sup> Ustaz Abu Hurairah is currently attached to the United Sabah Islamic Association (USIA), and his main task is to preach Islamic da'wah to the Muslim community in the Asian Pacific region, Malaysia, Brunei, China, Thailand, Singapore and Hong Kong. Discussion with Ustaz Abu Hurairah Abd. Rahman, the United Sabah Islamic Association (USIA), Kota Kinabalu, Sabah, Malaysia, 2.30-3.30pm, May 23, 2003. USIA is an Islamic institution in Sabah (one of the Malaysian states in East Malaysia). According to his founder, YBhg. Datuk Haji Ag. Sahari, USIA has yet received any financial donation from the Kingdom. Discussion with YBhg. Datuk Haji Ag. Sahari Abd. Latif, founder of USIA, Kota Kinabalu, Sabah, Malaysia, 4.30-5.30pm, May 23, 2003.

<sup>773</sup> These individual figures were Malaysian but the Kingdom of Saudi Arabia had given them Saudi citizenship. Except for Ustaz Abu Hurairah, these individual figures were no longer active in Malaysia. Discussion with Ustazah Zubaidah Jammadi, Education Affairs, the Department of Islamic Affairs of Sabah, Malaysia (JHEAINS), Kota Kinabalu, Sabah, Malaysia, 9.00-10.00am, May 22, 2003. (Ustazah Zubaidah Jammadi was also one of the recipients of Saudi financial sponsorship during her studies in the Kingdom).

Furthermore, the Saudi government provides some funds to qualified Malaysian students who would like to continue their studies in the Kingdom. Before entering any universities in Saudi Arabia, however, a student must have, at least, Sijil Pelajaran Malaysia (Malaysia Learning Certificate), and his or her Arabic proficiency will be tested by a qualified teacher.<sup>774</sup> The total number of Malaysian students in Saudi Arabia is only about 100 to 300 students compared to the University of Al-Azhar, Egypt, which has approximately about 6,000-7,000 students.<sup>775</sup> The current total number of Malaysian students in the universities of Saudi Arabia is as indicated in the Table 2. below :

**Table 2. The Number of Malaysian Students Studying in Saudi Arabia (2002-2003)**

University	No. Of Students
Islamic University (Medina)	107
Umm Al-Qura University (Mecca)	16
Saud University, Riyadh	1
Al-Imam University, Riyadh	3
Total	127 Students

\*Source : Department of Higher Education, Ministry of Education of Malaysia, May 9, 2003.

The low number of Malaysian students in Saudi Arabian universities is not because of the quota or limited scholarships offered both by Saudi Arabia or Malaysia, but according to former Minister of Education of Malaysia, Tan Sri Musa, the Malaysian government

<sup>774</sup> Discussion with Ustaz Zainal Abidin Malim, Islamic Counsellor Office, the Royal Embassy of Saudi Arabia, Kuala Lumpur, Malaysia, 2.00-3.00pm, May 29, 2003.

<sup>775</sup> A dialogue session between the former Minister of Education of Malaysia, Tan Sri Musa and the researcher as well as with a number of Malaysian students at Abraham Moss Centre, Manchester, United Kingdom, 9.00-10.00am, September 27, 2003.

prefers to send its students to Al-Azhar University because it offers a broader education compared to Islamic universities in the Kingdom.<sup>776</sup>

Based upon the distribution of the Saudi capital assistance, the allocation of Malaysian pilgrims above the quota, and educational co-operation generated by the Kingdom for the development of religious programmes in Malaysia, at least, it helps the Malaysian political regime to fulfil Malaysian Muslims' necessities as well as to face the Islamic challenges, especially from the Islamic party, PAS, which constantly claims as the sole protection of Islam in Malaysia.<sup>777</sup> Besides that, by promoting Islam through the creation of several religious institutions, it will further encourage other Muslim countries, not only Saudi Arabia, to give financial assistance for Malaysia.<sup>778</sup>

## 6.5 Conclusion

Religious affiliation can be considered as one of the important features that 'religiously' links Malaysia and Saudi Arabia in the international system. Nonetheless, since Malaysia and Saudi Arabia have experienced different backgrounds on how Islam has historically and traditionally developed in their own territories, the exchanges of fatwa and Shari'ah rules in particular, between both countries are limited (mostly on pilgrimage affairs). The Malaysian government cannot accept the spread of the Kingdom's Wahabism ideology among its own Muslim population (although there some Islamic groups that probably

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<sup>776</sup> The researcher had the opportunity to ask the former Minister of Education of Malaysia, Tan Sri Musa, about the small number of Malaysian students in the Kingdom of Saudi Arabia, during a dialogue session with the Malaysian students at Abraham Moss Centre, Manchester, United Kingdom, 9.00-10.00am, September 27, 2003.

<sup>777</sup> For the discussion on Islamic challenges in Malaysia, see Chapter IV, especially under the sub-topic : "The Significance of Relations for the Malaysian Political Regime".

<sup>778</sup> See sub-topic : "6.4.1 : Muslim Welfare Organisation Malaysia (PERKIM)" in the Chapter VI.

resemble with the Wahabism) for they have traditionally accustomed to the Shafi'ite school (alongside with other factors discussed) which is relatively different, in terms of broader conception on Shari'ah laws, from the Hanbalite-Wahabism school.

However, the different application of the Islamic school does not hinder Malaysia and Saudi Arabia to interact 'religiously' in a few situations (by referring to the Kingdom's financial assistance to several religious institutions in Malaysia) which are beneficial for the maintenance of both countries' regime political interests. By investing vast sums of money in Islamic institutions and individual countries like Malaysia - which is parallel with the Al-Saud's contemporary global Islamic agenda - it will further consolidate the political position of Al-Saud family both at home and the Muslim global scene. While, for the Malaysian government, through the UMNO political regime, it has manipulated the 'religious generosity' of the Kingdom to improve its religious programmes which are fundamental to obtain the support of Malay-Muslim community. In other words, it could be said that, Malaysia's religious interaction with Saudi Arabia is significant for both countries (particularly for Malaysia), and it also to some extent, displays the 'practical calculation', specifically through Saudi religious donations, of these two countries' political regimes in using Islam for their own political survival.

## CHAPTER VII

### THE PATTERN OF RELATIONS WITHIN THE CONTEXT OF THE MEMBERSHIP IN SMALL STATES' ORGANIZATIONS

As has been discussed before in Chapter Two, given that Malaysia and Saudi Arabia are one of the small and developing states, they cannot avoid themselves from being influenced by the pressures or challenges of the external environment (the systemic factor) which specifically refer to the major pattern or issues of the international political system since the post-World War II. These include the superpower rivalries between the United States and the former Soviet Union, the North-South debates on economic development, the demand for religious solidarity among Muslim countries, and others. In facing these pressures and challenges both Malaysia and Saudi Arabia have to participate or co-jointly form several small states' organizations like the Non-Aligned Movement (NAM), the Group of 77, the Organisation of Islamic Conference (OIC), the Organization of Petroleum Exporting Countries (OPEC),<sup>779</sup> The Group of 15,<sup>780</sup> and others,<sup>781</sup> with the hope that these organizations would safeguard their 'interests' as well as making the degree of their relations more intimate.

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<sup>779</sup> Saudi Arabia was one of the co-founders of OPEC. Malaysia, however, is not a member of OPEC. Fadhil J. Al-Chalabi, OPEC and the International Oil Industry (Oxford : Oxford University Press, 1980), 67.

<sup>780</sup> The Group of 15 was a sub-group under the Group of 77. Malaysia proposed the formation of this group in 1988. The Kingdom of Saudi Arabia is not the member of the Group of 15. David Camroux, "Looking East and Inwards : Internal Factors in Malaysian Foreign Relations During the Mahathir Era, 1981-1994", Australia-Asia Paper No. 72 (Griffith University : Faculty of Asian and International Studies, Centre for the Study of Australia-Asia Relations, October 1994), 24.

<sup>781</sup> For some lists of international organizations including smaller states', see, for example, Office of Personnel Management, the United States, "List of International Organizations", (<http://www.opm.gov/employ/internat/LIST.asp>).



Therefore it is the main task of this chapter to examine to what extent the membership of Malaysia and Saudi Arabia in the Non-Aligned Movement (NAM), the Group of 77 (G-77) and the Organisation of Islamic Conference (OIC) (as their own relative choice or autonomy vis-à-vis the pressures of the systemic factor) could safeguard their interests, and how it may affect the degree of both countries' relations in the international system. The main reason for choosing NAM, G-77 and OIC is because they are the major small states' organizations in the international system, and they are largely formed to express their 'unhappiness' over the running of the world political and socio-economic system. On top of that, Malaysia and Saudi Arabia have shown dynamic interests in upholding the mission and vision of these organizations. Nevertheless, the study assumes that since the nature of NAM, G-77, and OIC are more on a multilateral level, not bilateral, and they mostly discuss much bigger issues which are beyond the scope of bilateral relations between two countries, the participation of Malaysia and Saudi Arabia in these three organizations would not further prosper their relations. Moreover both countries' affiliation is more towards gaining wider recognition and forging closer socio-economic co-operation with other smaller countries. Before explaining further, the study would first like to analyze the early emergence of small states' organizations, and will continue by elaborating on the affiliation of Malaysia and Saudi Arabia in those organizations in facing challenges in the international system, as well as its impact upon their relations.

## 7.1 The Early Emergence of Small States' Organizations

After World War II, the states acting in the international system have been increasing, largely due to the decolonization process, and the appearance of newly independent countries, mainly from the Asian, African, and Latin American regions (however, a few states in Latin America had achieved independence earlier). For instance, there were only about 52 states (mostly from Europe and Latin America) in the United Nations in 1945, but in 1991, the number had increased to 166,<sup>782</sup> and increased again to 189 states in 2000.<sup>783</sup> The emergence of these newly independent countries has further coloured the pattern of the international system, which is more concentrated by the influence of superpowers' rivalries. These newly independent countries, popularly known as 'Third World' countries,<sup>784</sup> although this term is not shared by some scholars as some of them prefer to using other terms including less developed countries (LDCs), emerging states, underdeveloped countries,<sup>785</sup> are not only growing in numbers, but are also attempting to

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<sup>782</sup> K.J. Holsti, however, mentioned about 163 states in the UN around 1991-1992, K.J. Holsti International Politics, 48.

<sup>783</sup> Charles W. Kegley, Jr. & Eugene R. Wittkopf, World Politics : Trend and Transformation (Boston : Bedford/St. Martin's, 2001), 17.

<sup>784</sup> Geographically, the area of the 'Third World' includes the Americas south of the US, the whole of Africa, Asia apart from the Soviet Union, China and Japan, and the Oceania apart from Australia and New Zealand. Christopher Clapham, Third World Politics : An Introduction (Wisconsin : The University of Wisconsin Press, 1985), 1.

<sup>785</sup> The term Third World had been quite extensively debated by a number of researchers. Some believe that Third World countries is the best term, particularly during the Cold War, to describe a group of states which were not members of the western bloc of capitalist (led by the US) or of the eastern bloc of Marxist-Leninist states headed by the former Soviet Union. Meanwhile, the First World referred to the US and its western European allies, and the Second World was associated with the former Soviet Union and its Eastern Europe counterparts. See for instance, Christopher Clapham, Third World Politics, 2-4, Ash Narain Raj, The Third World in the Age of Globalisation : Requiem or New Agenda? (New York : Zed Books, 1999), 4-5, Srinivas R. Melkote & Allen H. Merriam, "The Third World : Definitions and New Perspective on Development", in Alfonso Gonzalez & Jim Norwine (ed.), The New Third World (Boulder : Westview Press, 1998), 9.

make their presence felt by demanding some drastic changes in the structure of the political and socio-economic system of the world.

As for this study, the researcher will use the term 'small states', preferably to differentiate from those superpowers, the US and the former Soviet Union, and other major regional powers, namely European states like the UK, France, Germany and Italy, China, and Japan as well as those 'small states' geographically located both in western and eastern Europe, with the exemption of the former Federation of Yugoslavia, Cyprus, and others which had participated in small states' organizations. Among the main reasons for emphasizing the term small states is because there were a few countries which are not geographically situated in the Third World areas, for instance the former Federation of Yugoslavia, which not only joined but were among the core founders of a smaller states' organization such as the Non-Aligned Movement (NAM). Also there were several countries which were obviously part of the Third World arena or were labelled as Less Developed Countries, like Turkey and Pakistan, which could not join (or were not allowed to become members) of the organization set up by those particular states due to a few policies of these two countries incompatible with the principle of their organizations or associations.<sup>786</sup> Nonetheless, due to the complexity of the character of small states' organizations, other terms like less developed countries, and Muslim countries (also part

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<sup>786</sup> For example, among the provisions of joining the Non-Aligned Movement is that a country has no military ties with other countries. Pakistan was member of the Central Treaty Organisation (CENTO), and it also had unpleasant relations with India, while Turkey is in the North Atlantic Treaty Organisation (NATO). However, at the Havana Conference in 1979, Pakistan was admitted into NAM. Gwyneth Williams, Third-World Political Organization : A Review of Developments (London : The Macmillan Press Ltd., 1981), 63, Srinivas R. Melkote & Allen H. Merriam, "The Third World : Definitions and New Perspective on Development", 11.

of smaller states' communities) will be interchangeably applied to suit to the nature of the organizations with which Malaysia and Saudi Arabia are affiliated.

It has commonly been argued that the conference in Bandung, Indonesia, in 1955 was considered the first coalition of the group of small states which attempted to insulate themselves from any world superpowers' influence, mainly the United States and the former Soviet Union, and also to address several issues and problems that affected their security, political and socio-economic affairs in the international system.<sup>787</sup> The conference, known as the 'Afro-Asian Conference', was only attended by some Asian, Middle Eastern, and African countries such as Afghanistan, Burma (now Myanmar), Cambodia, China,<sup>788</sup> Ethiopia, Ghana, India, Indonesia, Libya, Nepal, Saudi Arabia, Sri Lanka, Sudan, the United Arab Republic (Egypt and Syria), and others, discussed various issues including the issue of US-led military alliances (like ANZUS, the Baghdad Pact, and SEATO) against the spread of communism within the members' areas. They also sought peace in the conflict of Indochina, and others,<sup>789</sup> and firmly indicated their outlook towards the international system as a group of states, based on their core philosophy

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<sup>787</sup> Before the Bandung Conference in 1955, there were several efforts taken by Asian, African, Latin as well as Middle Eastern leaders to set up an organization to strengthen their unity and to manage challenges in the international system including The Congress of Panama (1826), Pan African Congress (1919-1945), held outside African continents such as in Paris and London, the Islamic Congress in Cairo, Egypt (1926), India's conference named 'The Asian Relations Conference' (1947), The Arab League (1945), and others. Nevertheless, these gatherings, except India's conference, and the Islamic Congress, focused more on their own regional issues respectively. See Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations (Boulder : Lynne Rienner Publishers, Inc., 1986), 3-6, 8, 12, & 17.

<sup>788</sup> China was invited to attend the Bandung Conference for it (and the communist bloc) seemed closer to smaller states compared to the western countries which still controlled a few Afro-Asian countries. However, during the Belgrade Conference in 1961, China was not invited, owing to the sour relations of Yugoslavia with the Communist bloc. Gwyneth Williams, Third-World Political Organization, 49-50.

<sup>789</sup> Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 13-14.

called 'Panshilah', which upholds mutual respect for each other's territory, non-interference in other countries' internal affairs, and belief in the concept of peaceful co-existence and non-aggression. Among the main leaders of these groups of states were Ahmed Sukarno (Indonesia), Gamal Abdel Nasser (Egypt), Jawaharlal Nehru (India), and Kwame Nkrumah (Ghana).<sup>790</sup>

After the Bandung Conference in 1955, the main leaders of these small states continued to establish some platforms in order to affirm their emphasis on the non-interference of superpowers' rivalries by forming other organizations including the Afro-Asian People's Solidarity Organization (AAPSO), proposed by Nasser of Egypt, in 1957. Through AAPSO, various conferences were organized from 1958 to 1965 to defend the welfare of Afro-Asian countries, and also to actively promote anti-colonialism among its members. Nonetheless, due to AAPSO's tendency towards the former Soviet Union<sup>791</sup> and China, and because most of its representatives were opposition parties, it was less popular among the leaders of small states.<sup>792</sup> Therefore, in further uniting the Afro-Asian people with other small states' communities which shared the aims and the principles of their struggle to avoid confrontation with any superpowers, the main leaders of the Afro-Asian states had allied with Josip Broz Tito, the President of the former Federation of Yugoslavia, to form an organization famously known as the 'Non-Aligned Movement'

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<sup>790</sup> Gwyneth Williams, Third-World Political Organization, 48-49, Robert A. Mortimer, The Third World Coalition in International Politics (Boulder : Westview Press, 1984), 7-9 & 13.

<sup>791</sup> This was because of Soviet military aid to Nasser of Egypt, and he also frustrated the establishment of the Baghdad Pact, (later called Central Treaty Organisation or CENTO), which was comprised of three Middle Eastern countries, namely Turkey, Iran, and Iraq. Other members include Britain, and Pakistan. Ernest W. Lefever, "Nehru, Nasser and Nkrumah on Neutralism" in Laurence W. Martin (ed.), Neutralism and Nonalignment : The New States in World Affairs (Westport, Connecticut : Greenwood Press, Publishers, 1962), 101-111.

<sup>792</sup> Robert A. Mortimer, The Third World Coalition in International Politics, 10.

(NAM) in 1961 in Belgrade, Yugoslavia.<sup>793</sup> Since the birth of NAM, small states have enthusiastically voiced their principles by promoting the concept of neutrality and non-alignment policies towards the superpowers' rivalries, namely the tussle between the United States and the former Soviet Union in the international system.

Furthermore, from the mid-1960s and onwards, the leaders of small states, who were inspired by an Argentine economist, Raul Prebisch,<sup>794</sup> geared more towards the issue of socio-economic development. For example, they successfully convinced the United Nations to organize the first UN Conference on Trade and Development (UNCTAD), held in Geneva in 1964. This conference provided more opportunities for small states to pursue their demands for the re-structuring of the world economy, which in the eyes of their leaders, was dominated by industrial-developed countries, led by the United States and its western allies.<sup>795</sup> Through this conference also, the leaders of these small states established another organization called the Group of 77 (or South-South Co-operation), which would give more focus on the socio-economic development of its member countries.<sup>796</sup> The Group of 77 had taken various actions and resolutions to vigorously enhance their economic bargaining with the industrial countries by organizing a series of economic conferences under the auspices of the United Nations, and also

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<sup>793</sup> Gwyneth Williams, Third-World Political Organization, 50-51, Robert A. Mortimer, The Third World Coalition in International Politics, 11.

<sup>794</sup> Ash Narain Raj, The Third World in the Age of Globalisation, 9.

<sup>795</sup> James Lee Ray, Global Politics (Boston : Houghton Mifflin Company, 1992), 414.

<sup>796</sup> Ankie M. M. Hoognelt, The Third World in Global Development (Hampshire : Macmillan Education Ltd., 1982), 76, Gwyneth Williams, Third-World Political Organization, 17.

strongly demanded a new structure of the world economy or what they called the 'New International Economic Order' (NIEO) in UNCTAD IV, Nairobi in 1976.<sup>797</sup>

Besides that the world Muslim countries, (as part of the small states' communities), realised the need for an organization through which they can strengthen their solidarity and manage several issues and challenges affecting Muslim affairs, especially at the international level, where there were some degrees of involvement of superpowers, either directly or indirectly, both by the United States, and the former Soviet Union, in Muslim issues like the Israel-Palestinian dispute, Iraq-Iran war, the Soviet invasion of Afghanistan, the Gulf War, and others. Consequently they were led to establish an Islamic organization in Jeddah, Saudi Arabia, in 1972, called the Organisation of Islamic Conference (OIC). However most of the issues or conflicts emerged after the formation of the OIC. Among the co-founders of this organization were the Kingdom of Saudi Arabia, Pakistan, Libya, Malaysia, and other Muslim countries.<sup>798</sup> Along with the Afro-Asian Conference in Bandung, AAPSO, NAM, G-77, and the OIC, there were other organizations formed by groups of small states such as the Organization of Petroleum Exporting Countries (OPEC) in 1960,<sup>799</sup> the League of Arab States in

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<sup>797</sup> Ankie M. M. Hoognelt, The Third World in Global Development, 74, Gwyneth Williams, Third-World Political Organization, 35, Ash Narain Raj, The Third World in the Age of Globalisation, 9.

<sup>798</sup> Hasan Moinuddin, The Charter of the Islamic Conference and Legal Framework of Economic Co-operation Among its Member States (Oxford : Clarendon Press, 1987), 71-72, Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 9.

<sup>799</sup> Fadhil J. Al-Chalabi, OPEC and the International Oil Industry (Oxford : Oxford University Press, 1980), 67, Gwyneth Williams, Third-World Political Organization, 79-83, Jahangir Amuzegar, Managing the Oil Wealth : OPEC's Windfalls and Pitfalls (New York : I.B. Tauris Publishers, 2001), 23-47.

1945,<sup>800</sup> the Group of 15 (G-15) in 1989,<sup>801</sup> and a few more specific regional organizations like the Organisation of African Unity (OAU),<sup>802</sup> the Association of Southeast Asian Nations (ASEAN),<sup>803</sup> the Gulf Co-operation Council (GCC),<sup>804</sup> Pan-American Meetings.<sup>805</sup> There were also some organizations which cannot be considered

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<sup>800</sup> The League of Arab States could be classified as a regional organization. However, this organization is not bound to a geographical location for its members are the combination of two regions, namely the Middle East and African regions. Members of this organization are largely connected with the affiliation of Arabism. Its main objective is to encourage unity among all Arab countries. Bruce P. Lenman & Katharine Boyd (ed.), Chambers Dictionary of World History (Edinburgh : Larousse plc, 1994), 50. (The definition of Arab is still debatable, see note 113 in the Chapter Three).

<sup>801</sup> See note 515 in the Chapter V.

<sup>802</sup> The Organisation of African Unity (OAU) was created in 1963 at the African heads of state summit in Addis Ababa, Ethiopia. Its main objectives are the promotion of the unity and solidarity of the continent, defense of sovereignty, territorial integrity and independence, the eradication of 'all forms of colonialism from Africa', and to promote international co-operation, having due regard to the Charter of the United Nations and the Universal Declaration of Human Rights. See Amadu Sesay, Olusola Ojo & Orobola Fasehum, The OAU After Twenty Years (Boulder : Westview Press Inc., 1984), ix & 1-4, Edem Kodjo, "Introduction", in Yassin El-Ayouty & I. William Zartman (ed.), The OAU After Twenty Years (New York : Praeger Publishers, 1984), 3-6.

<sup>803</sup> The Association of Southeast Asian Nations (ASEAN) was established in 1967 by five founding countries, Indonesia, Malaysia, Singapore, Thailand and the Philippines. Its main purpose is to promote good understanding, good neighbourliness, meaningful co-operation in economic, social and cultural fields in the Southeast Asian region, and also sharing common concerns for a commitment to anti-communism and anxiety about the long-term prospects for US intervention in Indochina, and the regional intentions of China. See Frank Frost, "Introduction : ASEAN Since 1967 – Origins, Evolution, and Recent Developments", in Alison Broinowski (ed.), ASEAN into the 1990s (London : The Macmillan Press Ltd., 1990), 3-6, Harold Crouch, Domestic Political Structures and Regional Economic Co-operation (Pasir Panjang, Singapore : Institute of Southeast Asian Studies, 1984), vii, 1-9 & 90-101.

<sup>804</sup> The Gulf Co-operation Council (GCC) was set up in 1981 in Abu Dhabi by six nations of the Arabian Peninsula, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). Its main principle is to emphasise the six members' economic and social development, to defend their independence and territorial integrity, and also to safeguard their security from any internal or external threat towards any members of the GCC. John A. Sandwick, "Introduction", in John A. Sandwick (ed.), The Gulf Cooperation Council : Moderation and Stability in an Interdependent World (Colorado : Westview Press, American-Arab Affairs Council Washington, D.C., 1987), 1-5, John Christie, "History and Development on the Gulf Cooperation Council : A Brief Overview", in John A. Sandwick (ed.), The Gulf Cooperation Council, 7-20.

<sup>805</sup> The early Pan-American Meetings, in which the US took no part, were the Congress of Panama (1826), the Congress of Lima (1847), and the second Congress of Lima (1864). Due to US hegemony, most of the Latin American states' organizations, however, were influenced by the



as small states' organizations because both smaller states and major influential states become members, for example, the International Coffee Organization (ICO),<sup>806</sup> International Cocoa Organization (ICCO),<sup>807</sup> International Rubber Study Group,<sup>808</sup> and others, in which the membership of small states is vital to enhance as well as to safeguard their political and socio-economic interests in the international system.

By looking back to the emergence of these small states' organizations, it is undeniable that most of the small states' organizations have different settings and agendas that they are going to pursue in the international system. Conceivably, this is parallel with the nature of the existence of smaller states which come from different backgrounds as had been articulated by Gwyneth Williams that : ".....some are Capitalist, some Communist; some agricultural, some mineral producers; some very poor, some not so poor; some oil producers, some oil exporters; some least developed, some developing.

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former, for example, the Organisation of American States, which was set up in 1948. Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 17-20.

<sup>806</sup> The producing members of the ICO, excluding Malaysia, and Saudi Arabia, are Angola, Benin, Bolivia, Brazil, Burundi, Cameroon, Central Africa, Colombia, Congo, Democratic Republic of Congo, Costa Rica, Cote d'Ivoire, Cuba, Dominican Republic, Ecuador, El Salvador, Equatorial Guinea, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Madagascar, Malawi, Mexico, Nicaragua, Nigeria, Papua New Guinea, Paraguay, Philippines, Rwanda, Tanzania, Thailand, Togo, Uganda, Venezuela, Vietnam, Zambia, and Zimbabwe. The importing members are Germany, Italy, Japan, and UK. International Coffee Organization, "Producing Member Countries", (<http://www.ico.org/frameset/icoset.htm>), International Coffee Organization, "Country Profiles", (<http://www.ico.org/libser/profile.htm>).

<sup>807</sup> ICCO was founded in 1973. For further information see this website, International Cocoa Organization (ICCO), "Facts About the International Cocoa Organization", (<http://www.icco.org/facts.htm>).

<sup>808</sup> International Rubber Study Group was set up in 1944. It has 17 members; Belgium, Republic of Cameroon, Cote d'Ivoire, France, Germany, Indonesia, Italy, Japan, Malaysia, Netherlands, Russia Federation, Singapore, Spain, Sri Lanka, Thailand, United Kingdom, and the United States. International Rubber Study Group, "About Us", (<http://www.rubberstudy.com/aboutus.aspx>).

The list is endless".<sup>809</sup> Every small state's organizations have different aims. They range from the non-alignment of superpower rivalries, the appeal for more economic opportunities in the world economic system, the demand for religious solidarity (this specifically related to the Organisation of the Islamic Conference which endeavours to address the abolition of the Islamic Caliphate and the secular element of the modern international system<sup>810</sup>), and more specific goals, especially in the economic field such as managing the price of small states' commodities in the international market, getting easier access to developed countries' markets as well as to obtain technological know-how from these countries. Besides, most of the issues or conflicts discussed among members of small states' organizations are at a multilateral level and not bilateral, which to some extent would not give more room for Malaysia and Saudi Arabia in particular to address their bilateral agenda in these organizations. The issues vary from bilateral conflicts between two countries such as the Iran-Iraq war, the Israel-Palestine dispute, to a larger scope of discussion including international disarmament, peace and international law, the problem of refugees, decolonization, and others.<sup>811</sup> The resolution of these issues or conflicts derives participation from all members of the organization irrespective of what region or continent they are from. In other words, there seems to be no single interest or issue that small states' organizations are going to promote in the international political system. Instead, the interests or the issues diverge, and are multilateral

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<sup>809</sup> Gwyneth Williams, Third-World Political Organizations, xii.

<sup>810</sup> 'Abdullah al Ahsan, OIC : The Organization of the Islamic Conference (Herndon, Va. USA : The International Institute of Islamic Thought, 1988), 11-21.

<sup>811</sup> See for instance, Odette Jankowitsch, Karl P. Sauvart & Jorg Weber, The Third World Without Superpowers : The Collected Documents of the Non-Aligned Countries, vol. xii, (Dobbs Ferry, New York : Oceana Publications, Inc., 1993), 923-949, Philippe Brillard & Muhammad-Reza Djalili, The Third World and International Relations (London : Frances Pinter Publishers Ltd., 1984), 109-124, M.S. Rajan, Nonalignment & Nonaligned Movement : Retrospect and Prospect (New Delhi : Vikas Publishing House PVT LTD., 1990), 78-86.

pertaining to the organization those small states are affiliated with. In addition, although the small states' organizations attempt to focus on one shared interest, like the pursuance of non-aligned policy in the Cold War or to urge for the price stability of their commodities, on some occasions this interest was not collectively upheld or shared. This could be linked, for example, to the admission of Cuba into NAM which was not in line with the principle of the organization because it had an American naval base at Guantanamo,<sup>812</sup> or to the issue of the maintenance of price commodities where, due to different merchandise produced by member countries, an integrated effort by all members of the Group of 77 could not be taken. It is only members that produce the same commodities that are able to make concerted efforts to stabilize the price of their commodities.<sup>813</sup>

Furthermore the early establishment of the small states' organizations were mainly initiated by a group of certain individual leaders, namely Jawaharlal Nehru of India, Gamal Abdel Nasser of Egypt, Ahmed Sukarno of Indonesia, Nkrumah of Ghana, and later joined by Josip Broz Tito of the former Federation of Yugoslavia. The specific role of the ruler of Kingdom of Saudi Arabia in the setting up of the OIC will be discussed later. Probably, the significant role of these leaders in promulgating the idea of the formation of a small states' institutional coalition is because most of them, with the

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<sup>812</sup> Since there were some members of NAM who did not fulfill, at least, the minimum requirement to the principles of non-alignment, there was a debate on the rationality of the existence of NAM, and the interpretation, either rigid or liberal, of non-alignment principles among diverse members. Ashwani Kumar Sharma, "Third World Solidarity in Global Politics : The Non-Aligned Movement and the Group of 77 in the United Nations General Assembly", Unpublished Ph.D. Thesis, University of Sussex, October 2000, 134-135, Peter Willetts, The Non-Aligned Movement, 23.

<sup>813</sup> This will be further discussed in the membership of Malaysia and Saudi Arabia under the sub-topic of the Group of 77 later in the Chapter VII.

exception of Tito and the ruler of the Kingdom of Saudi Arabia, had experienced the process of colonization, especially under the influence of western-European empires. Hence, once the leaders of these countries had successfully achieved independence through various means, either by military struggle or diplomatic negotiation, they were keen to promote, and to share, the sense of freedom among other small countries and at the same time also they felt that by strengthening the unity of these countries through the setting up of a few organizations, their sovereignty and territorial integrity would be well-preserved vis-à-vis any external or outside influences in the international system.<sup>814</sup>

Nevertheless, although these leaders seemingly had something in common in maintaining small states' integrity and their interests at the international level, they had some specific goals to be achieved, via those small states' organizations, that were closely related to the their image as well as for their own countries' interests. For instance, in the case of Gamal Abdel Nasser, his leadership in small states' organizations, like NAM, could be regarded as a bridge for him to seek support from other small states, particularly the Arab states, in his struggle against Israel, and also to affirm his leadership over Arab counterparts. Beside that, his constantly harsh blame on western imperialism, for it was against NAM's principles, the emphasis on non-interference and sovereignty among members and the world at large, was largely owed to the formation of the Baghdad Pact (due to the inclusion of three Middle Eastern countries, Turkey, Iran and

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<sup>814</sup> James Lee Ray, Global Politics, 413, Philippe Brillard & Mohammad-Reza Djalili, The Third World and International Relations, xii, Gwyneth Williams, Third-World Political Organization, xii-3.

Iraq),<sup>815</sup> and also as the expression of Nasser's dissatisfaction over his loss in the issue of the Suez Canal, from which he was ousted by the French-British attack following his nationalization of the canal in 1956.<sup>816</sup> Meanwhile, Nehru's strong affiliation with the struggle of small states in the international system, within the concept of territorial integrity and non-interference, could be linked to some of his domestic political challenges. Among those challenges were included the demands for the creation of some separate entities in India such as Telugu, Malayalam, Marathi, Punjab, and more significantly the issue of Kashmir which continuously dragged India in conflict with its neighbour, Pakistan.<sup>817</sup> In facing these demands, it was quietly apparent that by emphasizing the concept of non-interference and territorial integrity, through the NAM organization, at least, Nehru was able to avoid any direct political or military intervention from any superpowers in his domestic political issues,<sup>818</sup> and also to further maintain the unity of India both at the regional and the international level. Moreover, Nehru's tireless involvement in NAM was also related to his quest to develop India economically to be stronger than, or equal to its potential regional threats, Pakistan and China.<sup>819</sup> In

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<sup>815</sup> Gamal Abdel Nasser argued that any formation of military alliances in the Arab world should be formed by Arab countries alone. But in the Baghdad Pact or later CENTO, there were other non-Middle Eastern countries, Britain, and Pakistan. Ernest W. Lefever, "Nehru, Nasser and Nkrumah on Neutralism", 101, see also A.I. Dawisha, Egypt in the Arab World : The Elements of Foreign Policy (London : The Macmillan Press Ltd., 1976), 70-74.

<sup>816</sup> Ernest W. Lefever, "Nehru, Nasser and Nkrumah on Neutralism", 110-111, Jasper Ridley, TITO (London : Constable & Company Limited, 1994), 332.

<sup>817</sup> B.N. Pandey, NEHRU (London : The Macmillan Press, 1976), 341, Judith M. Brown, NEHRU, (New York : Longman, 1999), 157.

<sup>818</sup> Nehru, however, failed to obstruct the superpowers, mainly the United States, being involved in sub-continent affairs, as the latter began to give military aid to Pakistan in 1954 and onwards (India also received the aid). E.I. Brodtkin, "United States Aid to India and Pakistan : The Attitudes of the Fifties", International Affairs, (4) October 1967, 671, (664-677), Robert G. Wirsing & James M. Roberts, "The United States and Pakistan", International Affairs, (4), Autumn 1982, 589, (588-609).

<sup>819</sup> Among the potential conflicts between India and China, after the latter's invasion of Tibet in 1950, was the issue of the completion of the Sinkiang-Tibet highway which ran across the Aksai

achieving this objective, Nehru disagreed with other main leaders of NAM about creating a 'third bloc' or 'third force' against the East-West influences. Instead, he was in favour of a 'third area', connoting an area which did not want war but strived for peace and believed in co-operation.<sup>820</sup> In contrast particularly with Ahmed Sukarno of Indonesia, who preferred to create a Conference of the New Emerging Force,<sup>821</sup> Nehru attempted to portray himself as a mediator and was eager to play a more positive role between the east and the west rivalries. As a result of this, Nehru managed to gain economic aid, and military assistance both sides, the United States and its co-allies as well as the former Soviet Union.<sup>822</sup>

This was different, too, from the other two Afro-Asian leaders, Sukarno of Indonesia, and Nkrumah of Ghana, who had several political practices which to some extent might not be compatible with the principles of the Non-Aligned Movement, or among other member of small countries, in order to maintain their own political interests. Sukarno, who had been involved in fighting against the Dutch occupation in Indonesia as early as the 1920s until his premiership in 1945,<sup>823</sup> radically opposed any kinds of imperialism and urged small states to fight for justice and freedom at the international

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Chin region of Ladakh, which the former claimed as its own territory. B.N. Pandey, NEHRU, 369.

<sup>820</sup> B.N. Pandey, NEHRU, 362-363.

<sup>821</sup> During the Belgrade Conference in 1961, Sukarno maintained that there were only two forces in the world: the New Emerging Forces which were the forces of freedom and justice, and the Old Established Forces, which were the old forces of domination, always threatening the safety of the world. B.N. Pandey, South and South-east Asia, 1945 1979 : Problem and Policies (London : The Macmillan Press, 1980), 156-157, J.D. Legge, Sukarno : A Political Biography (London : Allen Lane The Penguin Press, 1972), 358.

<sup>822</sup> Judith M. Brown, NEHRU, 158, B.N. Pandey, South and South-east Asia, 1945 1979, 360-363, Ernest W. Lefever, "Nehru, Nasser and Nkrumah on Neutralism", 101.

<sup>823</sup> Mochtar Pabotinggi, "Indonesia : Historicizing the New Order's Legitimacy Dilemma", in Muthiah Alagappa (ed.), Political Legitimacy in Southeast Asia : The Quest for Moral Authority (Stanford : Stanford University Press, 1995), 231.

level. However, Sukarno's closeness to socialist-communist,<sup>824</sup> especially in 1957 when he publicly announced the abandonment of western liberal democracy and substituted it with a distinctively 'guided-democracy' Indonesian type; also he recruited some communist representatives in his government cabinet, indirectly tarnishing his image as one of the Non-Aligned leaders, which subsequently also led to his downfall in the military coup, in 1965.<sup>825</sup> For Nkrumah, his concept of non-alignment, as he defined it, "....nonalignment can be understood only in the context of the present atomic arms race and the atmosphere of the Cold War.... It is in no way anti-western; nor it is anti-eastern",<sup>826</sup> in some way provided an opportunity for him to lure more financial assistance and military aid either from the west or the east. For example, under his charge, Ghana received non-military assistance from the US which offered technical assistance at a rate of about \$US1 million a year, and between 1958 and 1961 the US also helped the country to design as well as giving away \$US133 million loans to build a large hydro-electric dam on the Volta River. At the same time, the Soviet Union, too, designed another hydroelectric dam further upstream on the same river which was based on Ghana-Soviet's economic-technical co-operation agreements in 1960.<sup>827</sup> In order to justify his approach, especially in regard to his economic relations with both the west and the east Nkrumah's defended by saying : "We make no apology.....for the steps we

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<sup>824</sup> Sukarno's closeness to former the Soviet Union was to acquire the latter's arm in his struggle to control West Irian, which was helped by the Dutch. See J.D. Legge, Sukarno : A Political Biography, 359-360.

<sup>825</sup> Lennox A. Mills, Southeast Asia : Illusion and Reality in Politics and Economics (Minneapolis : University of Minnesota Press, 1964), 80-84.

<sup>826</sup> Ernest W. Lefever, "Nehru, Nasser and Nkrumah on Neutralism", 95.

<sup>827</sup> In September 15, 1961, Soviet experts drafted plans for a \$US56 million hydroelectric station at Buie on the Black Volta. Thomas A. Howell & Jeffrey P. Rajasooria (ed.), Ghana & Nkrumah (New York : Facts on File, Inc., 1972), 62-63 & 78-79, Ernest W. Lefever, "Nehru, Nasser and Nkrumah on Neutralism", 115.

have taken recently to our trade and economic relations with the Soviet Union, Eastern European countries, and China”, and he reminded the US not to be misled by any (recent) reports that, as he described, “put the worst possible construction on everything we do”.<sup>828</sup>

Furthermore, Tito’s growing commitment to the Non-Aligned Movement (NAM), which began in 1961 when he offered his capital city, Belgrade, as the host of the first NAM Summit, may be associated with his country’s political situation. This was following of the expulsion of Yugoslavia from the Communist Information Bureau (The Cominform) in 1948 that led to the economic blockade and the breaking off of all agreements on co-operation between Yugoslavia, the former Soviet Union, and socialist-Eastern European countries, which represented 50 per cent of Yugoslavia’s total trade.<sup>829</sup> Added to this was the attitude of the Yugoslavia’s mentor, the former Soviet Union, which was frequently reluctant to defend its territorial-border disputes with some other countries,<sup>830</sup> and also the tendency of the US and its western allies to support pro-democratic political movements, and not socialist-communist regimes, in those countries involved, namely Italy, Greece, and on the Slovene-Austrian borders during the

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<sup>828</sup> Ernest W. Lefever, “Nehru, Nasser and Nkrumah on Neutralism”, 115.

<sup>829</sup> Among the main reasons for the expulsion were, for example, the delay of Tito and Dimitrov (Bulgarian leader) to implement Stalin’s proposal to unite Yugoslavia and Bulgaria into one federation. Tito’s own initiative to send his troops to Albania to strengthen defence on the frontiers with Greece (to help Greek communist rebels) had embarrassed Stalin because he had promised Britain that Greece was the latter’s sphere of influence, and also Tito’s economic development plan differed from the leader of communist countries, the former Soviet Union. See Fred Singleton, *Twentieth-Century Yugoslavia* (London : The Macmillan Press Ltd., 1976), 110-111 & 124, Phyllis Auty, *Tito : A Biography* (Middlesex, England : Penguin Books Ltd., 1970), 292-293, Alvin Z. Rubinstein, *Yugoslavia and the Nonaligned World* (Princeton : Princeton University Press, 1970), 9-17.

<sup>830</sup> Tito and the leaders of the former Soviet Union were also in a sharp disagreement over the handling of Hungarian rebellious leader, Imre Nagy, during the uprising in 1956. See for instance, Jasper Ridley, *TITO* (London : Constable & Company Limited, 1994), 336.



discussion at the United Nations.<sup>831</sup> Therefore it seemed that Yugoslavia had no other 'friends', and was forced to look at those small countries, mostly from the Asian, the Middle Eastern, and the African continents, to re-consolidate its position in the international system.<sup>832</sup> By regularly travelling to these continents, Tito succeeded in signing a few economic agreements, including the Agreement on Preferentials in 1967 between Yugoslavia, India and the United Arab Republic (Egypt and Syria) for a lowering of customs duties between these three countries, and they intended to make this model the pattern of international trade between other smaller states.<sup>833</sup> Nonetheless, as Yugoslavia's economic links with the European Economic Community (EEC) were rapidly improving, Tito's relations with other leaders of NAM and other smaller states' organizations were affected. Tito did not even attend the funeral of his old friend, Nasser in 1969 because he was acting as host to President Nixon of the US.<sup>834</sup> Frankly speaking, the close affiliation of these main leaders to the smaller states' organizations were relatively accompanied with a strong sense of nationalism towards anti-colonialism, the fulfilment of economic opportunities as well as the attempt to gain leadership, and influence over other small states in the international system.<sup>835</sup> Hence, since the interests or the goals of the small states' organizations are diverse and, more on a multilateral basis (not bilateral), and with the emphasis of certain leaders of these organizations towards the fulfilment of their countries' national interests, the membership of smaller countries in the organizations, which are bigger and wider than regional organizations, in some cases will not enhance the level of the relations of certain countries in the international system,

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<sup>831</sup> Fred Singleton, *Twentieth-Century Yugoslavia*, 169-171.

<sup>832</sup> Duncan Wilson, *Tito's Yugoslavia* (Cambridge : Cambridge University Press, 1979), 123.

<sup>833</sup> Fred Singleton, *Twentieth-Century Yugoslavia*, 176-177.

<sup>834</sup> Fred Singleton, *Twentieth-Century Yugoslavia*, 172.

<sup>835</sup> Ernest W. Lefever, "Nehru, Nasser and Nkrumah on Neutralism", 116-120.

and this point of argument would be further developed within the context of Malaysia and Saudi Arabia's membership in NAM, G-77, and the OIC.

## 7.2 The Affiliation of Malaysia and Saudi Arabia in Small States' Organizations

Malaysia, which achieved independence from Great Britain in 1957, only began to co-jointly form and participate in several small states' organizations in the early 1960s. Prior to this date, Malaysia did not join in any organizations or alliances except its military treaty with Britain: the Anglo-Malayan Defence and Mutual Assistance Treaty (AMDA) in 1957.<sup>836</sup> Although it was surrounded by a few organizations, especially military alliances co-sponsored by the US and Great Britain such as the ANZUS Pact (1951),<sup>837</sup> and the Southeast Asian Treaty Organization or SEATO (1954),<sup>838</sup> Malaysia decided not to join these alliances. This, perhaps, was largely due to its pre-independent status, and also as commonly argued that, particularly in regards to SEATO which was anti-Communist China, Malaysia did not intend to upset the feelings of its Chinese community as well as to avoid any war with the mainland of China.<sup>839</sup> Among those small states' organizations (narrowed regional organizations) in which Malaysia participated after its independence were, for instance, the Association of Southeast Asia

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<sup>836</sup> Archana Sharma, British Policy Towards Malaysia, 1957-1967 (London : Sangam Books Limited, 1993), 40, Chin Kin Wah, "The Five Power Defence Arrangements : Twenty Years After", The Pacific Review 4 (3) 1991, 193.

<sup>837</sup> The members of ANZUS were the US, Australia, and the New Zealand. Bruce P. Lenman & Katharine Boyd (ed.), Chambers Dictionary of World History, 47.

<sup>838</sup> Other countries which joined the US in SEATO were Australia, France, New Zealand, Pakistan, the Philippines, Thailand, and UK. Bruce P. Lenman & Katharine Boyd (ed.), Chambers Dictionary of World History, 872.

<sup>839</sup> J.M. Gullick mentioned that Malaya's war with China might be inevitable if the British troops in Malaya, based on the AMDA treaty, were directed to join SEATO forces against Communist China. J.M Gullick, Malaysia (London : Ernest Benn Limited, 1969), 193 & 198, Donald G. McCloud, System and Process in Southeast Asia : The Evolution of a Region (Boulder : Westview Press, 1986), 250-251.

(ASA) established by Malaya (became Malaysia in 1963), the Philippines, and Thailand in 1961, and the confederation of ethnic Malay states between Malaysia, Indonesia, and the Philippines, known as 'MAPHILINDO', in 1963.<sup>840</sup> Nonetheless, owing to the confrontation launched by the Philippines and Indonesia over some other parts of Malaysian territories,<sup>841</sup> these two organizations were less functional, and were eventually replaced by a new organization called the Association of South-East Asian Nations (ASEAN) in 1967.<sup>842</sup> Through the establishment of ASEAN, Malaysia was able to strengthen its regional co-operation with a number of states in the Southeast Asian region, and also to further enhance its involvement in other wider small states' organizations including NAM, G-77, OIC, and others.

Saudi Arabia was ahead of Malaysia in terms of founding as well as joining several small states' organizations at the international level. This was because the establishment of the Kingdom of Saudi Arabia as a modern state in the early 1930s was much earlier than Malaysia. Saudi Arabia's affiliation with some attempts to set up and participate in various smaller states' organizations, especially to unite all Muslim countries, might begin with its role in organizing the Muslim World Conference which

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<sup>840</sup> Donald G. McCloud, System and Process in Southeast Asia, 252-254, J.M Gullick, Malaysia, 186-192.

<sup>841</sup> Sukarno, the President of Indonesia, was against Tunku Abdul Rahman's Plan (Malayan Premier) to incorporate the Malay Peninsula, Sabah, Sarawak, Singapore and Brunei into 'the Malaysian Federation), while Macapagal, the Philippines' leader, claimed Sabah (North Borneo) as part of the Sultanate of Sulu, which was the former empire that governed the Philippines, and its other small neighbouring islands. See for instance, K.S. Nathan, "Vision 2020 and Malaysian Foreign Policy : Strategic Evolution and the Mahathir Impact", Southeast Asian Affairs 1995 (Singapore : Institute of Southeast Asian Studies, 1995), 222.

<sup>842</sup> Donald G. McCloud, System and Process in Southeast Asia, 252-255, J.M Gullick, Malaysia, 192.

launched in Mecca, Saudi Arabia in 1926.<sup>843</sup> This conference, however, which was merely to justify Ibn Saud's occupation of Hejaz from the descendant of the Hashemite family, was less well attended because most of the Muslim countries, including Malaysia, were still under the era of colonization.<sup>844</sup> Furthermore, in order to consolidate its position in the Arab world, as well as to act against the formation of the 'Hashemite states' (the Greater Syria Scheme or the Fertile Crescent Plan),<sup>845</sup> Saudi Arabia had joined the Arab League in 1945, and through the league, both the Kingdom and Egypt had voiced their protests against the plan.<sup>846</sup> As with Malaysia, Saudi Arabia, also, was not inclined to join any military alliances that were co-formed by any foreign powers in the Middle East like the Baghdad Pact (1955). Instead Saudi Arabia, Egypt, Yemen, and Syria signed the Mutual Defence Pact after an Arab Summit Conference in 1956.<sup>847</sup> Before the signing of the Defence Pact, the Kingdom had earlier concluded an agreement with the US to locate its air force in the Dhahran airfield, Saudi Arabia, in 1950.<sup>848</sup> Throughout the 1960s and 1980s, most of the initiatives taken by Saudi Arabia were to emphasize the importance of its security, economic development - particularly oil production - and the Kingdom's Islamic image in the Muslim world by co-jointly forming some organizations, namely the Organization of Petroleum Exporting Countries

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<sup>843</sup> Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 40-43.

<sup>844</sup> In the Muslim World conference, Russia was among the non-Muslim countries that attended the conference. This might due to Russia's first recognition to the Saudi State in February 1926. Hermann Frederick Eilts, "Saudi Arabia's Foreign Policy", in L. Carl Brown (ed.), Diplomacy in the Middle East : The International Relations of Regional and Outside Powers (London : I.B. Tauris Publishers, 2001), 220, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 41-44.

<sup>845</sup> The Fertile Crescent Plan was proposed by Iraq, particularly by its Prime Minister, Nuri Al-Said, who recommended that Syria, Lebanon, Palestine, and Transjordan be united into one state. Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 81-82.

<sup>846</sup> T.R. Little, "The Arab League : A Reassessment", The Middle East Journal x, 1956, 140-141, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 79-86.

<sup>847</sup> Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 96-97.

<sup>848</sup> Hermann Frederick Eilts, "Saudi Arabia's Foreign Policy", 236.

(OPEC) in 1960, the Organisation of Islamic Conference (OIC) in 1972, the Gulf Cooperation Council (GCC) in 1980, and a few other organizations. Nevertheless, as has been noted before, not all of these small states' organizations can associate Malaysia and Saudi Arabia together, and both countries have their own regional organizations, the ASEAN and the GCC, which respectively stress regional commitments and challenges. Therefore, there are only a few small states' organizations of which Malaysia and Saudi Arabia are both members, and not based on their specific regional-geographical affiliation, that will be analyzed in the following discussion.

### **7.3 The Non-Aligned Movement (NAM)**

#### **7.3.1 The Birth of NAM**

The birth of the Non-Aligned Movement (NAM) is usually associated with the efforts of a few influential leaders such as Jawaharlal Nehru of India, Ahmed Sukarno of Indonesia, Gamal Abdel Nasser of Egypt, and Josip Broz Tito of the former Yugoslavia. The idea of forming NAM (however, in the beginning, they did not mention the exact word 'NAM') was revealed by these leaders while they were attending the session of the UN General Assembly in New York, in September 1960.<sup>849</sup> These leaders believed that since most of the smaller countries were still in the early years of their independence, some of them had yet to achieve self-determination for their own countries, and with the pressure of the superpower rivalries in the international system, it was necessary for small countries, mainly from Asia, Africa, Latin America and even in Europe, to form a political

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<sup>849</sup> Alim-Khan, The Non-Aligned Movement : Achievements, Problems, Prospects (Moscow : Novosti Press Agency Publishing House, 1985), 27.

organization to safeguard their interests, and more importantly to attempt to avoid any alliance with the two blocs, the US and the former Soviet Union.<sup>850</sup>

Nevertheless, prior to the establishment of NAM, there was a debate on the criteria to be used to identify those small countries that would be invited, or could participate, in the conference. This was because the concept of the 'Afro-Asian region', for example, was no longer suitable as other countries like Yugoslavia were not located in the region. Besides that, a few countries also had different opinions on the membership of NAM, such as India which preferred to open the membership to any country that did not belong to any alliance, whereas Cuba and Guinea proposed that criteria more precise than just not belonging to an alliance should be adopted.<sup>851</sup> In resolving this issue, a preparatory meeting was held in Cairo, Egypt in June 1961 to discuss the principal criteria for NAM membership,<sup>852</sup> and as a result of the meeting, about 25 countries were invited to attend the first NAM Conference in Belgrade in September 1961. The 25 countries that attended the Belgrade Conference were Afghanistan, Algeria, Burma, Cambodia, Ceylon, Congo, Cuba, Cyprus, Ethiopia, Ghana, Guinea, India, Indonesia,

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<sup>850</sup> Alim-Khan, The Non-Aligned Movement", 8-11.

<sup>851</sup> Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 91.

<sup>852</sup> NAM had laid down five criteria for the consideration of any countries that would like to join the organization. The criteria were; a) The country concerned should have adopted an independent policy based on the coexistence of states with different political and social systems and nonalignment, or should be following a trend in favour of such a policy, b) It should be consistently supporting the movements for national independence, c) It should not be a member of a multilateral military alliance concluded in the context of Great Power conflict, d) If it has bilateral military agreement with a Great Power or is a member of a regional defence pact, the agreement or pact should not be one deliberately concluded in the context of Great Power conflicts, e) If it has conceded military bases to a foreign Power, the concession should not have been made in the context Great Power conflicts. See Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 91, Alim-Khan, The Non-Aligned Movement", 29.

Iraq, Lebanon, Mali, Morocco, Nepal, Saudi Arabia, Somalia, Sudan, the United Arab Republic, Tunisia, Yemen, and Yugoslavia.<sup>853</sup> During the Belgrade Conference also, these countries adopted the basic documents for their political organization which primarily focused on the struggle for peace and disarmament, against the division of the world into economic and political-military blocs, against any kinds of imperialism, and political domination, combined efforts to assist the underdeveloped countries, strengthening the role of the United Nations and the promotion of active and peaceful co-existence.<sup>854</sup>

Year by year the membership of NAM increased rapidly from only 25 countries in 1961 to 54 members at the Third NAM Conference in Lusaka, Zambia in 1974. The role of NAM was also getting broader for it started to emphasize the economic development of its poor members (coincidentally with the launch of the New International Economic Order or NIEO in 1973) in the international economic system.<sup>855</sup> By the 1990s (for instance, in 1993), the members of NAM had reached 101 countries.<sup>856</sup> The vast membership of NAM had, to some extent, enabled it to promote actively the issues and problems of its members in getting the attention of world community leaders. Among the efforts included sending written messages to both US President John F. Kennedy, and former Soviet Union Premier, Nikita Khrushchev to continuously renew their

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<sup>853</sup> Alim-Khan, The Non-Aligned Movement, 29, Tejvir Singh, "Important Dates in the Development of the Non-Aligned Movement", in Govind Narain Srivastava (ed.), Seventh Non-Aligned Summit, Commemoration Volume I, (New Delhi : Indian Institute for Non-Aligned Studies, 1983), 7-8.

<sup>854</sup> Tejvir Singh, "Important Dates in the Development of the Non-Aligned Movement", 9.

<sup>855</sup> Alim-Khan, The Non-Aligned Movement, 40.

<sup>856</sup> NAM Member List, "Non-Aligned Movement Participants, Observers, and Guests", ([http://kjs.nagaokaut.ac.jp/mikami/NAM/member\\_list.htm](http://kjs.nagaokaut.ac.jp/mikami/NAM/member_list.htm)).

negotiations in minimizing the tension of the Cold War in 1961, supporting the desire for smaller states' independence (such as Algeria, and some other Asian, and African countries), calling for the end of the Apartheid policy in South Africa, and discussing the Israel-Palestine issue, promoting economic co-operation among members.<sup>857</sup> Yet, with the passing away of the Cold War, the role of NAM seems less relevant (although it is still defended by its members) to address the issues or conflicts that occurred during the war.<sup>858</sup>

### 7.3.2 Malaysia and Saudi Arabia in NAM

Malaysia only joined the Non-Aligned Movement (NAM) in 1970, at the Third Summit Conference, held in Lusaka, Zambia.<sup>859</sup> The lateness of Malaysia's entry into NAM was largely due to the Indonesia's opposition, under its former President Sukarno, who strongly launched his confrontation against the formation of the Federation of Malaysia in the early 1960s.<sup>860</sup> Added to this was the first Malaysian Premier, Tunku Abdul Rahman's preference, which was more on pro-western and anti-communist in his external policy at the international level,<sup>861</sup> as he said : "...where there has been a conflict between two ideologies – Western and Eastern ideologies – then I have made myself

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<sup>857</sup> For a comprehensive explanation on the agendas, and the resolution of NAM (The Conference Heads of State or Government of Non-Aligned Countries), see for example, International Institute for Nonaligned Studies, 35 Years of Non-Aligned Movement : Documents 1961-1996 with Preambulatory Meetings at Bandung & Brioni, vol. I-II, (New Delhi : International Institute for Nonaligned Studies, 1997), particularly pages (vol. I) 14-18, 20-36, 40-65, 92-127, 201-270, 434-536, (vol. II) 681-763, 979-1079, Ashwani Kumar Sharma, "Third World Solidarity in Global Politics", 131-132, 157-158.

<sup>858</sup> Ashwani Kumar Sharma, "Third World Solidarity in Global Politics", 132.

<sup>859</sup> "NAM Member List : Non-Aligned Movement Participants, Observers, and Guest", ([http://kjs.nagaokaut.ac.jp/mikami/NAM/member\\_list.htm](http://kjs.nagaokaut.ac.jp/mikami/NAM/member_list.htm)).

<sup>860</sup> Mohd. Yusof bin Ahmad, "Continuity and Change in Malaysia's Foreign Policy, 1981-1986", Unpublished Ph.D. Thesis (Tufts University, Massachusetts, 1990), 38-41.

<sup>861</sup> K.S. Nathan, "Vision 2020 and Malaysian Foreign Policy", 223.



quite clear before that we side with the Western ideology or the Western understanding of democracy".<sup>862</sup> Nonetheless, when Sukarno's government collapsed in 1965,<sup>863</sup> and Tun Abdul Razak, who was in favour of the principle of neutrality and non-alignment,<sup>864</sup> succeeded Tunku Abdul Rahman as the second Malaysian Premier (1970-1976),<sup>865</sup> Malaysia eventually participated in the NAM Summit in 1970. Meanwhile, Saudi Arabia was among the first group of countries that took part both in the Afro-Asian Conference in Bandung, Jakarta in 1955,<sup>866</sup> and the first NAM Summit Conference in Belgrade, Yugoslavia in 1961. Between the first NAM Summit in Belgrade in 1961 to the latest summit in Putrajaya, Malaysia in 2003, there were only two conferences, namely the third NAM Summit in Lusaka, Zambia in 1970, and the sixth NAM Summit in Havana, Cuba in 1979, which the Kingdom did not attend.<sup>867</sup> The absence of Saudi Arabia in Lusaka was probably because of the aftermath of the Arab-Israeli War of 1967,<sup>868</sup> and also followed some disagreements between the Arab and the African countries in a

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<sup>862</sup> R.S. Milne and Diane K. Mauzy, Politics and Government in Malaysia (Singapore : Times Books International, 1980), 295.

<sup>863</sup> See note 825 in the Chapter VII.

<sup>864</sup> K.N. Nadarajah, Tengku Ahmad Rithauddeen : His Story (Selangor, Malaysia : Pelanduk Publications (M) Sdn. Bhd, 2000), 51 (Tengku Ahmad Rithauddeen was the former Foreign Minister of Malaysia, 1975-1981 & 1984-1986), see also notes 293 & 294 in Chapter IV.

<sup>865</sup> Tun Razak began his term in 1970, and died in 1976 at the age of 54. R.S. Milne & Diane K. Mauzy, Malaysia : Tradition, Modernity, and Islam (Boulder : Westview Press, Inc., 1986), 156-157, see also sub-topic entitled, "Tun Razak's Political-Economic Relations with Saudi Arabia" in the Chapter IV.

<sup>866</sup> At the beginning, most of the Arab states including Saudi Arabia were less enthusiastic with the Bandung Conference. However, when Pakistan insisted on excluding Israel, and its proposal was accepted by India, Ceylon, Burma, and Indonesia, the Arab countries agreed to participate. Georgiana G. Stevens, "Arab Neutralism and Bandung", The Middle East Journal 11 (2) Spring 1957 (139-152), 146.

<sup>867</sup> See "NAM Member List : Non-Aligned Movement Participants, Observers, and Guest", ([http://kjs.nagaokaut.ac.jp/mikami/NAM/member\\_list.htm](http://kjs.nagaokaut.ac.jp/mikami/NAM/member_list.htm)).

<sup>868</sup> After the war of 1967, the Israeli occupation (or under its control) also covered the Islands of Sanafir and Tiran, over which the Saudi government claimed sovereignty. See R.D. McLaurin, Don Peretz & Lewis W. Snider, Middle East Foreign Policy : Issues and Processes (New York : Praeger Publishers, 1982), 208-211.

meeting held in Belgrade in 1969, prior to the conference, on the major issues that would be highlighted in the conference.<sup>869</sup> The NAM summit in Havana in 1979 was closely linked to the Kingdom's protest over the Camp David peace agreement between Egypt and the Israeli government.<sup>870</sup>

Malaysia and Saudi Arabia, along with other NAM members, especially the main founders of NAM India, Yugoslavia, Indonesia, and Ghana, endeavoured to uphold the concept of non-alignment in the Cold War era, which was largely dominated by the superpowers' rivalries between the United States and the former Soviet Union. A less different outlook on non-alignment, especially on the term 'peaceful coexistence' was, the view of Tun Razak (Malaysia's second Prime Minister), ".....that the policy of peaceful coexistence in this region (the Southeast Asia) is in the interests of all concerned – big powers as well as small powers – and that it is in the interest of the big powers to guarantee the integrity, independence and neutrality of the small countries in Southeast Asia....",<sup>871</sup> or as King Saud (1953-1964) had pronounced: "Our foreign relations are conducted on the basis of mutual respect and absolute neutrality, in cooperation with the

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<sup>869</sup> The Arab countries emphasised the question of Palestine and Israeli occupation of their lands since the 1967 war (where Saudi Arabia was much concerned on the issue of Palestinian people since the Kingdom's inception in 1930s), while the African countries concentrated on the affairs of southern Africa, and at the same time also, they refused to accept the Palestine Liberation Organisation (PLO) as NAM new member. See Peter Willetts, The Non-Aligned Movement, 33-36.

<sup>870</sup> During the Summit, the Arab states failed to get support from other NAM members to suspend the membership of Egypt. (In the meantime, the Saudi government was dissatisfied with the result of the Camp David agreement for the Islands of Sanafir and Tiran, which were under Egyptian suzerainty before the war of 1967, and were reverted to the Egyptian government. See R.D. McLaurin, Don Peretz & Lewis W. Snider, Middle East Foreign Policy, 211). Another reason for Saudi's absence was due to Cuban close relations with the former communist Soviet Union. Gwyneth Williams, Third-World Political Organization, 63-65, Philippe Brillard & Mohammad-Reza Djalili, The Third World and International Relations, 97-98.

<sup>871</sup> Morais, J. Victor (ed.), Strategy For Action : The Selected Speeches of Tun Haji Abdul Razak bin Dato' Hussein Al-Haj, (Kuala Lumpur : Government Press, 1969), 14.

Arab Islamic countries and the Afro-Asian bloc, and by stressing the principles of Bandung and the United Nations Charter".<sup>872</sup> Both countries played some roles in realising the objectives of NAM, specifically in solving or, at least, mediating several smaller states' issues and conflicts in the international system. Saudi Arabia, which joined NAM earlier than Malaysia, with other Arab states<sup>873</sup> had continuously called on NAM to emphasize the issue of Palestine, the abolition of old and new colonialism in the underdeveloped countries, the problem of unequal development between developed and undeveloped countries, the universality of membership in the United Nations, the international co-operation and co-ordination in economic, technical, social and cultural affairs, and the rejection of the bipolar world.<sup>874</sup> Furthermore Malaysia, which had just become a member of NAM in 1970, was appointed as one of the permanent executive committee for NAM<sup>875</sup> and co-jointly with the Arab-Muslim countries promoted the issue of Palestine, as well as addressing some of the regional conflicts in the Asian region like the Vietnam War, the India-Pakistan tussle, the crisis of the two Koreas, and other issues

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<sup>872</sup> Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 201.

<sup>873</sup> Other Arab States including Iraq, Lebanon, Morocco, Jordan, United Arab Republic (Egypt and Syria), Yemen, Algeria, and Tunisia. Sayed Nofal, "The Role of the Arab World in the Afro-Asian Conferences from Bandung to Belgrade", in Fayez A. Sayegh (ed.), The Dynamics of Neutralism in the Arab World : A Symposium (San Francisco :Chandler Publishing Company,1964) 254.

<sup>874</sup> Sayed Nofal, "The Role of the Arab World in the Afro-Asian Conferences from Bandung to Belgrade", 254-257, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 201-202, see also Leo Mates, Nonalignment : Theory and Current Policy (Belgrade : The Institute of International Politics and Economics, & New York : Oceana Publications, Inc., 1972), 386-394, 432-450 & 480-484 (For a few documents of NAM's declaration in its three summits; Belgrade in 1961, Cairo in 1964, and Lusaka in 1970), Mohamed El-Hadi Afifi, The Arabs and the United Nations (London : Longmans, Green and Co. Ltd., 1964), 28-33 (For several principles of the Bandung Conference in 1955).

<sup>875</sup> Other members were Algeria, Egypt, Morocco, Sudan, Burundi, Ethiopia, Senegal, Tanzania, Zambia, India, Indonesia, Iraq, Sri Lanka, Guyana & Yugoslavia. Peter Willetts, The Non-Aligned Movement : The Origins of A Third World Alliance (London : Frances Pinter Ltd., 1978), 37.

including Apartheid and the question of the Law of the Sea Conference.<sup>876</sup> Besides that, Malaysia also suggested to the NAM members that they should attract those smaller states that were still affiliated with any military alliances, such as NATO, SEATO, CENTO and the Warsaw Pact, to join NAM and at the same time encouraged both the superpowers, the US and the former Soviet Union, to resolve their misunderstandings and conflicts in a more peaceful way.<sup>877</sup> At the end of the Cold War, Malaysia, Saudi Arabia and other NAM members persistently believe that NAM is still relevant in sustaining and safeguarding smaller states' interests in the international system as was articulated by King Fahd during the 11<sup>th</sup> NAM Summit in Cartagena, Colombia in 1995, ".....the end of the Cold War, and the emergence of a new international order based on new realities, will not diminish the importance of our movement or cancel its principles".<sup>878</sup> Malaysia, for the first time in the history of its participation in NAM, had become host for the 13<sup>th</sup> NAM Summit in Putrajaya, Malaysia in 2003 and, together with other members including Saudi Arabia, Malaysia chaired the Ministerial Meeting of the Committee on Palestine to discuss the latest crisis of Israel-Palestine in 2004.<sup>879</sup>

Since Malaysia and Saudi Arabia joined NAM, to some extent, how far can their membership of the movement safeguard their interests, mainly in facing the superpower

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<sup>876</sup> For example, in the Third NAM Summit Lusaka, Zambia (1970), Malaysia proposed the Indian Ocean to be free from any nuclear threats. Rozeman Abu Hassan, Tun Abdul Razak Bin Dato' Hussein, 74.

<sup>877</sup> Ghazali Shafie, Malaysia : Nilai Politik dan Budaya (Kuala Lumpur : Penerbitan Pustaka Antara, 1981), 105-117.

<sup>878</sup> King Fahd's speech was presented by Prince Saud Al-Faisal, Minister of Foreign Affairs of Saudi Arabia. "Prince Saud Al-Faisal's speech at Non-Aligned Movement in Cartagena", (<http://www.saudiembassy.net/1995News/Statements/SpeechDetail.asp?cIndex=275>).

<sup>879</sup> "NAM Urges UN to Send Peacekeeping Force to Palestine", NAM Report, 13 May 2004 (<http://electronicintifada.net/v2/article2655.shtml>).

rivalries, and at the same time further strengthen their relations in the international system? The study believes that the membership of Malaysia and Saudi Arabia in NAM is not entirely to safeguard their interests against the rivalry of the two superpowers, particularly the US and the western democratic countries, or to consider that they are the 'enemy' of the NAM members. Both countries, in fact, attempt to seek better relations from the two blocs, the US and the former Soviet Union, parallel with the main theme of NAM which emphasizes peaceful co-existence with any states of a different social system.<sup>880</sup> For instance, Malaysia has developed its commercial relations with the former Soviet Union since 1967,<sup>881</sup> and through Tun Razak's efforts, also established diplomatic relations with another communist country by visiting China in 1970. Meanwhile, Saudi Arabia's relations with the former Soviet Union began in the early 1920s, when the communist country declared its recognition of the Kingdom in 1926.<sup>882</sup> Nonetheless, it cannot be denied that Malaysia and Saudi Arabia are much closer to the US-British bloc than the former Soviet-socialist states. This is because, apart from British occupation in Malaysia, and British influence upon the establishment of the Kingdom of Saudi Arabia, both countries also have had established military treaties with the US-British bloc, such as the 'Anglo-Malayan Defence Agreement' (AMDA) in 1957 which was later replaced by a new treaty, called the 'Five Power Defence Arrangement' (FPDA) between

<sup>880</sup> Alim-Khan, The Non-Aligned Movement : Achievements, Problems, Prospects (Moscow : Novosti Press Agency Publishing House, 1985), 5.

<sup>881</sup> "Russian-Malaysian Trade and Economic Relations", (<http://www.polpred.com/en/er/malaysia.htm>), "Putin's Trip to Malaysia – Special Press Summary", ([http://www.yic-info.org/Regions/Top.nsf/0\\_dddb20aa416f2ba80a256d7c000c5592?OpenDocument](http://www.yic-info.org/Regions/Top.nsf/0_dddb20aa416f2ba80a256d7c000c5592?OpenDocument)).

<sup>882</sup> Yet, relations were not strongly developed as the Kingdom's interaction with the US. See note 844 in the Chapter VII. In the case of the relations between Saudi Arabia and China, it was only diplomatically initiated in 1990 (prior to 1990s, it was difficult for China to seek relations with Saudi Arabia). Ministry of Foreign Affairs, The People's Republic of China, (<http://www.fmprc.gov.cn/eng/wjbx/zjgxybfs/gjlb/2878/default.htm>).

Malaysia, Great Britain, Singapore, New Zealand, and Australia in 1971,<sup>883</sup> and the U.S. Air Force in Dhahran, Saudi Arabia, completed in 1946.<sup>884</sup> As Malaysia and Saudi Arabia had experienced the pattern of the US-British influences, which to some extent contributed to the preservation of Malaysian and Saudi Arabian security during the world wars, to weaken the threat of the communist movement (especially in Malaysia) and to provide a network for both countries to be well-integrated within the world economy, Malaysia and Saudi Arabia's participation in NAM is more towards better co-operation with the two blocs, especially within the US-British bloc.

The closeness of Malaysia and Saudi Arabia to the US-British bloc in the international system, in some ways seemingly signifies that both countries cannot be ultimately regarded as non-aligned or neutral,<sup>885</sup> or would not be accepted as NAM

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<sup>883</sup> Rozeman Abu Hassan, Tun Abdul Razak Bin Dato' Hussein, 59-66.

<sup>884</sup> Now, U.S. airforce in Dhahran, Saudi Arabia has become King Abdul Aziz Air Base (KAAB). Peter Willetts, The Non-Aligned Movement, 23 & 51, Alexei Vassiliev, The History of Saudi Arabia, 326, Global Security.org, "King Abdul Aziz Air Base (KAAB), Dhahran, Saudi Arabia", (<http://www.globalsecurity.org/military/facility/dhahran.htm>).

<sup>885</sup> Even Saudi Arabia which was generally argued as a 'traditionally neutral' state, during the outbreak of World War I, and World War II, mainly intended to seek protection or to avoid any intervention from any foreign powers, in regards to its arch-rival, the Hashemite descendants. On top of that, the Saudi family was also usually in favour of any foreign powers that in the eyes of its ruler can safeguard their interests, and prolong their survival in the Arab world, like in the Kingdom's relations both to the Ottoman-British rivalry in the World War I, and the British-German clash in World War II, where it preferred to agree to some proposals made by the British government during the two world wars. For example, in the case of the Ottomans, due to their support to Ibn Rashid family, Ibn Saud's rival in the central Arabian Peninsula, and also Ibn Saud's wish for a total defeat for Ottomans in the Arab world, the Saudi government chose to accept the British offer (among the offer was to recognize the independence of all Ibn Saud's territories including Nejd, Hasa and Qatif) to avoid any co-operation with the Ottoman (despite Ibn Saud's early declaration to administer Nejd under the Ottoman empire, and the dispatch of four *ulamas* by the Ottomans to urge Ibn Saud and Ibn Rashid families became united to act against the British). See Jacob Goldberg, The Foreign Policy of Saudi Arabia : The Formative Years, 1902-1918 (Harvard : Harvard University Press, 1986), 115-117, Fouad Al-Farsy, Saudi Arabia : A Case Study in Development, 37, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 28-33. Meanwhile the Germans, under Hitler's reign, laid down a better

members because of their military tie with the US-British bloc. However, due to Malaysia and Saudi Arabia's refusal to join SEATO, and the Baghdad Pact respectively, and added with some other aspects including the change of Malaysian leadership which stressed for non-alignment approach, Saudi Arabia's harmonious relations with Egypt (as one of the core founders of NAM), the Kingdom's eagerness to attend the NAM conferences (even it also involved in the Bandung Conference prior to the first NAM Summit in 1961),<sup>886</sup> as well as its enormous economic resources, the production of oil, which enable the Kingdom to contribute financially to a few poor countries of NAM,<sup>887</sup> probably had given them an opportunity to become members of NAM. Besides that, both countries' membership of NAM could be associated with some domestic political necessities. Malaysia, which suffered 'the moment of isolation' owing to the Indonesian confrontation against the formation of the Federation of Malaysia and its early protest (during Sukarno's era) of Malaysia's involvement in NAM, was obliged to send several Malaysian officials on a series of tours, especially to the Arab and African continents (as the key member of NAM) in order to gain recognition for the Plan.<sup>888</sup> Saudi Arabia, which had to face the threat of the Hashemite descendants whom they overthrew during

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promise to Ibn Saud by offering him the crown of the king of all the Arabs, in order to attack the British in World War II, and there was almost a concession granted to the Germans to extract mineral resources on the Red Sea coast, but the Kingdom decided to refuse the Germans' offer owing to its long-established relations with the British, specifically during the First World War. However, in World War II, Ibn Saud refused the Allies' (led by the British and the US) attempt to use his country as bases for launching any strategic-military purposes. Later, in 1945, Saudi Arabia declared war over Axis powers to enable it to join the United Nations. Alexei Vassiliev, *The History of Saudi Arabia*, (London : Saqi Books, 2000), 321-323 & 327, Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 198.

<sup>886</sup> Peter Willetts, *The Non-Aligned Movement*, 44.

<sup>887</sup> This will be further discussed in Saudi Arabia's contribution in Group of 77 for this group was among the products of NAM (See the sub-topic "The Group of 77" in the Chapter VII).

<sup>888</sup> See notes 237 & 238 in the Chapter IV.

the Nejd (Ibn Saud's area) and the Hijazi (the Hashemite's influence) war in 1919,<sup>889</sup> was led to attend as well as to join the movement by acknowledging too that the strong influence of Gamal Abdel Nasser of Egypt in NAM (in which movement there were several Arab-Muslim countries) would further reinforce its position in the Arab and Muslim World, for Egypt also firmly opposed the Baghdad Pact.<sup>890</sup> In other words, although the participation of Malaysia and Saudi Arabia in NAM is an attempt to safeguard their interests vis-à-vis superpower rivalries, and to support the organisation's principles of non-alignment and neutrality in the international system, in practice they are closer to one of the two superpowers' blocs, mainly the US-British bloc (but the two countries endeavour too to seek relations with the former Soviet Union's bloc), and more significantly, their involvement in NAM could be largely regarded as a kind of public relations exercise in order to acquire wider political recognition, broader economic co-operation, and to prolong the survival of Malaysia and Saudi Arabia's sovereignty in the world community at large.

### **7.3.3 Malaysia's Relations With Saudi Arabia in NAM**

It is less in doubt that the organization of NAM might influence the degree of Malaysia's relations with Saudi Arabia. Nevertheless, it would be inadequate to wholly argue that NAM has provided early bases for both countries to interact at the international level. This is because most of Malaysia's initial efforts to interact with Saudi Arabia were made by its leaders, especially Tunku Abdul Rahman, the first Malaysian premier, who first

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<sup>889</sup> Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 36.

<sup>890</sup> Nevertheless, the other reason why Saudi Arabia did not join the Baghdad Pact was because it worried the influence of the Hashemite bloc, the Iraqi government, with the British support, in the military pact. Mohamed Zayyan Al-Jazairi, "Saudi Arabia : A Diplomatic History", 89, 92-93.



visited the Kingdom in 1958 after a year of Malaysia's independence.<sup>891</sup> This formal visit was then continued by other Malaysian Premiers such as Tun Abdul Razak, Tun Hussein Onn, and Tun Dr. Mahathir Mohamad.<sup>892</sup> Moreover, Malaysia's participation in NAM in 1970 was quite late compared to Saudi Arabia which had joined the movement in 1961. Upon Malaysia's late admission into NAM, because of Indonesia's protest in the movement for it strongly resisted the Malaysian plan to form the Federation of Malaysia in the early 1960s, it could not use NAM directly to get support from other NAM members that might not be against its plan. Instead, Malaysia had to unilaterally make some efforts to visit several other NAM members (outside the movement), including Saudi Arabia, in order to get some recognition for the creation of the Federation of Malaysia.<sup>893</sup> In other words, NAM could not be regarded as one of the initial steps that might provide some basic foundations to strengthen Malaysia's relations with the Kingdom of Saudi Arabia.

Besides, in the beginning years of the creation of NAM, the roles of Malaysia and Saudi Arabia in the movement were not as important as the main founders of NAM, namely Yugoslavia, India, Ghana, and particularly to Egypt, and Indonesia whose roles frequently overwhelmed both Malaysia and Saudi Arabia in relations to the affairs of the Southeast Asian and the Middle East regions respectively within the context of NAM itself.<sup>894</sup> With the powerful influences of Sukarno of Indonesia, who was largely

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<sup>891</sup> See note 235 in the Chapter IV.

<sup>892</sup> See pages 87-97 in the Chapter IV.

<sup>893</sup> See pages 85-86 & 104-105 in the Chapter IV.

<sup>894</sup> According to Ashwani Kumar Sharma, the personal attributes and high stature of a few influential leaders in NAM, such as Nehru of India, Tito of Yugoslavia, Nasser of Egypt, Nkrumah of Ghana, Sukarno of Indonesia, Kenneth Kaunda of Zambia, and Boumedienne of

responsible for the lateness of Malaysia's membership, and Gamal Abdel Nasser of Egypt in the Arab world, Malaysia and Saudi Arabia's role in NAM were limited. It was only after the downfall of Sukarno that Malaysia was able to attend the NAM Summit in Lusaka, Zambia in 1970.<sup>895</sup> Nevertheless, at Malaysia's first presence in NAM, Saudi Arabia was among the absentees from the conference, which indirectly obstructed both countries in discussing some international issues together with other NAM members. Meanwhile it could be pointed out that Saudi Arabia's early membership in NAM, along with highlighting the issue of Palestine, was more focused on achieving broader recognition of the NAM members, especially among Egypt and other Arab counterparts. The Saudi government believed that the significance of Egypt in NAM could help the Kingdom further to consolidate its position in acting against the Hashemite descendants in the Arabian Peninsula as their (both Saudi Arabia and Egypt) role in the Arab League which condemned the Hashemites' plan to create 'the Greater Syria', and also the formation of the Baghdad Pact in 1955.<sup>896</sup> Hitherto, as the years passed, with the changes of government in those core founders, primarily India, Egypt and Indonesia, and also the suspension of Yugoslavia following the Balkan crisis, Malaysia in particular had begun to gain some key roles in continuously upholding the vision of NAM in the international system including becoming the chairman of NAM in hosting its 13<sup>th</sup> Summit in Putrajaya, Malaysia in 2003. At this summit the Malaysian government, Saudi Arabia and other NAM members prominently called for some contemporary issues including the

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Algeria, is one of the sources of influence in NAM which largely shapes the organization's structure and political process, and also to re-orient the organization in response to the changing international environment. Ashwani Kumar Sharma, "Third World Solidarity in Global Politics", 161.

<sup>895</sup> See note 860 in the Chapter VII.

<sup>896</sup> See notes 889 & 890 in the Chapter VII.

definition of global terrorism as well as the recent development of the Israel-Palestine conflict.<sup>897</sup>

In addition, there were other aspects that illustrate some differences between Malaysia and Saudi Arabia in NAM which may indirectly discourage the consolidation of their relations in the movement itself. For instance, the issue of the Camp David Agreement, the peace process between Egypt and Israel in 1979 to which the Kingdom protested by being absent from the NAM Summit Conference in Havana, Cuba in 1979.<sup>898</sup> On the contrary, the Malaysian government attended the conference and did not give any clear signal either to protest or to accept the peace process. However under Tun Hussein's premiership (the third Prime Minister of Malaysia), because he believed that Egypt's initiative was not deviating from a unified Arab stand, particularly his uncompromising attitude on the basic Arab stand on the returning of all occupied Arab land since 1967, and the treaty itself only involved a few Arab states: Egypt, Syria, Jordan and the Palestinians (along with Israel, and the United States). Besides that, Tun Hussein considered it an 'internal matter' between the Arabs, and the Malaysian government would diplomatically refrain from any involvement in inter-Arab disputes.<sup>899</sup> On top of that, there were no other members of NAM,<sup>900</sup> including Malaysia, which exclusively agreed on the expulsion of Egypt from NAM as suggested by some Arab

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<sup>897</sup> See for instance, XIII Summit, Kuala Lumpur, 24-25 February 2003, "Speech by Prime Minister The Honourable Dato Seri Dr. Mahathir Mohamad at the Opening Session of the XIII Summit Meeting of the Non-Alignment at Putra World Trade Centre, Kuala Lumpur February 24, 2003", (<http://www.nam.gov.za/media/030225na.htm>).

<sup>898</sup> The absence of Saudi Arabia from the conference was also due to Cuba's closeness to the former Soviet Union. See note 870 in the Chapter VII.

<sup>899</sup> See note 310 in the Chapter IV.

<sup>900</sup> Especially from African countries, most of which opposed any efforts to expel Egypt from NAM. Ashwani Kumar Sharma, "Third World Solidarity in Global Politics", 174.

countries. For it was beyond the principle of NAM itself, as had been argued by Phillippe Braillard and Mohammad-Reza Djalili in regards to the proposal of Egypt's expulsion, ".....Although the Camp David policy was formally and severely condemned, the conference did not carry out the proposals for expulsion or suspension put forwards by some members. In this way the non-aligned movement was seen to remain unwilling to accept any idea of the expulsion of a member country".<sup>901</sup>

The other aspects were that the Kingdom has yet to become a host for any NAM Summit Conferences, whereas Malaysia had just hosted the summit in 2003. The fact is, however, that it took more than 30 years for Malaysia and Saudi Arabia to send their representatives to attend a NAM conference launched in one of these two countries, and no one knows when the Kingdom will become the next host for the NAM Summit. The membership of Malaysia and Saudi Arabia in the Organisation of Islamic Conference (OIC), rather than NAM, played a significant role in attracting the Royal Highness of the Kingdom of Saudi Arabia, King Faisal to pay the first formal visit to Malaysia in 1970, and simultaneously also offered Tunku Abdul Rahman, Malaysia's Prime Minister, as the first OIC Secretary. Above all, without ignoring the role of NAM in uniting smaller states in one big organization to maintain their interests in the international system mainly to face the rivalry of the two superpowers, to ultimately suggest that NAM was predominantly leading the relations between the two countries, Malaysia and Saudi Arabia, closer is quite doubtful. This is because of the focus of NAM, which gives more attention to multilateral interactions (not bilateral) between members on some issues or

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<sup>901</sup> In the past, only Chile had been excluded in Algiers in 1973 at the instigation of the host country. Phillippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 98.

conflicts and added with the character of both countries' initial interactions, which are mostly based on the efforts of the country itself (preferably like Malaysia which first visited the Kingdom), and also some other obstacles that might limit their role in NAM as well as the tendency of both countries which are more active and more concerned with their own regional organizations, particularly with their affiliation to several Muslim religious institutions.

## **7.4 The Group of 77**

### **7.4.1 The Establishment of the Group of 77**

The establishment of the Group of 77 was commonly associated with the dissatisfaction of less developed countries with their economic performances, especially in terms of the price of raw materials and agricultural commodities, in the world market system. The emergence of the group is generally regarded as a bridge for the commencement of the North-South dialogue, between developed and less developed countries, in the international political economy. With the pattern of the commodities' price fluctuation, the challenges of a few synthetic products from major industrial countries and the question of aid (from developed countries), less developed countries urged the United Nations and major developed countries to organize a world trade conference in order to address their economic problems. The less developed countries wanted to stabilize the price of the commodities, to remove all the trade barriers between both sides (less developed countries and developed countries), to introduce trade preferences on their manufactures and semi-manufactured products, and also to pursue some demands to re-

structure the international economic system.<sup>902</sup> The continuous efforts of a few groups of less developed countries, mainly from Latin America, Africa and Asia, which repeatedly voiced the significance of a world trade conference, for instance at the 16<sup>th</sup> session of the UN General Assembly in 1961,<sup>903</sup> and at the 18<sup>th</sup> session of the UN General Assembly in 1963,<sup>904</sup> and their organisation of an economic development conference in Cairo in 1962,<sup>905</sup> eventually led to the first launch of the United Nations Conference on Trade and Development, or 'UNCTAD I', in Geneva in 1964.<sup>906</sup> With the inauguration of UNCTAD I also, the Group of 77 was indirectly formed following a number of 'Seventy-Seven Developing Nations' which participated and recognized UNCTAD I as the most important step towards creating a new and better world economic order.<sup>907</sup> The seventy-

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<sup>902</sup> Richard N. Gardner, "The United Nations Conference on Trade and Development", International Organization 22 (1) Winter 1968, 100 (99-130), J.M. Gullick, Malaysia (London : Ernest Benn Limited, 1969), 204 (J.M. Gullick specifically mentioned synthetic rubbers, and also the United States' surplus stocks of rubber and tin accumulated as strategic reserves at the time of the Korean War, which to some extent, influenced the prices of these two commodities at the world market in the post-early Korean War), Douglas C. Smyth, "The Global Economy and the Third World : Coalition or Cleavage?", World Politics xxix (4) July 1977, 584 (584-609), Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 161-162, Karl P. Sauvant, "Toward the New International Economic Order", in Karl P. Sauvant & Hajo Hasenpflug (ed.), The New International Economic Order : Confrontation or Cooperation Between North and South? (London : Wilton House Publications, 1977), 3-6, Gwyneth Williams, Third-World Political Organization, 23-24.

<sup>903</sup> Gwyneth Williams, Third-World Political Organization, 1-2.

<sup>904</sup> Group of 77, "UNESCO Chapter" (<http://www.unesco.org/g77/>).

<sup>905</sup> Among the main core-founders of this conference were Ceylon, Ethiopia, Ghana, Guinea, India, Indonesia, Libya, Mali, Sudan, the United Arab Republic (Egypt and Syria), and Yugoslavia. Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 203.

<sup>906</sup> Richard N. Gardner, "The United Nations Conference on Trade and Development", 99-107.

<sup>907</sup> Originally, there were only 75 less developed countries which recognized UNCTAD I, but with the support of Japan and New Zealand (both countries however refused to join the Group of 77), it was then referred to as the Group of 77. The list of less developed countries that participated and recognized UNCTAD I were Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger,

seven less developed countries (excluding Japan and New Zealand) that signed the 'Joint Declaration of the Developing Countries at UNCTAD I'<sup>908</sup> in 1964 were regarded too as the founders the Group of 77.<sup>909</sup> The other participants of UNCTAD I included the Organisation for Economic Cooperation and Development (OECD) countries, known as Group B (developed countries), and the former Soviet Union and its allies, the Eastern bloc countries of Europe or Group D.<sup>910</sup> After the inauguration of UNCTAD I, the Group of 77, and developed countries (also several socialist countries) embarked on a series of UNCTAD conferences, from UNCTAD II to UNCTAD XI, at least every four years, to discuss their economic problems and challenges.<sup>911</sup>

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Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Republic of Vietnam, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen, and Yugoslavia). See Karl P. Sauvant, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77, volume I (New York : Oceana Publications, Inc., 1981), 19, The Group of 77, "UNESCO Chapter", (<http://www.unesco.org/g77/>). However, in another book written by the same author, Karl P. Sauvant, he included Benin, Lesotho, and Zaire, and also mentioned one Congo only, but omitted Ghana and Dahomey. Karl P. Sauvant, The Group of 77 : Evolution, Structure, Organization (New York : Oceana Publications, Inc., 1981), 103.

<sup>908</sup> There were, at least, ten major points of the Joint Declarations of Developing Nations in UNCTAD I. For further details see for instance Karl P. Sauvant, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77, volume I, 19-20.

<sup>909</sup> Nevertheless, members of the Group of 77 had increased from 77 in 1964 to 132 countries (Yugoslavia was suspended after the Balkan crisis). Marc Williams, Third World Cooperation : The Group of 77 in UNCTAD (New York : St. Martins Press, 1991), 78, Group of Seventy-Seven at the United Nations, "Member States of the Group of 77", (<http://www.g77.org/main/main.htm>).

<sup>910</sup> Gwyneth Williams, Third-World Political Organization, 20-21.

<sup>911</sup> The other UNCTAD conferences are UNCTAD II (New Delhi, 1968), UNCTAD III (Santiago, 1972), UNCTAD IV (Nairobi, 1976), UNCTAD V (Manila, 1976), UNCTAD VI (Belgrade, 1983), UNCTAD VII (Geneva, 1987), UNCTAD VIII (Cartagena, 1992), UNCTAD IX (Midrand, South Africa, 1996), UNCTAD X (Bangkok, 2000), and UNCTAD XI (Sao Paulo, 2004). Marc Williams, International Economic Organisations and the Third World (New York : Harvester Wheatsheaf, 1994), 185, UNCTAD, "UNCTAD IX in Midrand, South Africa", (<http://www.unctad.org/Templates/Calendar.asp?frmCategory=0&frmKeyword=&frmMonth=5&frmYear=1996&frmNoOfMonth=1&Action=Do+search&intItemID=2068&lang=1&year=1996&month=6&day=1>), UNCTAD, "UNCTAD X in Bangkok, Thailand", (<http://www.unctad-10.org/welcome.htm>), UNCTAD, "UNCTAD XI in Sao Paulo, Brazil", (<http://www.unctad.org/Templates/StartPage.asp?intItemID=2068>).

The frequent dialogues between less developed countries and developed countries in a series of UNCTAD conferences to some extent enabled the Group of 77 to stress their demands, which were mostly directed to developed countries, to further improve their economic performances in the international economic system. The crucial demands of the Group of 77 revolved around the issue of the setting up of an international trade organisation where, in the eyes of less developed countries, membership was more universal than the General Agreement on Tariffs and Trade (GATT) signed in 1948,<sup>912</sup> with the stabilization of the commodity market, the introduction of preferences on manufactured and semi-manufactured products, and the increase of the flow of financial resources to less developed countries.<sup>913</sup> The Group of 77 was still not entirely displeased with the response of developed countries over their demands in the UNCTAD conferences, but at least they had achieved some agreements with the latter, within the UNCTAD framework, mostly in regards to the structure of UNCTAD itself, international trade and financial assistance. For example, the acceptance of UNCTAD as a permanent member organ of the United Nations in UNCTAD I, through which it simultaneously provided regular opportunities for less developed countries and developed countries to directly negotiate, especially on trade regulations,<sup>914</sup> facilitated the introduction of the Generalised System of Preferences in 1970, which helped less developed countries to

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<sup>912</sup> For early establishment of GATT see for instance, United Nations, General Agreement on Tariffs and Trade : Protocols and Declaration (Lake Success, New York, 1948), 1-33, and see also on the Declaration note after page 33 in this book.

<sup>913</sup> The Group of 77 at the UNCTAD I adopted a target of aid to less developed countries of 1 per cent of the combined national incomes of the developed countries. For further details on demands of the Group of 77 see Karl P. Sauvant, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77, volume I, 24-37, Gwyneth Williams, Third-World Political Organization, 22-24, Robert A. Mortimer, The Third World Coalition in International Politics, 16.

<sup>914</sup> Gwyneth Williams, Third-World Political Organization, 23.



easily promote their commodities and products in developed countries' markets;<sup>915</sup> the establishment of the Integrated Programme Commodities (IPC), which allowed for 18 specified commodities of less developed countries to be negotiated by means of producer-consumer agreements that set floor<sup>916</sup> and ceiling price<sup>917</sup> in order to stabilize the commodities' price;<sup>918</sup> the setting up of the Common Fund for less developed countries' commodities in 1980;<sup>919</sup> the distribution of debt relief amounting GB6.5 billion

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<sup>915</sup> At UNCTAD II, the conference unanimously adopted a resolution on preferential or free entry of exports of manufactures and semi-manufactures of developing countries to developed countries. Among the developed countries taking part in implementing the Generalised System of Preferences (GSP) were Austria, Canada, Belgium, Luxembourg, the Federal Republic of Germany, France, Italy, the Netherlands, Ireland, Japan, New Zealand, Denmark, Finland, Norway, Sweden, Switzerland, the United Kingdom, and the United States. The degree of implementation of GSP, however, varied from one country to another and from one product to another. For instance, most of the developed countries introduced it in 1971, except Australia which a bit earlier in 1966, UK in 1972, and the US in 1976. Beside that, the GSP would be applied in certain exceptions based upon individual developed countries' preferences, in which some products would be excluded from the GSP such as textiles, petroleum and petroleum products, leather and leather goods. See UNCTAD, Proceedings of the United Nations Conference on Trade and Development, Third Session, Vol. II, Merchandise Trade (New York : 1973), 105-107, UNCTAD, Seminar Program, UNCTAD North-South Symposium, May 1979, Report Series No. 5, Thomas R. Graham, "The U.S. Generalized System of Preferences for Developing Countries : International Innovation and the Art of the Possible", The American Journal of International Law 72 (3) July 1978, 513 (513-541), Christopher P. Brown, The Political and Social Economy of Commodity Control (London : The Macmillan Press Ltd., 1980), 48.

<sup>916</sup> Floor price is the lowest price that a commodity stabilization scheme is intended to allow. John Black, Oxford Dictionary of Economics (Oxford : Oxford University Press, 1997), 182.

<sup>917</sup> Ceiling price is the highest permitted price of a good or service set by a government or a regulatory body. John Black, Oxford Dictionary of Economics, 56.

<sup>918</sup> Those 18 commodities were cocoa, coffee, copper, cotton, hard fibres, jute, rubber, tea, tin, sugar, bananas, bauxite, iron ore, manganese, meat, phosphates, tropical timber, and vegetable oils (olive oil and oil seeds). Marc Williams, International Economic Organisations and the Third World, 201, Christopher P. Brown, The Political and Social Economy of Commodity Control, 166 & 202, Michael W. Doyle, "Stalemate in the North-South Debate : Strategies and the New International Economic Order", World Politics 35(3) April 1983, 431 (426-464), Walden Bello, "The Future of Global Economic Governance", (<http://www.unu.edu/millennium/bello.pdf>).

<sup>919</sup> The Common Fund which was proposed by the Group of 77 in UNCTAD IV, Nairobi in 1976, was to further support the price commodities (under Integrated Programme Commodities) of less developed countries. The fund would stabilize, by buying and selling the buffer stock (a stock of a commodity held for the purpose of stabilizing its price), the specified price commodities when they either fell below or climbed too far above the negotiated price targets. Marc Williams, International Economic Organisations and the Third World, 196, Christopher P. Brown, The

(UK) to less developed countries and also the conversion of some debts to grants in UNCTAD V in 1979;<sup>920</sup> and a few other agreements including the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Business Practices (1980), the Convention on Conditions for Registration of Ships (1986), the Global System of Trade Preferences (1988),<sup>921</sup> et cetera.<sup>922</sup> Heading towards the 1990s, the Group of 77 expanded its economic dialogue with developed countries as well as among themselves, putting more emphasis on the issue of economic globalization, financial crisis, the concept of the World Trade Organisation (WTO), and other related agendas.<sup>923</sup>

#### 7.4.2 Malaysia and Saudi Arabia in the Group of 77

In regards to Malaysia and Saudi Arabia's affiliation in the Group of 77, it is encouraging to note that both countries are quite active in participating at meetings or seminars of the Group of 77, especially in the preparatory meeting prior to an UNCTAD conference.<sup>924</sup>

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Political and Social Economy of Commodity Control, 100-138, John Black, Oxford Dictionary of Economics, 42, Walden Bello, "The Future of Global Economic Governance", 6.

<sup>920</sup> The financial assistance and the conversion of debt into grants had been agreed since UNCTAD IV, V, and re-emphasised in UNCTAD VI. See for instance Gwyneth Williams, Third-World Political Organization, 41, Karl P. Sauvant & Joachim W. Muller, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77, volume vii, (New York : Oceana Publications, 1989), 517.

<sup>921</sup> Global System on Trade Preferences was a contractual commitment of less developed countries (about 48 less developed countries of the Group of 77 signed the agreement in 1988, and came into force in 1989) to promote their economic co-operation in the key area of trade exchanges. Karl P. Sauvant & Joachim W. Muller, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77, volume xv (New York : Oceana Publications, 1991), 189-191.

<sup>922</sup> Marc Williams, International Economic Organisations and the Third World, 196.

<sup>923</sup> The Non-Aligned Movement Under the Chairship of South Africa, "Report of the Outgoing Chair on the Activities of the Non-Aligned Movement During Its Full Term as Chair, September 1998-February 2003", (<http://www.suedafrika.org/sae/download/nam.pdf>).

<sup>924</sup> For a few indications of Malaysia and Saudi Arabia's participation in the Group of 77 meetings, and UNCTAD conferences see for instance Karl P. Sauvant, The Group of 77, 30, 112-113, Karl P. Sauvant, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77 (New York : Oceana Publications Inc., 1981), 19 & 368-369 (vol.

Malaysia and Saudi Arabia could even be considered as the core founders of the Group of 77 as they were among a group of less developed countries attending the first UNCTAD conference which subsequently led to the establishment of the Group of 77.<sup>925</sup> Besides that, both Malaysia and Saudi Arabia also carried out some vital functions in the Group of 77: the former was a member (as one of G-77's representatives) of the UNCTAD Trade and Development Board, especially in 1968 and 1973,<sup>926</sup> acted as one of the preparatory committees for the 1979 Fourth Ministerial Meeting,<sup>927</sup> was involved in the Working Group of 33 G-77 members on the Integrated Programme for Commodities and the Common Fund in 1980,<sup>928</sup> and was appointed as the presiding country of the Group of 77 in New York in 1989.<sup>929</sup> It also chaired a few seminars of the Group of 77 including the Second South-South Dialogue in Kuala Lumpur in 1985 (this dialogue paved the way for the creation of the South-South Commission at the Non-Aligned Movement in 1986),<sup>930</sup> the Seventh Meeting of the Intergovernmental Follow-up and Coordination

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I), 306 (vol. II), 125-126 (vol. III), 233 (vol. IV), Karl P. Sauvant & Joachim W. Muller, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77 (New York : Oceana Publications Inc., 1989), 503-504 (vol. VII), 358-361 (vol. XVIII, 1993), and other G-77 meetings such as Meeting of the Global System on Trade Preferences (GSTP), the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries, Meeting of the Heads of National Focal Points for Economic and Technical Cooperation among Developing Countries (ECDC/TCDC), Meeting of Representatives of Chambers of Commerce and Industry of Developing Countries, and et cetera. Karl P. Sauvant & Joachim W. Muller, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77 (New York : Oceana Publications Inc., 1991), 55 (vol. XV), 365 (vol. XVII), 241 & 246 (vol. XIV), and 433 (vol. XIX, 1993).

<sup>925</sup> See note 907 in the Chapter VII.

<sup>926</sup> J. Saravanamuttu, The Dilemma of Independence, 78 & 108, Karl P. Sauvant, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77 vol. I, 369.

<sup>927</sup> Karl P. Sauvant, The Group of 77, 113.

<sup>928</sup> Karl P. Sauvant, The Group of 77, 117.

<sup>929</sup> Group of Seventy-Seven at the United Nations, "Presiding Countries of the Group of 77 in New York", (<http://www.g77.org/main/main.htm>).

<sup>930</sup> Johan Saravanamuttu, "Malaysia's Foreign Policy in the Mahathir Period, 1981-1995 : An Iconoclast Come to Rule", Asian Journal of Political Science 4 (1) June 1996, 6 (1-16).

Committee on Economic Cooperation among Developing Countries (IFCC-VII) in Kuala Lumpur, Malaysia in 1989,<sup>931</sup> and others. Saudi Arabia also became a member of several committees of the Group of 77, for example as one of the co-ordinator countries of the Group of 77 in Geneva in 1968,<sup>932</sup> was involved in the preparatory committees for the 1979 Fourth Ministerial Meeting,<sup>933</sup> and during the early post-energy crisis of 1973 the Kingdom, with other 18 less developed countries (Algeria, Argentina, Brazil, Cameroon, Egypt, India, Indonesia, Iran, Iraq, Jamaica, Mexico, Nigeria, Pakistan, Peru, Venezuela, Yugoslavia, Zaire, Zambia), represented the Group of 77 to negotiate with developed countries in the Conference on International Economic Co-operation (CIEC), called 'the north-south dialogue', between 1975-1977. From this dialogue, Saudi Arabia was appointed, alongside with Algeria, Brazil, Egypt, India, Iran, Iraq, Jamaica, Venezuela, and Zaire (and also a few developed countries led by the United States), as one of the Energy Committees of the four commissions (Energy, Raw Materials, Development, and Finance) of the Conference on International Economic Co-operation (CIEC).<sup>934</sup> Furthermore, post-1973 and onwards, the Kingdom had contributed financial aid to 70 less developed countries, mostly to the members of the Group of 77, which approximately amounted to \$80 billion dollars, and it was endeavouring to continue granting aid to these poor countries in the years to come.<sup>935</sup>

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<sup>931</sup> Karl P. Sauvant & Joachim W. Muller, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77 vol. xv, (New York : Oceana Publications Inc., 1991), 174.

<sup>932</sup> Karl P. Sauvant, The Group of 77, 122.

<sup>933</sup> Karl P. Sauvant, The Group of 77, 114.

<sup>934</sup> Gwyneth Williams, Third-World Political Organization, 93-98, Karl P. Sauvant, The Group of 77, 127-128.

<sup>935</sup> Royal Embassy of Saudi Arabia, Washington D.C., "Kingdom's Address to Group-77 South Summit, Havana, delivered by H.E. Dr. Nizar bin Obain Madani, Assistant to the Foreign Minister", 14<sup>th</sup> of April, 2000,

### 7.4.3 Malaysia's Relations with Saudi Arabia in the Group of 77

As the affiliation of Malaysia and Saudi Arabia in the Non-Aligned Movement (NAM), which in some ways could not provide an early basis of the interaction between these two countries, the Group of 77 also is not an organization where Malaysia can further improve its relations with Saudi Arabia, especially in economic relations. Although Malaysia and Saudi Arabia had joined the Group of 77 in 1964, the trade relations between these two countries were not progressively growing.<sup>936</sup> As was discussed in Chapter V, most of the pattern of the trade relations had been in deficit from the former than the latter, and it was only in the late 1990s where the trade indicated some positive improvements (but was still in deficit after about 30 years of both countries' participation in the Group of 77), also the main trading partners of both countries were developed countries.<sup>937</sup> Beside that, Malaysia started receiving Saudi aid only in 1975, not through the Group of 77 but more on a bilateral effort basis (mostly from Malaysia's efforts), following the official visits by the Malaysian Premiers, the late Tunku Abdul Rahman and Tun Abdul Razak, to the Kingdom.<sup>938</sup> The less encouraging situation for the Group

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(<http://www.saudiembassy.net/2000News/Statements/SpeechDetail.asp?cIndex=260>), "Saudi Delegate Says Kingdom will Continue Aiding Developing Countries", Saudi Information Source, June 30, 2004, (<http://www.saudinf.com/main/y7297.htm>).

<sup>936</sup> Even trade relations among less developed countries (south-south trade) were not so encouraging. For instance, in 1970, less developed countries traded just under 20 per cent of their merchandise with each other (\$11.2 billion out of total merchandise trade of \$55.9 billion), and by 1990, they were trading 25.2 per cent of their goods with each other (\$186.7 billion out of \$740 billion). For further detail see John Madeley, Trade and the Poor : The Impact of International Trade on Developing Countries (London : Intermediate Technology Publications Ltd., 1992), 159.

<sup>937</sup> See for instance, pages 134-135 & 145-146 in the Chapter V.

<sup>938</sup> Although, since the post-energy crisis of 1973, Saudi Arabia and other OPEC members had begun to distribute some financial aid to less developed countries, in the case of Malaysia it had been developed earlier based on personal relations between the late Tunku Abdul Rahman and King Feisal, especially when the former was offered to become the first Secretary of the Organisation of Islamic Conference during the latter's visit to Malaysia in 1970. For further

of 77 in fostering closer Malaysian relations with Saudi Arabia in the economic fields could be largely attributed to the different economic orientation of these two countries in the group itself.

As has been noticed, Malaysia and Saudi Arabia produce different set of commodities for export, for example the Malaysia's products are mostly associated with non-oil commodities, rubber, and tin (also palm oil, timber, iron, and others),<sup>939</sup> while the Saudi Arabia's is more on the extraction of oil.<sup>940</sup> The different sets of commodities produced by Malaysia and Saudi Arabia indirectly led them to take different approaches, despite being members of the Group of 77, specifically in order to stabilize their price commodities in the international trade system, and it is quite apparent that Malaysia seemingly needs the Group of 77 more than the Kingdom of Saudi Arabia in facing the world market's fluctuation. This can be linked to the reaction of Malaysia and Saudi Arabia in the Group of 77 where Malaysia was more dependent upon the group than the Kingdom in stabilizing its commodities in the international market. For instance, for the price stabilization of rubber and tin,<sup>941</sup> Malaysia firmly supported the Group of 77's effort

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explanation on King Feisal's visit to Malaysia see pages 86-87 & 103-104 in the chapter IV, and Saudi aid see pages 159-161 in the Chapter V.

<sup>939</sup> Before Malaysia emphasised the manufacturing sector as a way towards the industrialization process, the export of rubber and tin alone accounted for 85 per cent of all Malaysia's exports, especially during the period of the 1950s to early 1970s. But at the end of the 1970s, the sector of agricultural-raw material commodities began to decline from 30.8 per cent in 1970 to 20.4 per cent in 1989 as manufacturing sector started to grow from 13.4 per cent (1970) to 25.1 per cent (1989) respectively. J. Saravanamuttu, The Dilemma of Independence, 30, Chong Kwong Yuan, "Trade and External Relations", in E.K. Fisk & H. Osman-Rani (ed.), The Political Economy of Malaysia (Oxford : Oxford University Press, 1982), 184, Mohamed Ariff, The Malaysian Economy : Pacific Connections (Oxford : Oxford University Press, 1991), 7.

<sup>940</sup> See the sub-topic : "The Background of the Saudi Arabian Economy" in the Chapter V.

<sup>941</sup> Malaysia also took some unilateral actions in stabilizing the price of rubber, or formed a few associations with other producing countries (not Saudi Arabia) such as the Association of Natural Rubber Producing Countries (ANRPC), and the International Tin Council.

to set up the scheme of the Integrated Programme Commodities (IPC), and the Common Fund in facing price uncertainties in the international trade system,<sup>942</sup> and rubber was the first commodity to reach the stage of negotiations within this scheme at the end of 1978.<sup>943</sup> Meanwhile, the Kingdom of Saudi Arabia, along with other major oil producing countries, was much more reliant on their own organization, the Organisation of Petroleum Exporting Countries (OPEC), founded in 1960, to strongly influence the price of oil in the world market.<sup>944</sup> Malaysia's support for the Integrated Programme Commodities (IPC), and the Common Fund was mainly due to the continuous weakening price of its commodities, rubber and tin, compared to the price of oil which had been improving, although inconsistently, since the post-energy crisis of 1973. For instance, the price of rubber fell from RM300 cents per kilo in 1960 to a low of under RM100 cents per kilo in 1972,<sup>945</sup> and persistently below RM300 cents per kilo heading towards the 1980s-1990s.<sup>946</sup> The price of tin dropped abruptly from US\$29 per kilo before the collapse of the International Tin Agreement (ITA) in 1985 to only US\$13-US\$14 per kilo in the 1990s,<sup>947</sup> (See also Table 1 for the prices of rubber and tin, which were

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<sup>942</sup> For further elaboration on the Integrated Programme Commodities (IPC), and the Common Fund, see notes 918 & 919 in the Chapter VII.

<sup>943</sup> Richard Stubbs, "Malaysia's Rubber Smallholding Industry : Crisis and the Search for Stability", *Pacific Affairs* 56 (1) Spring 1983, 95 (84-105).

<sup>944</sup> However, there were some arguments that OPEC was not responsible for setting oil prices, but with certain of its members, especially the largest oil producers. Paul Hallwood & Stuart W. Sinclair, *Oil, Debt and Development : OPEC in the Third World* (London : George Allen & Unwin, 1981), 45.

<sup>945</sup> Richard Stubbs, "Malaysia's Rubber Smallholding Industry, 86-87.

<sup>946</sup> "Rubber Price, A New Hope From Tire Industry", April 3, 2001 (<http://www.agroindonesia.com/news/eng/2001/apr/03-04-01.htm>).

<sup>947</sup> After the collapse of the International Tin Agreement (ITA) in 1985, the price of tin crashed by 50 per cent. Trade Economic Database (TED) Projects, "TED Case Studies : Tin Mining in Malaysia, Present and Future", (<http://www.american.edu/TED/tin.htm>). See also Eric J. McFadden on the collapse of the International Tin Agreement (ITA) in 1985, Eric J. McFadden, "The Collapse of Tin : Restructuring a Failed Commodity Agreement", *The American Journal of International Law* 80 (4) October 1986, 811-815 (811-830).

continuously unstable from 1970 to the early 1980s) which directly turned the Malaysian government to giving more focus on heavy industries in the early 1980s.<sup>948</sup> In contrast the price of oil rapidly increased from only US\$5.12 per barrel before 1974 to US\$11.65 per barrel in 1974 and onwards till the highest peak from 1980 to 1982 at US\$35-US\$32 per barrel<sup>949</sup> (See Table 2 for the price of oil from 1973 to 1990). It did not simply show, however, that Saudi Arabia had ignored the Integrated Programme Commodities (IPC), and the Common Fund proposed by the Group of 77 in UNCTAD IV in 1976,<sup>950</sup> but the establishment of these two schemes was mainly directed to the sustenance of the price of non-oil commodities which noticeably had less bargaining power than oil as the main world source of energy. For commodities like rubber and tin, Malaysia does not only face frequent price fluctuations in the world market but also has to deal with the challenge of synthetic rubber,<sup>951</sup> and the use of other materials like plastic and aluminum in the packaging industry as an alternative to tin.<sup>952</sup>

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<sup>948</sup> Jomo K. S., "Introduction", in Jomo K.S. (ed.), Industrialising Malaysia : Policy, Performance, Prospects (London : Routledge, 1993), 2.

<sup>949</sup> Towards 1990s, the price of oil continuously fluctuates around US\$22-US\$28 per barrel. James L. Williams, "Oil Price History and Analysis", Energy Economics Newsletter, 1996-2003, 1 & 3-5, (<http://www.wtrg.com/prices.htm>). Energy Information Administration (EIA), "World Oil Market and Oil Price Chronologies : 1970-2003", March 2004, 7-11, (<http://www.eia.doe.gov/emeu/cabs/chron.html>).

<sup>950</sup> Even Saudi Arabia, and Kuwait announced some cash contributions to the fund (Besides, the Kingdom, and other OPEC members indicated their willingness to loan the Common Fund). See Gwyneth Williams, Third-World Political Organizations, 36-37, Christopher P. Brown, The Political and Social Economy of Commodity Control (London : The Macmillan Press Ltd., 1980), 108, and 311.

<sup>951</sup> The percentage use of synthetic rubber at the end of 1990s (or early 200-2001) was 52 per cent, and 48 per cent for natural rubber. A.F.S. Budiman, "Recent Development in Natural Rubber Prices", Food and Agriculture Organisation (FAO) Corporate Document Repository, ([http://www.fao.org/documents/show\\_cdr.asp?url\\_file=/DOCREP/006/Y4344E/y4344e0d.htm](http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/006/Y4344E/y4344e0d.htm)).

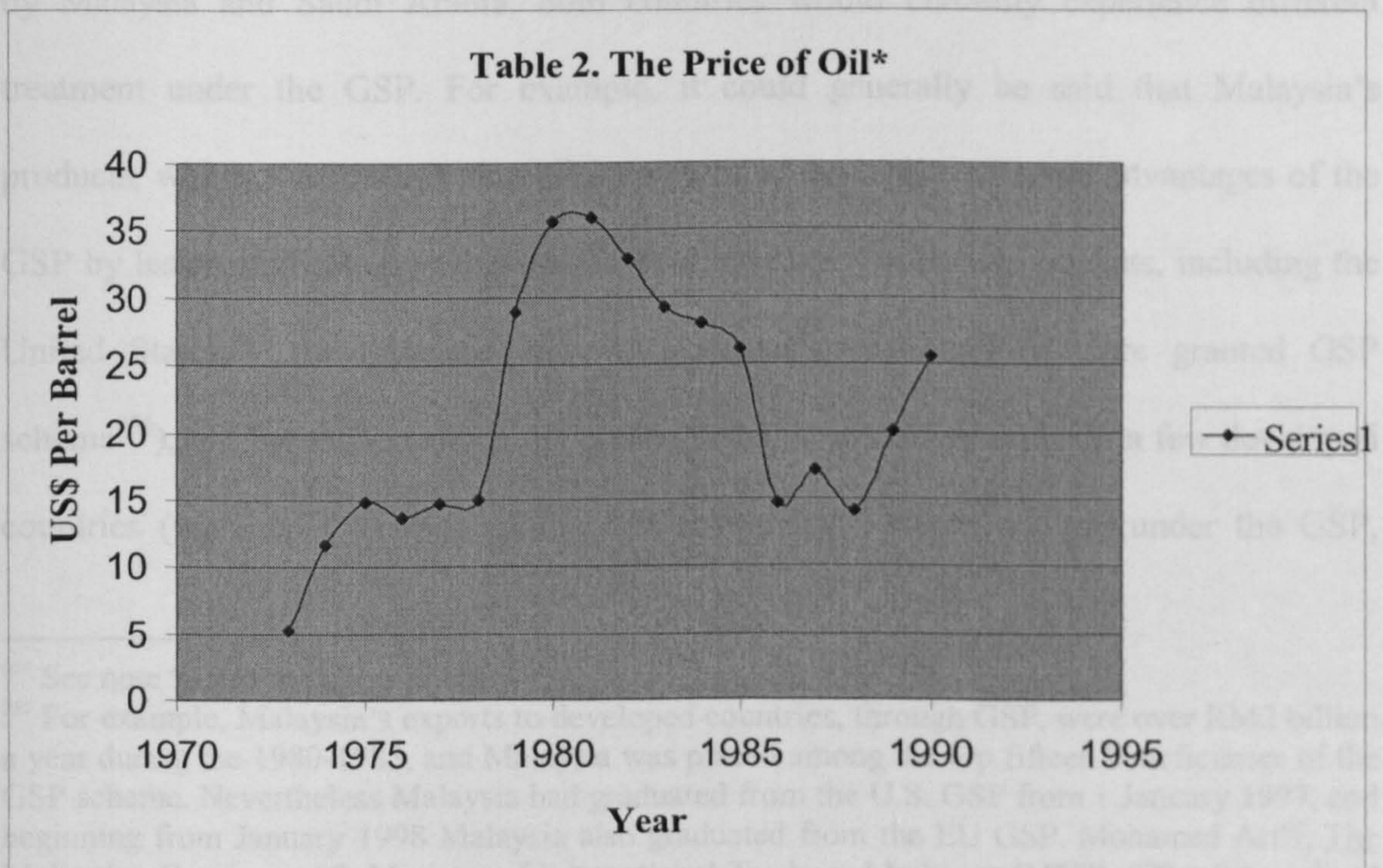
<sup>952</sup> Chong Kwong Yuan, "Trade and External Relations", 193.



**Table 1. The Price of Rubber & Tin\***

Commodity	1970	1980	1981	1982	1983	1984	1985	1986
Price, cent (\$)/kg								
Rubber	126	155	119	97	123	111	92	81
Tin	984	1,570	1,337	1,247	1,291	1,254	1,192	518

\*Kedar N. Kohli & Ifzal Ali, "Falling Commodity Prices : Implications for Asian and Pacific Developing Countries", *Asian Development Review* 5 (1) 1987, 49 (44-60).

**Table 2. The Price of Oil\***

\*Energy Information Administration, "World Oil Market and Oil Price Chronologies : 1970-2003", (<http://www.eia.doe.gov/emeu/cabs/chron.html>).<sup>953</sup>

<sup>953</sup> Referring to the Table 2, although there are some declining moments for the price of oil, especially from 1986-1988, but it does not return to the price of the early 1970s. For the chronology of the oil price from 1973-1990 as the following; 1973 (US\$5.18 per barrel), 1974 (US\$11.65 per barrel), 1975 (US\$14.81 per barrel), 1976 (US\$13.71 per barrel), 1977 (US\$14.76 per barrel), 1978 (US\$14.94 per barrel), 1979 (US\$28.91 per barrel), 1980 (US\$35.63 per barrel), 1981 (US\$35.95 per barrel), 1982 (US\$32.85 per barrel), 1983 (US\$29.2 per barrel), 1984 (US\$28.02 per barrel), 1985 (US\$26.21 per barrel), 1986 (US\$14.17 per barrel), 1987 (US\$17.2 per barrel), 1988 (US\$14.11 per barrel), 1989 (US\$20.05 per barrel), 1990 (US\$25.53 per barrel). Energy Information Administration, "World Oil Market and Oil Price Chronologies : 1970-2003", (<http://www.eia.doe.gov/emeu/cabs/chron.html>).

Besides that, at UNCTAD II in 1970, the Group of 77 had reached an agreement with developed countries to grant a preferential access, or so-called 'Generalised System of Preferences' (GSP), to enable the Group's raw materials and manufacturing products to easily penetrate the latter's markets. The granting of GSPs, however, were bound to certain exceptions based upon individual developed countries' preferences, in which some products would be excluded from the GSP such as textiles, petroleum and petroleum products, leather and leather goods.<sup>954</sup> In regards to the commodities produced by Malaysia and Saudi Arabia, both countries would certainly experience different treatment under the GSP. For example, it could generally be said that Malaysia's products, which were mostly non-oil commodities, had enjoyed some advantages of the GSP by less complicatedly accessing several developed countries markets, including the United States,<sup>955</sup> (nevertheless, not all Malaysia's commodities were granted GSP scheme<sup>956</sup>), but the movement of the Saudi Arabia's oil commodities in a few developed countries (with the exception of the EEC countries)<sup>957</sup> were not put under the GSP,

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<sup>954</sup> See note 915 in the Chapter VII.

<sup>955</sup> For example, Malaysia's exports to developed countries, through GSP, were over RM2 billion a year during the 1980-1985, and Malaysia was placed among the top fifteen beneficiaries of the GSP scheme. Nevertheless Malaysia had graduated from the U.S. GSP from 1 January 1997, and beginning from January 1998 Malaysia also graduated from the EU GSP. Mohamed Ariff, The Malaysian Economy, 97, Ministry of International Trade and Industry (MITI), "The Generalised System of Preferences", (<http://www.miti.gov.my/trd-support.html>), Malaysia External Trade Development Corporation (MATRADE), "Assisting Malaysian Exporters", (<http://www.matrade.gov.my/exporter/how-to/exporter-how17.htm>).

<sup>956</sup> For example, the US GSP, excludes palm oil but provides duty-free preferential treatment to palm-kernel oil. Malaysia's manufactured exports vary from one developed country to another, such as sawn timber faces 5 per cent GSP tariff rate in Japan, while plywood exports were applied 9 per cent in the US, and most of Malaysia's electronic components, however, enjoy duty-free treatment in the US (since these products are the exports of its own multinationals). The other Malaysian commodities that are given GSP access include rubber products, cocoa products, textiles, and garments. See Mohamed Ariff, The Malaysian Economy, 97.

<sup>957</sup> In 1984, however, the EEC had to impose a 13.5 per cent common customs tariff on Saudi methanol entering Europe because the Saudi government had exceeded their duty-free allowance under the EEC's Generalised System of Preferences. Nowadays, Saudi and other members of the

especially in the United States' market.<sup>958</sup> This is largely because most of the developed countries, like the United States and Japan, excluded petroleum and petroleum products from the GSP,<sup>959</sup> and also the United States in particular, considered that petroleum and petroleum products were already highly competitive in the international market compared with other, non-oil, commodities of less developed countries.<sup>960</sup> Therefore, the implementation of the GSP had not provided similar, or only limited, access of several commodities of less developed countries, including the products of Malaysia and Saudi Arabia, which prompted both countries to seek other alternatives, beyond the scope of the Group of 77 activities, such as forming bilateral agreements with other countries or

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Gulf Co-operation Council (GCC) have been negotiating with European Union on establishing a Free Trade Agreement for both sides. "EEC-Arab Talks to Focus on Petrochemicals Exports", December 14, 1984 (<http://www.sunsonline.org/trade/areas/industry/12140084.htm>), Europa, "Bilateral Trade Relations, Saudi Arabia (Gulf Co-operation Council)", May 2002, (<http://europa.eu.int/comn/trade/bilateral/gcc/saa.htm>), and for the list of developing countries including Saudi Arabia and Territories (but still subjected to changes of economic development of these countries and territories) enjoying Generalised Tariff Preferences see UK Trade and Investment, "European Community Rules of Origin", (<http://www.invest.uktradeinvest.gov.uk/Uploads/InfoSheets/European%20Rules.pdf>), Marianne Kurzweil, Oliver von Ledebur & Petra Salamon, "EU-Trade Agreements – What Are They Dealing With?", Policy Brief No. 3, See Annex on Preferential Trade Agreements of the European Union, European Network of Agricultural and Rural Policy Research Institutes (ENARPRI), November 2003, (<http://www.enarpri.org/Publications/PBNo3.pdf>).

<sup>958</sup> Peter J. Ginman & Tracy Murray, "The Generalized System of Preferences : A Review and Appraisal", in Karl P. Sauvant & Hajo Hasenpflug (ed.), The New International Economic Order : Confrontation or Cooperation Between North and South?, (Boulder, Colorado : Westview Press, Inc., 1977), 193-194, UNCTAD, Proceedings of the United Nations Conference on Trade and Development, Third Session, Vol. II, Merchandise Trade, 107.

<sup>959</sup> It is to be admitted, however, that although some of the petroleum and petroleum products are exempted from the GSP, but it does not necessarily mean that it is difficult for the Saudi government to export its oil to US market because even without the GSP scheme, based on both countries established mutual co-operation since the discovery of the oil in the Arabian Peninsula, the US remains Saudi Aramco's largest customer in the oil market system. U.S-Saudi Arabian Business Council, "Welcoming Remarks by John Lichtblau, Chairman of the Petroleum Industry Research Foundation Inc., at the Meeting of US-Saudi Energy and Economic Relations in Global Perspective, Washington D.C., April 22, 2002, (<http://www.us-saudi-business.org/Speeches/Litchblau%20speech.htm>), UNCTAD, Proceedings of the United Nations Conference on Trade and Development, Third Session, Vol. II, Merchandise Trade, 107.

<sup>960</sup> Thomas R. Graham, "The U.S. Generalized System of Preferences for Developing Countries", 72.

putting more stress on their own regional economic spheres, in order to enlarge their market coverage. On top of that, the application of GSP in most of the trade relations between developed countries and less developed countries had, to some extent, led the relations of the latter (specifically for the commodities of less developed countries that were given the GSP access) closer to the former than among the less developed countries themselves. Even so, most of the less developed countries would pay less attention to any members of the Group of 77 that provide strict rules and regulations in trading with them, as the Malaysian government found it difficult to venture some business activities in the Kingdom of Saudi Arabia due to its stringent trading regulations.<sup>961</sup> In other words, the efforts of the Group of 77 to implement GSP in the international trade system had given different experiences for its members (which in some ways could not contribute to fostering the relations of the Group of 77), and at the same time also, GSP had opened more 'doors' between developed countries and less developed countries to frequently interact in economic issues than among the less developed countries, especially in economic relations between Malaysia and Saudi Arabia (although, the study cannot deny that other trade relations between less developed countries were improving, especially between the South and the Southeast Asian regions which, for example, accounted for more than 50 per cent, excluding fuels trade, of the total South-South export in the period 1955-1989<sup>962</sup>).

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<sup>961</sup> See pages 158-159 in the Chapter V.

<sup>962</sup> Steen Folke, Niels Fold & Thyge Enevoldsen, South-South Trade and Development : Manufacturers in the New International Division of Labour (London : Macmillan Press Ltd., 1993) see Table 2.3 in page 13 of this book.

Furthermore, an effort by a few members of the Group of 77 to further strengthen economic co-operation among less developed countries by establishing the Global System of Trade Preferences (GSTP) in 1988, which came into force in 1989, and which attempted to offer preferential tariff treatment for participating countries,<sup>963</sup> was only participated in by Malaysia, and not the Kingdom of Saudi Arabia. The non-membership of the Kingdom in GSTP might be linked to the nature of this preferential agreement which gave more emphasis to the agricultural and industrial commodities that were considered as eligible products under GSTP coverage.<sup>964</sup> In addition to this, since most of the less developed countries have normally imposed a high tariff among themselves, for instance the Kingdom alone taxed Malaysian goods entering its market at 12 per cent,<sup>965</sup> and the simple average tariff in less developed countries is 17.9 per cent compared with 5.2 per cent in developed countries,<sup>966</sup> (which indirectly discourages the growth of trade between less developed countries), thus any reduction of their tariff levels, as proposed in

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<sup>963</sup> There are 45 members of less developed countries participate in the Global System of Trade Preferences; a) African region : Algeria, Angola, Benin, Cameroon, Egypt, Ghana, Guinea, Guyana, Morocco, Mozambique, Nigeria, Qatar, Sudan, Tanzania, Trinidad & Tobago, Tunisia, Zaire, and Zimbabwe), b) Europe : Romania and Yugoslavia, c) Asia : Bangladesh, India, Indonesia, Iran, Iraq, Malaysia, North Korea, Pakistan, Philippines, Sri Lanka, South Korea, Thailand, and Vietnam, d) Latin America : Argentina, Bolivia, Chile, Colombia, Cuba, Ecuador, Haiti, Mexico, Nicaragua, Peru, Uruguay, and Venezuela. Karl P. Sauvart & Joachim W. Muller, The Third World Without Superpowers, Second Series: The Collected Documents of the Group of 77, volume xv, (New York : Oceana Publications Inc., 1991), 189-191, Department of Foreign Trade, Trade Preferences, Thailand, "The Global System of Trade Preferences", (<http://www.dft.moc.go.th/eng/Trade/GSTP1.html>), Department of Foreign Trade, Trade Preferences, Thailand, "The Global System of Trade Preferences", (<http://www.dft.moc.go.th/eng/Trade/GSTP2.html>).

<sup>964</sup> Among the major eligible products under the GSTP are cereals, lac, gum, meat, fish, preparation of vegetables, fruits, nuts, tobacco, electrical machinery, and et cetera. Department of Foreign Trade, Trade Preferences, Thailand, "The Global System of Trade Preferences", (<http://www.dft.moc.go.th/eng/Trade/GSTP1.html>).

<sup>965</sup> See page 158 in the Chapter V.

<sup>966</sup> "Exploring Potential of South-South Agreements Including Global System of Trade Preferences (GSTP), June 4, 2004", ESCWA Report to the Forum on, "Multilateralism and Regionalism : The New Interface", a Pre-Event of the Eleventh Session of the UNCTAD XI, June 8, 2004, Sao Paulo, Brazil, (<http://www.escwa.org.lb/divisions/ead/reports/south-south.pdf>).

GSTP, was incompatible with their trade and economic procedures.<sup>967</sup> Along with that, although in the late 1980s and onwards, especially during Dr. Mahathir's era (the fourth Malaysian Premier), Malaysia had become more active in promoting economic co-operation among members of the Group of 77, for example chairing the steering committee of the Second South-South Dialogue in Kuala Lumpur, Malaysia in 1985, and being the motivating force of the creation of the Group of 15 in 1988,<sup>968</sup> nonetheless, most of the efforts did not directly involve Malaysia with the Kingdom of Saudi Arabia. For the Kingdom was not part of the Group of 15, and instead Malaysia worked closely with other members of the group like Egypt, India, Senegal, and Venezuela, Algeria, Argentina, Indonesia, Jamaica, Nigeria, Peru, Yugoslavia, and Zimbabwe.<sup>969</sup> Besides, Dr. Mahathir's economic policy was much directed towards the concept of the 'Look East Policy' which endeavoured to emulate the successfulness of two Asian giants, namely Japan and South Korea, in the international economic system, and had further kept Malaysia interacting less economically with the Kingdom.

In some ways, however, it cannot be denied that the Kingdom of Saudi Arabia played some vital roles in the Group of 77 by distributing its financial aid, mostly through the Saudi Development Fund (SDF), to several less developed countries and especially among the poorest countries, in order to develop their economic infrastructures, and

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<sup>967</sup> Beside that, this also might be referred to a general view of some of these countries that trade with poor neighbours as second best to that with developed countries. "Poor Nations Launch Talks to Lower Trade Barriers", June 18, 2004, (<http://www.fifoost.org/news/modules.php?op=modload&name=News&file=articles&s...>).

<sup>968</sup> David Camroux, "Looking East and Inwards : Internal Factors in Malaysian Foreign Relations During the Mahathir Era, 1981-1994", *Australia-Asia Paper No. 72*, (Griffith University : Faculty of Asian and International Studies, Centre for the Study of Australia-Asia Relations, October 1994), 24 (1-62).

<sup>969</sup> Kripa Sridharan, "G-15 and South-South Cooperation", 359.

Malaysia was one of the recipients of the Kingdom's fund. By giving away some financial aid, it would be a bridge for Saudi Arabia to further strengthen its economic relations with these less developed countries. Yes, the distribution of the funds could also be considered as the Kingdom's, and also for other OPEC members, form of compensation for high oil prices from which they had gained huge surpluses benefitting from the booming oil price since the oil crisis of 1973. This was because the Saudi government, and other OPEC members, had only started giving away financial aid to some poor members of the Group of 77 after the post-oil crisis in 1973. Aware of the danger of high oil prices without adequate compensation in the form of aid would stimulate less developed countries to join developed countries in open demand for the reduction of oil which the OPEC members were themselves reluctant to do.<sup>970</sup> The demand by less developed countries for oil price reduction could be referred to some dissent by several members of the Group of 77 from OPEC, such as before the end of 1973 at an extraordinary meeting of the Organisation of African Unity (OAU) where a few statesmen from Tanzania, Ghana, and Kenya appealed to OPEC to reduce the price of oil but their request was turned down. Instead Arab OPEC members offered US\$200 million aid to Africa. Also prior to UNCTAD V, Costa Rica was active in assembling a new group called 'Organisation of Oil Importing Countries' (OPIC) to specifically urge Venezuela to sell oil at a reasonable price to its neighbouring Latin Americans.<sup>971</sup> Along with that, between 1970 and 1979, the price that less developed countries paid for oil increased hugely from US\$1.80 per barrel to US\$18 per barrel (an increase of 1,000 per

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<sup>970</sup> Paul Hallwood & Stuart W. Sinclair, Oil, Debt and Development, 107.

<sup>971</sup> Paul Hallwood & Stuart W. Sinclair, Oil, Debt and Development, 2-3.

cent),<sup>972</sup> and their outstanding debts were also accelerating greatly from US\$91 billion in 1974 to US\$165 billion in 1977,<sup>973</sup> which further called for Saudi Arabia and other OPEC members to reduce the price of oil. Therefore, those financial aids given to less developed countries were significant for the Saudi government as well as the other OPEC members in order to maintain their relations with other members of the Group of 77.

In the context of Malaysia, it was admitted that the distribution of the Kingdom's fund which began in 1975 could be considered as one of the initial steps that could bring these two countries closer in the economic field. Nevertheless, as was mentioned before, the financial aid that given by the Kingdom was not largely due to the membership of Malaysia and Saudi Arabia in the Group of 77, but had been developed earlier since King Feisal's offer to Tunku Abdul Rahman to become the first Secretary of the Organisation of the Islamic Conference (OIC) in 1970. Without denying the role of Saudi Arabia's financial aid, at least in providing some opportunities for Malaysia to undertake some economic activities in the Kingdom, the aid itself did not contribute much, especially during the 1970s and the 1980s, to further accelerate the economic relations between the two countries. This probably could be linked to the manner of the Kingdom's fund itself which was only granted to Malaysia for a limited period of time starting from 1975 and ending in 1983 (in fact, Malaysia only received three times, namely in 1975, 1979 and

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<sup>972</sup> Paul Hallwood & Stuart W. Sinclair, Oil, Debt and Development, 56.

<sup>973</sup> Nevertheless, Paul Hallwood & Stuart W. Sinclair argued that there was a difficulty in relating the impact of the OPEC price rises to less developed countries' debts which mainly affected several countries such as Mexico, Brazil, India, Pakistan, Egypt, Argentina, Chile, and others. See Paul Hallwood & Stuart W. Sinclair, Oil, Debt and Development, 84.



1983<sup>974</sup>), and from the 1990s, and onwards, Malaysia no longer received aid because the Kingdom considered Malaysia to be one of the developing nations in the world.<sup>975</sup> Moreover, although the amount of the aid was quite huge, approximately SR312.30 million, it only could be spent on a few projects in the Third Malaysian Development Plan, particularly during the period of the late Tun Hussein Onn, the third Malaysian Premier. After the era of Tun Hussein, owing to Dr. Mahathir's industrialization aspirations in the early 1980s (Dr. Mahathir succeeded Tun Hussein in 1981), the Malaysian government, by not merely depending on Saudi aid (the last Saudi aid was in 1983 amounting to US\$1.3 million to build four district hospitals), had to borrow more capital, mostly from the World Bank, the Asian Development Bank, and also from syndicated loans<sup>976</sup> obtained in international markets in order to finance its development projects and industrial ventures.<sup>977</sup> Besides that, achieving Dr. Mahathir's aim to turn Malaysia into one of the leading industrial countries in the Asian region had also indirectly not made Saudi Arabia one of Malaysia's main destinations. Instead some newly industrializing Asian countries like South Korea, Taiwan and Hong Kong, as well as the more established Japan, had become the best models to be followed by the Malaysian government in achieving industrial status.

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<sup>974</sup> Anuar Kasman, "Brief on Malaysia's Bilateral Relations with Saudi Arabia", (Embassy of Malaysia in Riyadh, 2004), 17.

<sup>975</sup> Anuar Kasman, "Brief on Malaysia's Bilateral Relations with Saudi Arabia", 18.

<sup>976</sup> Syndicated loan is a loan provided by a syndicate of banks or other lending institutions. It is normally arranged by one of a small group of leading banks negotiating the terms, and persuading a large number of other lenders to take up small parts of the loan. Syndicated loan is usually offered to less developed countries. John Black, *Oxford Dictionary of Economics*, 455.

<sup>977</sup> Mohamed Ariff, *The Malaysian Economy*, 39.

Apart from different economic orientations for Malaysia and Saudi Arabia, the limited application of the Generalised System of Preferences (GSP) upon commodities of less developed countries, some efforts by Malaysia and other less developed countries within the Group of 77, especially to set up Global System of Trade Preferences (GSTP), and the Group of 15, and the Saudi aid (which some extend had provided basic interaction for both countries in economic fields), some features of the Group of 77 are also not an encouraging circumstance for both Malaysia and Saudi Arabia to forge closer relations in the international economic system. Those features include the large membership of the Group of 77 where the total of its members rapidly increased from 77 countries in 1964 to 132 countries at the end of the 1990s.<sup>978</sup> Since these countries originate from different continents, the Group of 77 is not a homogenous organization, and certainly the immediate interests and specific negotiating priorities among its members, (without exception to Malaysia and Saudi Arabia), are different from each other.<sup>979</sup> With the vast number of members also, the group does not have a strong unifying institutional administration (mostly of an *ad hoc* nature) particularly in terms of leadership and its administrative staff, which rotates on an annual basis among the three regional groups, Latin America, Africa and Asia.<sup>980</sup> This leadership rotation might be more problematic for the Asian region than Latin America and Africa since most of its

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<sup>978</sup> Ashwani Kumar Sharma, "Third World Solidarity in Global Politics : The Non-Aligned Movement and the Group of 77 in the United Nations General Assembly", Unpublished Ph.D. Thesis (Sussex : University of Sussex, October 2000), 93-95.

<sup>979</sup> Karl P. Sauvant, The Group of 77, 9.

<sup>980</sup> It could be said that the Group of 77 has informal coordinating groups at all headquarters of the various United Nations specialized agencies such as at UNCTAD, UN Industrial Development Organization (UNIDO), the International Monetary Fund/World Bank, the United Nations in New York, the Food and Agriculture Organization (FAO), and others. Ashwani Kumar Sharma, "Third World Solidarity in Global Politics", 96 & 106, Karl P. Sauvant, The Group of 77, 9 & 27.

members are diverse, from oil rich countries, newly industrializing nations, to the small islands (Fiji, Samoa and Maldives); also it has no history of big regional cooperation like the Organisation of African Unity (OAU) or the Latin American Free Trade Area (LAFTA), which could encourage them to regularly interact in a bigger Asian group.<sup>981</sup> Instead, Asian countries tend to be more communicative in rather small-separated regional groups, like Malaysia in the ASEAN and Saudi Arabia in the GCC, and this situation does not offer much help for Malaysia and the Kingdom to interact more intimately in the Group of 77, whose scope and purposes are much wider and bigger than their own geographically limited regional organizations. Moreover, in order to accommodate both the complexity of the members' needs and to tackle a range of issues of international economic development, the Group of 77 has a variety of sub-groups including the Group of 19, the Group of 24, the Group of 15 and others, which have their own specifications and functions, as well as different members that are selected within the group itself.<sup>982</sup> In most situations, Malaysia and Saudi Arabia were usually not both working in the same sub-group: Malaysia was not a member of the Group of 19,<sup>983</sup> while Saudi Arabia was not in the Group of 15.<sup>984</sup> Furthermore, not much different to the Non-Aligned Movement (NAM), the roles of Malaysia and Saudi Arabia in the Group of 77, particularly during the 1970s and 1980s, was overshadowed by the most influential countries in the group like Algeria, Argentina, Brazil, Egypt, India, Indonesia, Jamaica,

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<sup>981</sup> Marc Williams, *Third World Cooperation*, 93-94.

<sup>982</sup> For further elaboration on the structure and the organization of the Group of 77 see Karl P. Sauvart, *The Group of 77*, 27-86.

<sup>983</sup> See note 934 in the Chapter VII.

<sup>984</sup> See note 969 in the Chapter VII.

Mexico, Nigeria, Pakistan, Sri Lanka, the Philippines, Venezuela, and Yugoslavia.<sup>985</sup> These countries, particularly Egypt, India, Indonesia, and Yugoslavia, had been actively promoting the interests of smaller states vis-à-vis the power rivalries of superpowers as well as the stiff competition posed by major industrial countries in the world economy.<sup>986</sup> Meanwhile, the Latin American countries are indeed the architects of the creation of the Group of 77 where, through the inspiration of their renowned Argentinean economist, Dr. Raul Prebisch, they led the merger of Latin American and Afro-Asian countries to form the Group of 77 in 1964.<sup>987</sup> Besides that, since the meeting of the Group of 77 is only at ministerial level and does not involve a summit of its members, frequent meeting of both Malaysia's and Saudi Arabia's leaders in the group is difficult to achieve, and it only occurred in 2000 when for the first time the summit meeting of the Group of 77 was held in Havana, Cuba.<sup>988</sup> Nevertheless, Malaysia was headed by its premier, Dr. Mahathir Mohamed,<sup>989</sup> but the Kingdom was only represented by H.E. Dr. Nizar bin Obani Madani, who acted as the Head of the Saudi Arabian Delegation to the summit.<sup>990</sup>

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<sup>985</sup> Karl P. Sauvart, The Group of 77, 9, Ashwani Kumar Sharma, "Third World Solidarity in Global Politics", 184.

<sup>986</sup> The Philippines, however, only joined NAM in 1993, after the end of the Cold War. See "NAM Member List : Non-Aligned Movement Participants, Observers, and Guest", 7.

<sup>987</sup> Richard N. Gardner, "The United Nations Conference on Trade and Development", 105-107.

<sup>988</sup> Martin Khor, "First Ever G-77 Summit Gets Under Way", Third World Network, (<http://www.twinside.org.sg/title/under.htm>), "First Ever South Summit of G-77, Havana, Cuba, 10-14 April 2000", Third World Network, (<http://www.twinside.org.sg/title/havana.htm>).

<sup>989</sup> "China, Malaysia Agree on Stronger Ties", People's Daily, April 14, 2000, ([http://english.people.com.cn/english/200004/14/eng20000414\\_38939.html](http://english.people.com.cn/english/200004/14/eng20000414_38939.html)), "South Summit Concludes in Havana", People's Daily, April 15, 2000, ([http://english.people.com.cn/english/200004/15/eng20000415\\_38993.html](http://english.people.com.cn/english/200004/15/eng20000415_38993.html)).

<sup>990</sup> Royal Embassy of Saudi Arabia, Washington D.C., "Kingdom's Address to Group-77 South Summit, Havana," 14<sup>th</sup> of April, 2000 (<http://www.saudiembassy.net/2000News/Statements/SpeechDetail.asp?cIndex=260>).

On the question as to whether the membership of Malaysia and Saudi Arabia in the Group of 77 can safeguard their economic interests in the international economic system, which is largely influenced by major developed countries, both countries actually, as was explained in the Chapter V (see pages 158-172), are mutually and continuously interacting with developed countries. Although, on some occasions, the Kingdom of Saudi Arabia especially led other OPEC members in 1973 to launch an oil embargo upon several developed countries, mainly the United States, the Netherlands, Portugal, Denmark, Japan, and other developed countries<sup>991</sup> (not the United Kingdom,<sup>992</sup> France and Spain which were labelled as 'friendly countries'<sup>993</sup>), owing to hard pressure (and some negotiating on the issue of Israel-Palestine, military, and technological agreements<sup>994</sup>) from developed countries, especially the US, and France (France had proposed the Conference on International Economic Cooperation, 1975-1977) and also the appeal of less developed countries, the Kingdom of Saudi Arabia, and other Arab oil countries (except Libya), finally ended the embargo upon the US on March 18, 1974.<sup>995</sup> Following the oil crisis, even though the price of oil inevitably rose, the relations between the Kingdom and the US, and also with other major developed countries improved. Malaysia too is closer to the developed countries as traditionally it had developed

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<sup>991</sup> Jordan J. Paust & Albert P. Blaustein, "The Arab Oil Weapon : A Threat to International Peace", The American Journal of International Law 68 (3) July 1974, 410-412 (410-439), Robert A. Mortimer, The Third World Coalition in International Politics, 47, Energy Information Administration (EIA), "World Oil Market and Oil Price Chronologies : 1970-2003", March 2004, 7-11, (<http://www.eia.doe.gov/emeu/cabs/chron.html>), 7.

<sup>992</sup> "Saudi-British Business and Political Relations", a Public Lecture given by HRH Prince Turki Al-Faisal, Ambassador of the Kingdom of Saudi Arabia to the UK & Ireland, Curtis Auditorium, Herschel Building, University of Newcastle upon Tyne, UK, May 11, 2004.

<sup>993</sup> Ibrahim F. I. Shihata, "Destination Embargo of Arab Oil : Its Legality Under International Law", The American Journal of International Law 68 (4) October 1974, 597 (591-627).

<sup>994</sup> Jordan J. Paust & Albert P. Blaustein, "The Arab Oil Weapon", 412.

<sup>995</sup> Energy Information Administration (EIA), "World Oil Market and Oil Price Chronologies : 1970-2003", March 2004, 7-11, (<http://www.eia.doe.gov/emeu/cabs/chron.html>), 7.

bilateral economic agreements with them since the end of the 1950s and onwards, like the UK (in the most part of Malaya's economic activities), West Germany, Japan, the US, and even with the former Soviet Union.<sup>996</sup> It was only when the Malaysian government realized the price of its main agricultural commodities, such as rubber and tin in particular, had miserably weakened after greatly benefitting from booming prices during the Korean War, that it initiated some demands, including joining the Group of 77, to re-stabilize the price of those commodities in the international trade system.

While acknowledging that the members of the Group of 77 have been helpful in forming, at least, the economic solidarity of less developed countries in one big organization, in the case of Malaysia's economic development, there were not so many achievements that Malaysia could gain by becoming a member of the group. Apart from the application of the Generalised System of Preferences (GSP), the introduction of the Integrated Programme Commodities (IPC) where only the price of its rubber and not tin, was being set, the setting up of the Global System of Trade Preferences (GSTP) to enhance trade relations between less developed countries, and Malaysia in some parts, has registered positive trade volume with these countries by acquiring about RM90 billion per year.<sup>997</sup> However the key economic development of Malaysia is mainly based on its dynamic integration with developed countries by practising an open economy to attract foreign direct investment, establish potential bilateral economic agreement with them including exploring some ventures in new project developments, and at the same

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<sup>996</sup> J. Saravanamuttu, *The Dilemma of Independence*, 30-32.

<sup>997</sup> "PM : Negara Kecil Penting - Nilai Dagangan Dua Hala Dengan Mereka Meningkatkan RM90b Setahun", *Utusan Malaysia*, 24 August 1999, ([http://utusan.com.my/utusan/archive.asp?y=1999&dt=0824&pub=Utusan\\_Malaysia&sec=Muka\\_Hadapan&pg=fp\\_01.htm](http://utusan.com.my/utusan/archive.asp?y=1999&dt=0824&pub=Utusan_Malaysia&sec=Muka_Hadapan&pg=fp_01.htm)).

time a rapidly developing its industrialization plan to achieve the vision of Malaysia to become one of the industrial nations in 2020. The Kingdom of Saudi Arabia, as has been stressed before, has an image in the Group of 77 as more the provider of financial aid for those among the poorest of less developed countries. The aid itself is so significant for the Kingdom because it would maintain the relations between the Kingdom, and the large number of members of the Group of 77. It could be indicated that the Kingdom, in fact, has less need for the Group of 77 (except for its oil markets) and conversely the group requires the Kingdom and other OPEC members more, specifically (along with the aid) in strongly pursuing the Group of 77's proposal for the New International Economic Order (NIEO) towards developed countries in the Sixth Special Session of the United Nations General assembly in 1974 corresponding to the early post-oil crisis in 1973.<sup>998</sup> Most of the members of the Group of 77 considered the event of the oil embargo led by the Kingdom had paved the way for them to negotiate the price of their non-oil commodities and other issues related to trade relations with developed countries.<sup>999</sup>

The Group of 77, in principle, has unlocked the door for Malaysia, the Kingdom of Saudi Arabia (and in some situations, the Kingdom and other OPEC members became the leader of other less developed countries) and other less developed countries to have an open dialogue with developed countries concerning the international trade system and other issues of economic development. In regards to the membership of Malaysia and Saudi Arabia in the Group of 77, rather than being considered 'unfriendliness' over the

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<sup>998</sup> Karl P. Sauvant, "Toward the New International Economic Order", in Karl P. Sauvant & Hajo Hasenpflug (ed.), The New International Economic Order, 3-4.

<sup>999</sup> Philippe Braillard & Mohammad-Reza Djalili, The Third World and International Relations, 165-166.

developed countries in the international economic system, both countries are very much in need of the latter's capital (especially Malaysia), investment opportunities and their technological know-how in order to rapidly develop these two countries in the future. Somehow, due to the different economic orientation of both countries, along with some other aspects including a few features of the Group of 77 that may not strongly motivate the level of interaction, the membership of Malaysia and Saudi Arabia in the Group of 77 could not further improve Malaysia's economic relations with the Kingdom, especially in the 1970s, and 1980s. It could even be said that the Group of 77 does not provide much opportunity for Malaysia and Saudi Arabia in particular to enhance their economic bilateral relations, for both countries take different approaches to maintaining the price of their commodities in the international market. While at the end of the 1990s the relations were positively growing, this was much because of the efforts of Malaysia, after experiencing financial crisis in 1997, in attempting to find more economic markets and investment prospects in new countries as well as those countries that it did not have dynamic economic relations before, including the Kingdom of Saudi Arabia, in order to speed up the process of its economic recovery after the crisis.<sup>1000</sup>

## **7.5 The Organisation of The Islamic Conference (OIC)**

### **7.5.1 The Emergence of the OIC**

The emergence of the Organisation of the Islamic Conference (OIC) in the early 1970s has been generally connected with the continuous response among Muslim countries or

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<sup>1000</sup> Khadijah Md. Khalid discussed about Malaysia's efforts in the 1990s in forming new partners for its business community, particularly with the members of the Organisation of Islamic Conference (OIC). See Khadijah Md. Khalid, "Malaysia's Growing Economic Relations with the Muslim World", *Kyoto Review*, issue no. 5, March 2004, ([http://kyotoreview.cscas.kyoto-u.ac.jp/issue/issue4/article\\_362.doc](http://kyotoreview.cscas.kyoto-u.ac.jp/issue/issue4/article_362.doc)).



several individual Muslim scholars, through the Pan-Islam movement,<sup>1001</sup> to the dominant feature of secularism in the international system which had superseded the Islamic Caliphate system roughly about 400 years ago<sup>1002</sup> (post-War World II, the international secular system was largely dominated by two superpower rivalries between the US-democratic bloc, and the former Soviet-socialist bloc<sup>1003</sup>) and as a result of the abolition of the Caliphate in 1923<sup>1004</sup> by Mustafa Kemal Atatürk (1881-1938) who wholly adopted secularism in his administration.<sup>1005</sup> Added to this was the tendency of the Muslim countries which, due to the overwhelming feature of secularism in the international

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<sup>1001</sup> Pan-Islamism was initially linked to the effort of Sultan Abdul Hamid II (1876-1909) to consider 'Sultan' as the legitimate Caliph among Muslim communities. However, the individual Muslim scholar responsible to the birth of Pan-Islam was Jamaluddin Afghani (1838-1897). The general character of Pan-Islamism was the realization of the Islamic ideal, the unity of the world in Islam, and the central direction under a leader (Imam) of the world community. Pan-Islamism was also as regarded a common action against the non-Islamic world or as the impact of the occident. Nikki R. Keddie, "Pan-Islam as Proto-Nationalism", The Journal of Modern History 41 (1) March 1969, 18 & 20 (17-28), Dwight E. Lee, "The Origins of Pan-Islamism", The American Historical Review 47 (2) January 1942, 279-280 & 286 (278-287).

<sup>1002</sup> Ali L. Karaosmanoglu argued that the secularization of international political system began with the emergence of the European state system resulted from the Peace of Westphalia Treaty in 1648. See Ali L. Karaosmanoglu, "Islam and Its Implications For the International System", in Metin Heper & Raphael Israeli (ed.), Islam and Politics in the Modern Middle East (Sydney : Croom Helm Australia Pty Ltd., 1984), 105, David George, "Pax Islamica : An Alternative New World Order?", 77.

<sup>1003</sup> Dr. 'AbdulHamid 'A. AbuSulayman addressed the rivalry of two superpowers that dominated the feature of international system. See Dr. 'AbdulHamid 'A. AbuSulayman, The Islamic Theory of International Relations : New Directions for Islamic Methodology and Thought (Herndon Va., USA : International Institute of Islamic Thought, 1987), xix-xxi.

<sup>1004</sup> Mahmut B. Aykan, Turkey's Role in the Organization of the Islamic Conference : 1960-1992, The Nature of Deviation From the Kemalist Heritage (New York : Vantage Press, Inc., 1994), xi, Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 17, 'Abdullah al Ahsan, The Organization of the Islamic Conference : An Introduction to An Islamic Political Institution, (Herndon, Va. USA : The International Institute of Islamic Thought, 1988), 11, G.W. Choudhury, Islam and The Modern Muslim World (London : Scorpion Publishing Ltd., 1993), 182-183.

<sup>1005</sup> Samuel P. Huntington mentioned that the effort of Mustafa Kemal Atatürk or 'Kemalism' in secularizing the Ottoman Turkey was to achieve modernization (by embracing westernization) through the abandonment of the indigenous culture (Islamic culture). Samuel P. Huntington, The Clash of Civilizations and the Remaking of World Order (London : Simon & Schuster UK Ltd., 1996), 73-74, see also Dr. 'AbdulHamid 'A. AbuSulayman, The Islamic Theory of International Relations, 134.

system, were no longer implementing Islamic principles but practising elements of secularism in their external relations, especially with other Muslim counterparts including those aligned with neutral states. They implemented non-interference in their internal matters, pursued secular national interests over religious principles like the joining of Turkey, Iran, Iraq, and Pakistan in CENTO or the Baghdad Pact in 1955<sup>1006</sup> (which caused division to Arab-Muslim unity, especially between Egypt, and these four countries), Saudi Arabia's involvement in the Yemeni Civil War (for instance, between 1956 and 1958) for the sake of the Kingdom's border with Yemen,<sup>1007</sup> the Malaysia-Indonesian confrontation (1963-1965), the Iran-Iraq War territorial dispute (1980-1988), the Iraqi invasion of Kuwait in 1990 (although these two cases occurred after the formation of the OIC but it showed that Muslim countries still concentrated more on their secular national interests rather than on religious demands), and others.<sup>1008</sup> In order to address these issues, and more importantly to fill the gap created by the elimination of Islamic Caliphate which was so integral to the Muslim community,<sup>1009</sup> various meetings and conferences were held from the 1920s to the early 1960s by some Muslim countries, notably Egypt, Libya, Morocco, Saudi Arabia, Malaya (later the Federation of Malaysia), Tunisia, Morocco, the Dutch East Indies (or Indonesia) and others, to discuss the possibility of uniting all Muslim communities under one single leadership.<sup>1010</sup>

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<sup>1006</sup> See notes 791 & 815 in the Chapter VII.

<sup>1007</sup> Peter Calvocoressi, World Politics Since 1945 (New York : Longman Group Limited, 1991), 377.

<sup>1008</sup> The early abandonment of the Shari'a and the practice of secular international law in the Muslim world could be referred to the Ottoman's peace treaty with the Hapsburg Empire, and the Venetian Republic at the Congress of Carlowitz in 1699. David George, "Pax Islamica : An Alternative New World Order?", 75 & 89 (see note 20), see also Peter Calvocoressi, World Politics Since 1945, 361-370 (for Iraqi invasion of Kuwait).

<sup>1009</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 11.

<sup>1010</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 11-12.

Among those conferences or initiatives taken were, for example, the first Islamic Congress in Cairo in May 1926, followed by King Abdul Aziz Ibn Saud's Conference in Mecca in June 1926, the Jerusalem Conference in December 1931, the International Islamic Economic Conferences in Pakistan and Iran in 1949 and 1950 respectively, Tunku Abdul Rahman's call for a Commonwealth of all Muslim countries in 1961, King Feisal's tours to several Islamic countries to promote his Pan-Islamism in the early 1960s, the setting up of the Muslim World League (*Rabitah al-'Alam al-Islami*) in 1962, and others.<sup>1011</sup> Nonetheless, owing largely to ideological political differences, specifically between Jamal Abdel Nasser of Egypt, and King Feisal of Saudi Arabia,<sup>1012</sup> and because most of the Muslim countries had yet to achieve independence, all these initiatives were futile in driving all Muslim countries to revive the Caliphate or, at least, to form an International Islamic Organization. It was only after the defeat of the Arabs, led by Egyptian Premier Jamal Abdel Nasser, in the Arab-Israeli War of 1967, where the attitude of Arab Muslim countries in particular began to change, and simultaneously following the fire damage to al-Aqsa Mosque on 21 August 1969, that King Hassan II of Morocco, King Feisal of Saudi Arabia, and other Muslim counterparts were prompted to unite against the burning of al-Aqsa Mosque as well as inaugurating the first Islamic Summit in Rabat, Morocco on 22-25 September 1969,<sup>1013</sup> which also eventually cleared

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<sup>1011</sup> For further elaboration on several initiatives taken by Muslim countries to unite all Muslim communities see Gomathi A/P Vanathan, "Penglantikan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 2-13, 'Abdullah al Ahsan, The Organization of the Islamic Conference, 11-17, G.W. Choudhury, Islam and The Modern Muslim World, 183-186, Noor Ahmad Baba, Organisation of Islamic Conference : Theory and Practice of Pan-Islamic Cooperation (New Delhi : Sterling Publishers Private Limited, 1994), 24-51.

<sup>1012</sup> Noor Ahmad Baba, Organisation of Islamic Conference : Theory and Practice of Pan-Islamic Cooperation (New Delhi : Sterling Publishers Pvt., Ltd., 1994), 39-40.

<sup>1013</sup> Shahid Husain, "Fostering Cooperation Among Muslim Countries : OIC's Response and Responsibilities", Pakistan Horizon 51 (2) 1998, 18 (15-22), G.W. Choudhury, Islam and The

the way for the formation of an International Islamic Organization called the 'Organisation of the Islamic Conference' (OIC) in 1972.<sup>1014</sup>

The first Islamic Summit in Rabat, Morocco in 1969, which was attended by 24 Muslim countries<sup>1015</sup> (including Malaysia and Saudi Arabia), and the PLO as an observer, indirectly provided a platform for participating Muslim countries to organize frequently, and more systematically, a series of Islamic conferences between them, such as to hold an Islamic Summit every three years, and an Islamic Conference of Foreign Ministers once a year.<sup>1016</sup> Besides that, the Muslim member countries had formulated the Charter of OIC in 1972 which specifically focused on the issue of the Palestinian people as well as the calls for the promotion of Islamic solidarity (in political, and socio-religious-economic fields) among Muslim countries, the respect for sovereignty, and self-determination, the upholding of international peace, the elimination of racial segregation and colonialism, and the prohibition of the use of force against the territorial integrity, national unity or

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Modern Muslim World, 186-187, Mohamad Abu Bakar, "Islam in Malaysia's Foreign Policy", in Mohammed Azhari Karim, Llewellyn D. Howell & Grace Okuda (ed.), Malaysian Foreign Policy : Issues and Perspectives (Kuala Lumpur : Institut Tadbiran Awam Negara, Malaysia, 1990), 83, 'Abdullah al Ahsan, The Organization of the Islamic Conference, 17-18, Noor Ahmad Baba, Organisation of Islamic Conference, 53-55.

<sup>1014</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 19.

<sup>1015</sup> In other reports there were 25 Muslim countries which attended the conference including the Muslim Community of India. Others were Afghanistan, Algeria, Chad, Guinea, Indonesia, Iran, Jordan, Kuwait, Lebanon, Libya, Malaysia, Mali, Mauritania, Morocco, Niger, Pakistan, Saudi Arabia, Somalia, Popular Republic of Southern Yemen, Sudan, Tunisia, Turkey, United Arab Republic (Egypt & Syria), and the Yemen Arab Republic. See Organisation of the Islamic Conference, "First Islamic Summit Conference", (<http://www.oic-oci.org/english/fm/All%20Download/Frm.01.htm>), Foreign and Commonwealth Office, London, "Organisation of the Islamic Conference", April 1981, page 1, British Public Record Office, UK (FO 973/360).

<sup>1016</sup> Organisation of the Islamic Conference, "First Islamic Summit Conference", (<http://www.oic-oci.org/english/fm/All%20Download/Frm.01.htm>), Foreign and Commonwealth Office, London, "Organisation of the Islamic Conference", April 1981, page 3, British Public Record Office, UK (FO 973/145).

political independence of any member state.<sup>1017</sup> The membership of the OIC has also grown from 24 countries in 1969 to 57 member countries in the late 1990s. The rapid increase in OIC membership is contributed to by the admission of a few Muslim newly independent states like Albania, which joined the OIC in 1992, Azerbaijan in 1992, Kazakhstan in 1995, Tajikistan in 1992, Turkmenistan in 1992, and Uzbekistan in 1996.<sup>1018</sup> As the major representative of all Muslim countries, the OIC has persistently attempted to pursue and promote the well-being of Muslim member countries, as well as all the Muslim communities as a whole, in facing the problems and challenges (especially for the issue of the Palestinian people) in the international political system.

Ideally, it cannot be denied that the OIC is different from the character of NAM and the Group of 77 as these two organizations were established in direct response to the major changes of the feature of the international system after the end of the World War II. NAM is more towards the non-alignment of small states upon the rivalries of the two superpowers, and the Group of 77 is to sustain the economic of smaller states vis-à-vis developed countries. The nature of the OIC, as has been the endeavour of its members, is to trace back to the era of the Prophet Muhammad (peace be upon him), and the Caliphate of Al-Rasyidin, where the main characteristic of the Muslim community or Ummah of that era was subjected to the Al-Qur'an and Al-Sunnah. In other words, the

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<sup>1017</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 23-24, Organization of the Islamic Conference, "OIC in Brief", 1-2, ([http://www.oic-oci.org/english/main/oic\\_in\\_brief.htm](http://www.oic-oci.org/english/main/oic_in_brief.htm)), Foreign and Commonwealth Office, London, "Organisation of the Islamic Conference", April 1984, page 1, British Public Record Office, UK (FO 973/360).

<sup>1018</sup> The latest country joined OIC was the Republic of Cote d'Ivoire in 2001. See Organization of the Islamic Conference, "Member States", 1-3, (<http://www.oic-oci.org/english/main/member-states.htm>), 'Abdullah al Ahsan, The Organization of the Islamic Conference, 45 (al Ahsan only mentioned the increase of OIC membership from 24 to 46 members between 1969 and 1986).

OIC has tried to exhibit itself as the manifestation of Ummah in the modern international system after the abolition of the Islamic Caliphate. Nevertheless, since the modern international system, to some extent, has been fundamentally circumscribed by the principle of secularism (particularly in the concept of nation-state, and state sovereignty), as was argued by David George, where all religious elements were eliminated,<sup>1019</sup> the OIC's Ummatic conception is difficult to apply in the modern international system. This inevitably could be related to the vast difference in the Caliphate's and the OIC's approaches to the notion of sovereignty. The former was certainly considered by Ummah as the supreme political authority to implement the teachings of Islam, however, in the OIC, Muslim countries do not 'exclusively' submit their state sovereignty, even as indicated by 'Abdullah al Ahsan; member states are, in fact, stronger authorities than the OIC itself.<sup>1020</sup> On top of that, since the birth of the OIC has appeared in the modern international system, where the Islamic Caliphate no longer exists, OIC members have to acknowledge the dominant pattern of secularism and state sovereignty in the international system, and it simultaneously indicates that 'Muslim countries' relations' was probably one of the sub-systems that formed the big umbrella of the modern international system.

### **7.5.2 The Role of the OIC in Safeguarding Muslim Countries**

As NAM and the Group of 77 have responded actively to deal with the major changes of the pattern of the international system, how is the OIC, as the key agent of Muslim countries, to react in safeguarding the interests of its members and especially in regards to the membership of Malaysia and Saudi Arabia in the organization, to face the

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<sup>1019</sup> David George, "Pax Islamica : An Alternative New World Order?", 72-73.

<sup>1020</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 48.

challenges of the modern international system? As was previously mentioned, although the OIC theoretically attempted to portray itself as an organization that upholds Islamic teachings, in practical terms it is faced with the complex sovereignty of its members which are composed of various forms of government ranging from traditional monarchy to democratic, military, and autocratic regimes. This is the most noticeable obstacle for the OIC where it cannot surpass the sovereignty of its members, and heavily depends on them to implement its decisions. Moreover, unlike the Islamic Caliphate which had supreme authority to implement Shari'a (divine law), for instance Saidina Abu Bakr (the first Caliph) was able to implement the Shari'a by fighting against some tribes of Arabia who refused to pay zakah<sup>1021</sup> after the death of the Prophet Muhammad (peace be upon him), the OIC cannot implement Shari'a among its members (or even the larger Muslim community) because their membership in the organization is based upon voluntary submission. The OIC does not possess political authority as the Caliphate did. It mainly relies upon mutual consultation among its members which in some situations makes it difficult to achieve consensus in the organization.<sup>1022</sup> Therefore, it seems that the OIC has no obvious role in safeguarding the interests of its member countries as it does not have the capacity to overrule their sovereignty, and it is up to its members to maintain the sense of Islamic solidarity in the OIC.<sup>1023</sup> Instead, the role of the OIC is more concentrated on giving critical responses to some of the Islamic issues (this is parallel with its inception to react to the burning of al-Aqsa Mosque in 1969), like the Palestinian

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<sup>1021</sup> Zakah is the third pillar of Islam. It is the obligatory of sharing of wealth with the poor and the community at an annual rate, of appropriated wealth above a certain minimum. 'Abdullah al Ahsan, The Organization of the Islamic Conference, 48 (see note 2 in this book).

<sup>1022</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 48.

<sup>1023</sup> For further discussion see 'Abdullah al Ahsan, The Organization of the Islamic Conference, 48-51.

people, the Soviet invasion of Afghanistan, the Iran-Iraq War, Iraq-Kuwait, and also to act as a mediator between two conflicting Muslim countries.<sup>1024</sup>

Nevertheless, in some situations, the role of the OIC which is more to solve, or at least endeavour to mediate in various Islamic issues and conflicts, does not provide an encouraging platform for members to integrate more closely among themselves, particularly if those issues contrast with, or would threaten, member-countries' national interests. It is only when some particular issues emerge (which are different from the issues that they disagreed upon) which have greater impact upon their own national interests that they will subsequently be induced to give support, or at least 'reserve their stance' (by not indicating against an OIC decision) towards any OIC resolutions. This may be associated with the behaviour of Turkey's membership in the OIC, especially on the Israel-Palestine issue, where at the beginning of the Islamic Summit in Rabat in 1969, it opposed any condemnation of Israel or any attempt by OIC members to consider the Zionist movement as a racial, aggressive, and expansionist faction.<sup>1025</sup> Yet, after the Arab-Israeli War of 1973, Turkey's stance on Israel gradually changed and it began to support the OIC's condemnation of Zionism as a form of racism and racial discrimination, and would not allow the US to use their military facilities to ship aid to Israel, while at the same time permitting the former Soviet Union to use its airspace to

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<sup>1024</sup> Thus, OIC is normally considered as a political forum for Muslim countries to primarily concerned with consolidating cooperation among its members on various Arab-Muslim issues, including the Palestinian issue. Mahmut B. Aykan, Turkey's Role in the Organization of the Islamic Conference, ix.

<sup>1025</sup> Mohammad El Sayed Selim (ed.), Abdel Monem Al-Mashet, Mounir Badawi Al-Sayed & Ola A. Abou Zeid, The Organization the Islamic Conference in A Changing World (Giza, Egypt : Center for Political Research & Studies, Faculty of Economics & Political Science, Cairo University, 1994), 66.



give military aid to Egypt and Syria.<sup>1026</sup> The change of Turkey's approach towards the Israel-Palestine issue was, for the most part, linked with its efforts to raise support from other Muslim countries in the case of Turkish minority in Cyprus, because it seemed that Turkey had lost hope in its Western allies as the US imposed an arms embargo upon it in February 1975 due to its military operation in Cyprus in July 1974. Thus, by continuously promoting the Palestinian issue among Muslim counterparts, eventually Turkey received OIC members' support in passing a resolution on the equality of rights of the two Cyprus communities; the Greek Cypriots, and Turkish Cypriots in the Seventh Islamic Conference of Foreign Ministers held in Istanbul, Turkey in May 1976.<sup>1027</sup>

This is also similar to the Arab Muslim countries' early position on Turkish Cypriots in Cyprus where they did not vote Turkey's claim that it was granted, based on the Zurich-London Agreements of 1959-1960, to act as a guarantor of peace in Cyprus in December 1965 for UN Resolution 2077. Among the main reasons the Arab countries did not take Turkey's side was because Turkey, as discussed above, did not support the Arab stance on the Palestine issue and the tendency of the Arab countries, including the Palestinian people, to compare the respective positions of Jews in Palestine and Turkish Cypriots in Cyprus, where the Jewish community later formed a state in Palestine, and

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<sup>1026</sup> Mahmut B. Aykan, Turkey's Role in the Organization of the Islamic Conference, 67-69 & 74-76.

<sup>1027</sup> However, Turkey still did not break off its diplomatic relations with Israel, despite supporting the Palestinian people. Its attitude towards the OIC, and the issues of Muslim countries is, in fact, as argued by Mahmut B. Aykan, as 'balancing' between the Muslim world and the rest, depending largely on Turkey's affiliation with European communities, and as one of the NATO allies. See Mahmut B. Aykan, Turkey's Role in the Organization of the Islamic Conference, 75-79 & 100.

left the Palestinian people without a state.<sup>1028</sup> Along with that, the Arab countries were overwhelmed by the influential Jamal Abdel Nasser of Egypt who was concerned with the sensitivity of Cyprus as one of the members of the Non-Aligned Movement. Supporting Turkey would jeopardize the integrity of Cyprus.<sup>1029</sup> This Arab position on Turkey was unchanged until the formation of the OIC. However when Turkey, after the Arab-Israeli War of 1973, started to change its approach towards Palestine and became more active in the OIC, for example contributing to the budget of the organization, sending its Foreign Minister for the first time to the Sixth Islamic Conference of Foreign Ministers in Jeddah in 1975 and offering Istanbul as a host for the following Foreign Minister's conference in 1976, the Arab countries sided with Turkey to uphold the equal rights of the two main communities in Cyprus.<sup>1030</sup>

Furthermore, in solving Muslim issues or conflicts, the OIC was also bound to some limitations which indirectly might hinder its efforts to further safeguard the affairs of other Muslim countries, such as the maintenance of its mutual relations with other international organizations, mainly the Non-Aligned Movement that need to be respected, the character of the divisions between OIC members (especially between Arab Muslim countries) and also the concept of bilateralism between its members and non-OIC members (both Muslim, and non-Muslim countries).. This could be observed in OIC's interference in Islamic cases like the Soviet invasion of Afghanistan, the Iran-Iraq War, Muslim minorities including the issue of the Kashmiri people between India and Pakistan, and others. In the case of the former Soviet Union's invasion of Afghanistan

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<sup>1028</sup> Mahmut B. Aykan, Turkey's Role in the Organization of the Islamic Conference, 59.

<sup>1029</sup> Mahmut B. Aykan, Turkey's Role in the Organization of the Islamic Conference, 59.

<sup>1030</sup> Mahmut B. Aykan, Turkey's Role in the Organization of the Islamic Conference, 77.

(which was largely due to the concept of bilateralism among pro-Arab countries to the former Soviet Union), the resolution of the OIC to expel the Marxist regime in Kabul was not unanimous as a few pro-Soviet Arab countries such as Syria, and even the Palestine Liberation Organization (PLO) opposed the resolution, arguing that the Afghani government was still led by Afghan nationals.<sup>1031</sup> Then, the failure of the OIC to mediate, let alone solve, the conflicts between Iran and Iraq (1980-1988), was owing to the propensity of several OIC members which seemed to side with one or other of the conflicting parties. For instance, in the Iran-Iraq War, there were a few OIC members (specifically Saudi Arabia which was concerned with the Iranian revolution) who favoured Iraq over Iran, and to make matters worse for Iran, the OIC held the Twelfth Foreign Ministers Conference in Baghdad in June 1981 (while the war was still extremely tense), without paying attention to the protest of Iran which proposed that the OIC members should organize the conference in a neutral place. The OIC's rejection of Iran's protest was generally believed to be because of the Khomeini government's boycott of the Third Summit Conference in Mecca, Saudi Arabia in January 1981. At the end of the conference, the OIC had endorsed Iraqi's government's statement which was geared up for peaceful negotiation, but at the same time Iraq accused Iran of being less than serious in resolving the conflict. The OIC's inclination to Iraq had disrupted its image as the mediator of Muslim countries' conflicts.<sup>1032</sup> In another point of argument, the study believes that the tendency of the OIC members of seemingly giving more

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<sup>1031</sup> 'Abdullah al Ahsan, "Organization of Islamic Conference : An United Nations of Muslim Countries", Conference on Globalism and the Muslim Ummah, 16-17 October 1993, International Islamic University of Malaysia (IIUM), & Yayasan Ummi, Petaling Jaya, Selangor, Malaysia, 5, see also Mohammad El Sayed Selim (ed.), Abdel Monem Al-Mashet, Mounir Badawi Al-Sayed & Ola A. Abou Zeid, The Organization the Islamic Conference in A Changing World, 78-82.

<sup>1032</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 78-81, 'Abdullah al Ahsan, "Organization of Islamic Conference", 5-6.

support to Iraq, and less to Iran, was owing to the vast influence of Sunni-Muslim countries in the organization compared to Shi'ah which was only practised by a small group of Muslim countries, with the exception of Iran, Bahrain, and Iraq.<sup>1033</sup>

Meanwhile, for the issue of Muslim minorities, the OIC faces intricacy with the concept of bilateralism, and its institutional relations with other smaller states' organizations, primarily the Non-Aligned Movement. This can be referred to the issue of Kashmir which involves the tussle between Pakistan and India. As is well-known, India and Pakistan have been rivals since early post-World War II. Their conflicts are rooted in geographical boundaries, the threat of nuclear war, and the issue of Kashmir. Principally, in solving the issue of Kashmir the OIC is trapped between considering Pakistan as one of its members and at the same time respecting the sovereignty of the Indian government, as well as maintaining its mutual relations with the Non-Aligned Movement, of which India is one of most influential countries. This is because any OIC decisions which are biased towards Pakistan would jeopardise the members' bilateral relations with India.<sup>1034</sup> Therefore, in mediating the issue of Kashmir, the OIC initiated two actions. Firstly, it condemned the violation of human rights under the U.N Charter and expressed its willingness to have a dialogue between Pakistan and India to solve the issue of Kashmir. Secondly, in respecting the sovereignty of India, the OIC is only supporting the right of

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<sup>1033</sup> Shi'ite-Muslim followers can be found in Iran (89%), Bahrain (70%), Iraq (60%), Kuwait (30%), Pakistan (20%), Afghanistan (19%), Libya (3%), and others. CIA-The World Factbook, "Guide To Country Profiles",

(<http://www.cia.gov/cia/publications.factbook/docs/profileguide.html>), ReligionFacts.com, "Islam by Country", (<http://www.religionfacts.com/islam/places/countries.htm>).

<sup>1034</sup> Recently, India in a letter dated 1<sup>st</sup> November, 1994, circulated to all OIC members in New York made it clear that supporting the Pakistan resolution on Kashmir would undermine the principle of bilateralism and would only encourage terrorism in the state. Darshan Singh, "India and the OIC", *India Quarterly* L (4), 1994, 26.

self-determination to the people of Kashmir, but with no reference given, or linked, to the sovereignty of the Indian government. This is unlike the case of Mindanao for which the OIC claimed self-autonomy under the sovereignty of the government of Philippines.<sup>1035</sup> Needless to say, the OIC is in favour of mediating the issue of Kashmir within a peaceful international framework, and emphasizes providing humanitarian assistance to the Kashmiri people.<sup>1036</sup> Nonetheless, the 'lenient' approach of the OIC towards the issue of Kashmir dissatisfied Muslim communities and in the opinion of 'Abdullah al Ahsan, compared to the credibility of the UN which had successfully resolved some Muslim conflicts (like the Iran-Iraq War, and others), the OIC never seriously questioned the affairs of Muslim minorities in Kashmir or in other Muslim minority areas, except for giving too much emphasis to Muslims in Mindanao, the Philippines.<sup>1037</sup> In spite of the setbacks and limitations of the OIC, the varied Islamic background specifically between Sunni-Shi'ite which to some extent portrays the lack of Pan-Islam unity (for example, refer to the Iran-Iraq War), and the different form of governments among its members, the organization, however, will be always become the main channel for all Muslim communities to analyze Islamic issues and conflicts as well as to take any necessary action in order to improve the standard of their life in the international system.

### **7.5.3 Malaysia and Saudi Arabia in the OIC**

On the membership of Malaysia and Saudi Arabia in the OIC, both countries have played significant roles in promoting and supporting the vision of the organization among their

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<sup>1035</sup> Mohammad El Sayed Selim (ed.), Abdel Monem Al-Mashet, Mounir Badawi Al-Sayed & Ola A. Abou Zeid, The Organization the Islamic Conference in A Changing World, 76.

<sup>1036</sup> Mohammad El Sayed Selim (ed.), Abdel Monem Al-Mashet, Mounir Badawi Al-Sayed & Ola A. Abou Zeid, The Organization the Islamic Conference in A Changing World, 78.

<sup>1037</sup> 'Abdullah al Ahsan, "Organization of Islamic Conference", 5-7.

Muslim counterparts and the world at large. Yet, whether Malaysia's and Saudi Arabia's participation in the OIC can safeguard their interests as 'Muslim countries' in the modern international system, is a complex question to be answered for the OIC itself, as discussed before, faces some limitations, specifically in the question of its members' sovereignty and their own national interests, which quite often contrast with the principles of the OIC, and also it lacks Pan-Islam unity (for instance, the division between Sunni-Shiite, and some problems accepting Wahhabism of Saudi Arabia, mainly among Muslim communities in the non-Arab Muslim world including Malaysia<sup>1038</sup>). What is more obvious, however, even though the initial establishment of the OIC emphasizes the concept of Ummah (which is different to the notion of nation-state and state sovereignty), is that its members are composed of a number of states (irrespective of what kind of governments they are) or 'Muslim countries', have communally (although not all members) been absorbed into one of the basic features of the modern international system, namely the 'state system'. As Malaysia and Saudi Arabia are among the states (that could be classified as moderate Muslim countries) in the modern international system, they have in fact already been safeguarded by jointly integrating with other states, especially with those influential states which they believe might provide the basic needs (for instance, in security affairs, Malaysia signed a military agreement with Britain through the Anglo-Malayan Defence Agreement (AMDA),<sup>1039</sup> while the Kingdom of Saudi Arabia had close military operations with the US, especially in Dhahran, Saudi Arabia<sup>1040</sup>) in the system that they have lived in even before the formation of the OIC.<sup>1041</sup>

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<sup>1038</sup> For further elaboration on Wahhabism, see Chapter VI.

<sup>1039</sup> See note 883 in the Chapter VII.

<sup>1040</sup> See note 884 in the Chapter VII.

By becoming members of the OIC, rather than to preserve both countries' interests in the modern international system, they are rather consolidating their image in the Muslim world where, through the intimate co-operation with other Muslim countries within the OIC and constantly supporting several Muslim issues, the survival of Malaysia and the Kingdom of Saudi Arabia will be prolonged into the future. Besides that, equipped with better economic conditions compared to other Muslim countries like Afghanistan, Bangladesh, Maldives, Mali and other Muslim countries which can be categorized as 'least developed',<sup>1042</sup> Malaysia, and Saudi Arabia are instead, playing the role as the members that are prominently 'looking after' the organization by financially adhering to contributing annually to the OIC budget.<sup>1043</sup> Moreover, more importantly, the membership of Malaysia and Saudi Arabia in the OIC, can be closely linked to the Islamic challenges that Malaysia and Saudi Arabia are facing, both at the domestic level and the regional level, especially for the Kingdom which is not only concerned with the Hashemite descendants at home, but also among its Arab neighbours including the Hashemite Kingdom of Jordan, and Morocco as well as with other Arab countries like

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<sup>1041</sup> As had been argued by Hasan Moinuddin, the acceptance of international law by Islamic state (or Muslim countries) depends wholly and solely upon them. See Hasan Moinuddin, The Charter of The Islamic Conference and Legal Framework of Economic Co-operation Among Its Member States (Oxford : Oxford University Press, 1987), 54.

<sup>1042</sup> Malaysia is classified as 'middle-income country', while Saudi Arabia as 'oil-rich producing country'. See Kabir Hassan, "Regional Economic Blocs Among OIC Countries and the Prospect of Islamic Common Market", The Middle East Business and Economic Review 15 (1) July 2003, 60 (52-87).

<sup>1043</sup> According to Mr. Sazali Mustafa Kamal, Malaysia and Saudi Arabia are the most consistent members in contributing some financial assistance to the OIC. Both countries contribute approximately 30 per cent of the OIC's total budget, with 8 per cent from Malaysia, and 22 per cent from Saudi Arabia. Interview with Mr. Sazali Mustafa Kamal, Assistant Secretary, Organization of the Islamic Conference (OIC), 10.00-11.00am, Ministry of Foreign Relations, Wisma Putra, Putrajaya, Malaysia, April 8, 2003. See also 'Abdullah al Ahsan, The Organization of the Islamic Conference, 20.

Iran, Egypt, and Libya which are also vying for the Islamic leadership.<sup>1044</sup> For the Malaysian government (led by UMNO, as one of political parties of Barisan Nasional or 'National Coalition' that formed the government), its affiliation with the OIC could be more relevant to cope with local Islamic challenges which undoubtedly come from its traditional long-time rival, the Islamic Party or Parti Islam Se-Malaysia (PAS), and the growing Islamic resurgence propagated by a few Islamic Dakwah groups in Malaysia since the 1970s.<sup>1045</sup>

#### **7.5.4 Malaysia's Relations with Saudi Arabia in the OIC**

It is undeniable that the affiliation of Malaysia and Saudi Arabia in the OIC since the early 1970s has opened up more opportunities for both countries to interact beyond the issues of pilgrimage and education which commonly illustrated relations between these two countries during the 1950s and 1960s.<sup>1046</sup> Malaysia's preliminary interaction with the Kingdom of Saudi Arabia in the OIC possibly began with the appointment of Tunku Abdul Rahman (the first former Malaysian Prime Minister) as the first General Secretary of the OIC and who received strong support from King Feisal of Saudi Arabia in the period of his visit to Malaysia in 1970. In the same years that he was appointed as the OIC Secretary Tunku relinquished his post as the Malaysian Premier, and the Malaysian government, especially under the leadership of Tun Abdul Razak, took advantage of the

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<sup>1044</sup> Saudi-Hashemite rivalry can be seen back into the history of the establishment of the Kingdom of Saudi Arabia, and the contest of Islamic leadership between Saudi Arabia, and other influential Arab-Muslim states like Egypt (particularly during the era of Jamal Abdel Nasser), Iran (Khomeini's revolution), and others.

<sup>1045</sup> For the challenge of Islamic Party, and Islamic Dakwah Groups to the Malaysian government see notes 288, 297 & 319 in the Chapter IV (Islamic Party), and see pages 232-234 in the Chapter VI (Islamic Dakwah Group).

<sup>1046</sup> Discussion on Malaysia's relations with Saudi Arabia in the 1950s, and 1960s, see pages 83-86 in the Chapter IV.



personal relations formed between Tunku Abdul Rahman, and King Feisal, by starting to gain financial aid from the Kingdom to fund several developmental projects in Malaysia.<sup>1047</sup> Under the reign of the late Tun Hussein and Dr. Mahathir (but only in the early 1980s), the Malaysian government continued to receive more financial aid from Saudi Arabia.<sup>1048</sup> Even though it could be said that the flow of Saudi aid to Malaysia was the outcome of the formal visits by the Malaysian leaders, in some ways the affiliation of both countries, as they were among the co-founders, in the OIC had paved the way for Malaysia to receive the Saudi aid in developing its economic infrastructure.<sup>1049</sup>

Besides that, through the OIC, Malaysia also received some financial assistance from the Islamic Development Bank (IDB) to finance economic programs as well as to build some academic institutions. The establishment of the IDB, which is the major affiliated financial organ of the OIC, in Jeddah, Saudi Arabia in 1975 was initially proposed by Tunku Abdul Rahman to King Feisal to help in uniting the economies of the OIC members.<sup>1050</sup> Both Malaysia and Saudi Arabia were among the first contributors of IDB accounts. Malaysia's contribution to the IDB was roughly around US\$40 million (or

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<sup>1047</sup> See pages 87-89 in the Chapter IV.

<sup>1048</sup> See pages 91-96 in the Chapter IV.

<sup>1049</sup> According to Anuar Kasman, Malaysia was among the first Muslim country to receive project financing from the Saudi Fund for Development (SDF). Anuar Kasman, Counsellor, Deputy Mission, "Brief Statement", Embassy of Malaysia in Riyadh, Saudi Arabia, 1996, 4.

<sup>1050</sup> At the beginning of the establishment of the IDB, most of the Arab countries were less supportive of Tunku's idea. However, when Tunku toured a number of Arab countries in 1974, such as Saudi Arabia, Kuwait, United Arab Emirates, Egypt and Libya, most of them believed that the IDB could help Muslim countries to gain more capital for their economic development. Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 102-103, "Islamic Bank : Tunku Off to Brief Arabs", Malay Mail, March 6, 1974. For further details on IDB see for instance, S.A. Meenai, The Islamic Development Bank : A Case Study of Islamic Co-operation, (New York : Kegan Paul International, 1989), 1-22, 'Abdullah al Ahsan, The Organization of the Islamic Conference, 37-38.

RM120 million),<sup>1051</sup> whereas the Kingdom is among the biggest contributors to the bank, approximately representing 25.5 per cent or US\$536,4440,000 million of the total IDB accounts.<sup>1052</sup> Amid good and steady relations with the Kingdom of Saudi Arabia, as one of the largest contributors to the IDB, and the significant role played by Tunku in bringing about the idea of the bank, Malaysia received a lot of financial assistance from the bank.<sup>1053</sup> The first financial assistance amounted to RM50 million dollars (in loan) given by the IDB to Malaysia was in 1977 for Permodalan Nasional Bhd. (a financial institution in Malaysia), and this was followed by Pahang Cement Company which received RM17 million ringgit (in equity terms) in 1978.<sup>1054</sup> Between 1984-1985, the IDB distributed its financial assistance (two equities, and eight loans) to 10 Malaysian projects. These included the Palpa dan Paper Factory (US\$130.2 million), Cold Rolling Factory (US\$88.1 million), Mini Hydroelectric Area I (US\$11 million), Electricity for urban people (US\$23.5 million), the construction of Lumut Port (US\$63.4 million), the highway of Seremban–Air Hitam Fasa II, III dan IV (US\$92.7 million), the building of eight religious schools (US\$5 million), the Islamic Academy, University of Malaya

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<sup>1051</sup> Gomathi A/P Vanathan, “Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)”, 107.

<sup>1052</sup> In another study, Saudi’s contribution to the IDB is about 27.33 per cent (the largest donor), followed by Libya (10.96 per cent), and Iran (9.59 per cent). See Simon Henderson, “Institutionalized Islam : Saudi Arabia’s Islamic Policies and the Threat They Pose”, Senate Judiciary Committee, United States Senate, September 10, 2003, ([http://kyl.senate.gov/legis\\_center/subdocs/091903\\_henderson.pdf](http://kyl.senate.gov/legis_center/subdocs/091903_henderson.pdf)), see also note 451 in the Chapter V.

<sup>1053</sup> Yet, it did not necessarily mean that Malaysia was the only Muslim country receiving the financial assistance as Cameroon, and Jordan were among the first beneficiaries of the IDB’s financial assistance. Gomathi A/P Vanathan, “Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)”, 104.

<sup>1054</sup> Gomathi A/P Vanathan, “Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)”, 108.

(US\$10.4 million), Islamic Complex (US\$3.2 million), and Petrajaya Art Centre (US\$1 million).<sup>1055</sup>

Heading towards the 1990s, however, after Malaysia experienced rapid economic growth, it no longer qualified to receive 100 per cent financial assistance from the IDB, instead the bank would only distribute about 30 per cent for financial loans, and 70 per cent for the purchase of equipment (in instalment scheme<sup>1056</sup>) in any project developments in Malaysia.<sup>1057</sup> Despite this, at the end of the 1990s, Malaysia was able to get financial assistance amounting to RM1,198,056.10 million from the IDB to build the International Islamic University,<sup>1058</sup> and US\$20.16 million for the construction of the University of Malaysia Sabah (UMS).<sup>1059</sup> Frankly to say, the total amount of IDB financial assistance from 1977 up to the end of the 1990s to Malaysia was approximately about US\$512 million dollars.<sup>1060</sup> The tendency of Malaysia to gain financial assistance from the IDB is probably due to the preconditions of the bank which does not charge any interest for the loan given and the borrowers (the OIC members) are only pay one per

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<sup>1055</sup> Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 109-110.

<sup>1056</sup> The form of instalment scheme is similar to leasing but involved the immediate transfer of ownership of assets to the borrower. Economic Planning Unit, "Chapter 22 : Development Through International Cooperation", Rancangan Malaysia Kelapan, 2001-2005, ([http://www.epu.jpm.my/new%/20folder/RM8/c22\\_cont.pdf](http://www.epu.jpm.my/new%/20folder/RM8/c22_cont.pdf)), 598.

<sup>1057</sup> Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 112-113.

<sup>1058</sup> Anuar Kasman, Counsellor, Deputy Mission, "Brief Statement", Embassy of Malaysia in Riyadh, Saudi Arabia, 1996, 23.

<sup>1059</sup> Khadijah Md. Khalid, "Malaysia's Growing Economic Relations with the Muslim World", 5, "IDB Hopes for Faster OIC Revamp", *Utusan Malaysia*, October 30, 2004, ([http://utusan.com.my/utusan/archive.asp?y=2004&dt=1030&pub=utusan\\_express&sec=front%5Fpage&pg=fp\\_05.htm&arc=hive](http://utusan.com.my/utusan/archive.asp?y=2004&dt=1030&pub=utusan_express&sec=front%5Fpage&pg=fp_05.htm&arc=hive)).

<sup>1060</sup> Khadijah Md. Khalid, "Malaysia's Growing Economic Relations with the Muslim World", 5.

cent for the service fee.<sup>1061</sup> Yet the overall picture of the IDB's financial assistance to Malaysian economic development is still smaller in comparison to the contributions from other major financial institutions like Japan's Official Development Assistance (ODA), the World Bank, UN Organizations, or to several developed countries such as the US and Europe. This could be referred to, for example 1987, where Japan (through the ODA) alone contributed about 30 per cent (RM230.8 million) of Malaysia's total sources of foreign equity in approved projects, followed by Singapore (18.1 per cent), Taiwan (15.8 per cent), the US (8.2 per cent), while others (including the IDB's contribution<sup>1062</sup>) was only about 9.1 per cent or RM68.3 per cent.<sup>1063</sup> Moreover, from 1996-2000, for Malaysia's technical assistance, the IDB had only contributed US\$0.20 million (and then only in 1999), whereas Japan, as the largest donor, gave away on average from US\$55 million (1996) to US\$60 million (2000), followed by other developed countries and a number of international financial agencies.<sup>1064</sup> The limited financial contribution of the IDB in Malaysia's economy may be associated with its resources which are not quite large enough (that was about RM5,971 million in 1980s,<sup>1065</sup> and it rises to nearly US\$7 billion towards the end of the 1990s<sup>1066</sup>) to finance all the projects that were undertaken by members of the OIC, including Malaysia. Nevertheless, the poorest members which

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<sup>1061</sup> "Islamic Bank : Tunku Off to Brief Arabs", *Malay Mail*, March 6, 1974.

<sup>1062</sup> In 1986 and 1987, the IDB had given US\$15 million, and US\$40 million to Malaysia respectively, but since most of the fund was used to purchase imported materials for developmental projects, the government could only spend about US\$3.135 million (1986), and US\$8.487 million (1987) on the projects that had been approved by both sides. Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 110.

<sup>1063</sup> Mohamed Ariff, *The Malaysian Economy*, 112, see Table 4.6, and also for further elaboration see Table 4.7, and Table 4.8 (pages 112-113) in this book.

<sup>1064</sup> For further details see Economic Planning Unit, "Chapter 22 : Development Through International Cooperation", Table 22.1 in page 592.

<sup>1065</sup> Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 107.

<sup>1066</sup> Islamic Development bank, "IDB Annual Budget", 2004 (<http://www.isdb.org/~29annualreport/Chapter%207.pdf>).

are identified as 'least developed' receive more emphasis. Added to this are the other financial commitments of Arab oil producing countries as the main IDB donors, especially the Kingdom of Saudi Arabia, in several international financial institutions like the OPEC Fund, the International Monetary Fund, the International Fund for Agriculture, the African Development Fund, and others.<sup>1067</sup>

Even though, Malaysia's affiliation in the OIC has, to some extent, brought it closer to Saudi Arabia, mostly in the form of receiving financial aid from the Kingdom, in terms of economic relations, as discussed in Chapter V, Malaysia in particular is less encouraging (except at the end of the 1990s), and it has to face some stringent policies of the Saudi government which indirectly lead to the former having some difficulties in penetrating the latter's markets.<sup>1068</sup> In fact, it is not only the economic relations between Malaysia and Saudi Arabia that are discouraging, but the overall economic co-operation among all OIC members is also not growing rapidly. The OIC has been active in promoting the strengthening of the level of the economic co-operation among its members since the Second Islamic Summit Conference in Lahore, Pakistan in February

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<sup>1067</sup> See note 451 in the Chapter V.

<sup>1068</sup> The researcher, while visiting the Embassy of Malaysia in Riyadh, Saudi Arabia in 2004, had asked questions of Mr. Anuar Kasman regarding a few of Saudi Arabia's stringent policies which caused difficulties for Malaysian goods to enter the Kingdom's markets. According to Mr. Anuar, while he admitted the tough regulations imposed by the Kingdom, however, it was the main responsibility for the Malaysian companies to convince the Saudi government of the quality of their products, and he said again that Malaysia's economic officials must visit regularly, and explain to the Kingdom how Malaysia assessed the quality of its products before marketing them overseas. Discussion with Mr. Anuar Kasman, Counsellor, Deputy Mission in the Embassy of Malaysia, Riyadh, August 28, 2004, 3.30-4.30pm, Riyadh, Saudi Arabia. For a few Saudi's stringent policies, see pages 158-159 in the Chapter V.

1974.<sup>1069</sup> Various efforts were also taken to integrate the economic solidarity of the OIC, such as formulating a 'General Agreement for Economic, Technical and Commercial Cooperation' in 1975, preparing for a 'Plan of Action for Economic Cooperation Among Islamic Countries', in 1981, the discussion on 'Industrial and Technical Cooperation Among Islamic Countries' in 1982, the current proposal of the Islamic Common Market (which was previously proposed by Bangladesh in 1981), and others.<sup>1070</sup> However from the early 1990s and onwards, as an example, the economic cooperation between members remained low (perhaps with the exception of Iraq which was undergoing international economic sanctions) compared with their trading activities with non-OIC members, especially developed countries (See Table 3 and Table 4 for further explanation). Among the major reasons behind this is their high dependency on a single commodity (like oil petroleum for the most of Arab oil producing countries) to exchange for manufacturing merchandise which is normally produced by industrially-developed countries,<sup>1071</sup> too much emphasis given to their own regional economic groupings like the Gulf Cooperation Council (GCC), the Arab Maghreb Union (AMU), the Council of Arab Economic Unity (CAEU), the ASEAN, and others,<sup>1072</sup> and also due to the lack of political will of the OIC members in responding to some economic issues or proposals to

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<sup>1069</sup> OIC, Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC), "Official Action for Expanded Economic Cooperation : 1969-1983", Journal of Economic Cooperation Among Islamic Countries 2 (18), January 1984, 10-21.

<sup>1070</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 83-102.

<sup>1071</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 92, Kabir Hassan, "Regional Economic Blocs Among OIC Countries and the Prospect of Islamic Common Market", 64.

<sup>1072</sup> Kabir Hassan, "Regional Economic Blocs Among OIC Countries and the Prospect of Islamic Common Market" 54-57.

develop their own economic co-operation.<sup>1073</sup> Besides that, the less encouraging economic relations among OIC members indirectly indicate the non-international co-operation of Muslim countries in the international economic system, and at the same time also shows that in the secular system, Muslim countries are paying less attention to assisting their Muslim counterparts, in the scope of trade relations, as urged by the Islamic principles; instead they are putting much emphasis on the modernization and industrialization which mostly possessed by non-Muslim countries (developed countries).

**Table 3. International Trade Among OIC and non-OIC Countries, 1992-1996  
(Selected Countries)\***

OIC Members	Exports From Islamic Countries (US\$Million)									
	To Islamic Countries					To Non-Islamic Countries				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Algeria	329	288	248	641	916	10,808	9,810	8,343	10,190	11,982
Bahrain	347	411	543	522	621	6,987	8,430	9,390	11,691	13,608
Egypt	568	758	624	608	809	2,482	4,368	2,851	2,833	4,430
Indonesia	2,216	2,547	1,809	2,698	2,895	31,761	34,296	36,405	41,306	45,164
Iran	1,619	2,162	1,159	1,193	1,332	18,249	15,858	15,439	18,008	20,530
Iraq	396	403	379	411	13	213	68	3	13	2
Jordan	602	526	585	756	615	391	472	560	718	886
Kuwait	352	595	842	1,049	942	4,133	8,386	8,587	10,307	9,904
Libya	791	409	711	933	1,131	9,143	7,131	7,079	7,532	8,902
Malaysia	2,352	2,713	3,457	4,281	4,543	38,357	44,415	55,291	69,441	73,703
Pakistan	1,397	1,234	1,126	1,481	1,532	5,872	5,467	6,206	6,510	7,767
S. Arabia	6,686	6,755	6,442	7,145	7,947	43,601	35,603	36,142	44,321	49,353
Turkey	2,656	2,965	2,968	2,855	3,673	11,950	12,384	15,187	18,441	17,723
UAE	3,426	3,240	3,460	3,544	3,729	18,939	18,006	18,271	20,925	24,375

\*Source : Kabir Hassan, "Regional Economic Blocs Among OIC Countries and the Prospects of Islamic Common Market", *The Middle East Business and Economic Review* 15 (1) July 2003, 68-69.

<sup>1073</sup> The lack of political will among the OIC members could be related, for example, with the attempt of the organization to hold a meeting on the 'Food Problem in Islamic Countries and Proposals for Future Action' parallel with the OIC Resolution in 1978. Unfortunately, because of the lack of responses, the meeting on the matter was delayed several times, and even the place of meeting changed from Egypt to Mali. 'Abdullah al Ahsan, "Organization of Islamic Conference", 9-10.

**Table 4. International Trade Among OIC and non-OIC Countries, 1992-1996  
(Selected Countries)\***

OIC Members	Imports To Islamic Countries (US\$Million)									
	From Islamic Countries					From Non-Islamic Countries				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Algeria	458	565	915	780	705	8,190	8,196	8,655	9,346	7,810
Bahrain	1,954	1,675	1,749	1,957	2,110	2,580	2,580	2,439	2,123	2,341
Egypt	609	884	660	1,256	1,302	7,684	13,658	8,933	10,483	18,211
Indonesia	1,867	1,685	1,530	2,001	2,937	25,416	26,648	28,857	38,235	40,008
Iran	2,406	2,153	2,114	2,287	2,196	20,700	14,497	9,471	9,843	11,588
Iraq	315	329	343	422	133	288	204	155	194	94
Jordan	893	920	985	1,150	844	2,364	2,621	2,423	2,540	3,197
Kuwait	301	760	1,249	306	267	6,981	6,152	5,477	6,799	7,411
Libya	890	818	689	839	881	4,275	4,556	3,464	4,011	4,256
Malaysia	1,108	1,299	1,592	1,944	1,312	38,819	44,317	57,963	75,718	76,485
Pakistan	2,099	2,430	2,741	3,531	3,793	7,276	7,062	6,143	7,929	8,357
S. Arabia	2,521	2,826	2,536	2,936	3,283	30,752	25,376	20,808	24,513	33,146
Turkey	3,333	2,697	3,428	4,324	4,805	21,047	26,658	19,850	31,442	36,791
UAE	2,045	2,484	2,607	3,262	3,777	15,369	17,036	18,417	23,945	25,311

\*Source : Kabir Hassan, "Regional Economic Blocs Among OIC Countries and the Prospects of Islamic Common Market", *The Middle East Business and Economic Review* 15 (1) July 2003, 66-67.

In political affairs Malaysia, along with Saudi Arabia, is among the forerunners of the OIC members to promote Muslim issues like the Palestinian people, the Soviet invasion of Afghanistan, the Iran-Iraq War, Muslim minorities, the Gulf War, and others. Also both countries are regular attendants of the OIC conferences to discuss several issues related with other Muslim countries.<sup>1074</sup> In dealing with various Muslim issues and conflicts, however, Malaysia is seen as a bit more 'careful' in responding to some particular issues that have overlapping impact over other OIC members, especially

<sup>1074</sup> For the attendance of the OIC members, particularly Malaysia and Saudi Arabia, in the Islamic Summit Conferences see for instance, OIC, "First Islamic Summit Conference, Rabat, September 1969", (<http://www.oic-oci.org/english/fm/All%20Download/fm.01.htm>), OIC, "2<sup>nd</sup> Islamic Summit, Lahore, Pakistan, February 1974", (<http://www.oic-oci.org/english/is/2/2nd-is-sum.htm>), OIC, "Third Islamic Summit Conference, Mecca, Saudi Arabia, January 1981", (<http://www.oic-oci.org/>), OIC, "The Fourth Islamic Summit Conference, Casablanca, Morocco, January 1984", (<http://www.oic-oci.org/english/is/4/4th-is-sum.htm>), OIC, "The Fifth Islamic Summit Conference, Kuwait, January 1987", (<http://www.oic-oci.org/english/is/5/5th-is-sum.htm>), OIC, "The Sixth Islamic Summit Conference, Dakar, Senegal, December 1991", (<http://www.oic-oci.org/english/is/6/6th-is-sum.htm>).



among inter-Arab or Arab-Iranian rivalries. Probably, in the issue of Palestine, Malaysia and Saudi Arabia, have a common stance by jointly promoting the welfare of the Palestinian people at the international level. Malaysia, for instance, constantly promotes the statehood of the Palestinian people, annually celebrates the 'Palestine Solidarity Day' for every 21<sup>st</sup> of August (the day after the burning of al-Aqsa mosque), established a PLO office in Kuala Lumpur in 1974, proposed (by Tunku Abdul Rahman) to the OIC to send a team to Jerusalem to examine al-Aqsa Mosque in 1973 (but this was turned down by the Israeli government),<sup>1075</sup> and in 1989 Malaysia upgraded the PLO status in Malaysia to the embassy level.<sup>1076</sup> The Kingdom of Saudi Arabia not only gives moral support to Palestine but also frequently distributes financial aid to the Palestinian people through Al-Quds Fund, to which the Kingdom donated, between 1978-1985, about SR37,000,000.<sup>1077</sup> The deep interest of Saudi Arabia in the affairs of Palestine might be vital as early as during the establishment of the Kingdom, in order to revive its image after overthrowing the Hashemite family.<sup>1078</sup> In some ways, it also could be considered that the issue of Palestine had made the relations between these two countries closer in the OIC itself. This was also different from the issue of the Muslim minorities, specifically the Muslim

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<sup>1075</sup> OIC, "Brief on the Sixth Islamic Conference of Foreign Ministers", Jeddah, Saudi Arabia, 12-15 July, 1975, the Embassy of Malaysia, Riyadh, Saudi Arabia (IS/CM/34[1]), 4 & 16.

<sup>1076</sup> Shanti Nair, *Islam in Malaysian Foreign Policy*, 207.

<sup>1077</sup> OIC, "Explanatory Note on the Palestinian Issue and Arab Israeli Conflict", The 18<sup>th</sup> Islamic Conference of Foreign Ministers, 13-16 March, 1989, Riyadh, Saudi Arabia (ICFM/18-89?PIL/D.2).

<sup>1078</sup> In a telegram (Decypher, Sir R. Bullard, Jeddah, 24<sup>th</sup> March, 1937) from Ibn Saud to the British government, prior to the Balfour Declaration, the King emphasised how important the issue of Palestine was for his government when he had said: "As a Moslem and an Arab his sympathies naturally lay with the Arabs of Palestine. He had suppressed these feelings hitherto out of friendship for His Majesty's Government and he could always suppress his feelings in the interests of policy. But His Majesty's Government must remember that he stood alone, and that he had to think of his position in a world where many of his co-religionists would not even admit that he was a Moslem". "Palestine Royal Commission, Proposals of the King of Saudi Arabia", British Public Record Office, UK (CO 733/347/1).

communities in Mindanao, southern Philippines, where Malaysia in the capacity of its status as one of the ASEAN members, and the Committee of Four, comprised of Saudi Arabia, Libya, Senegal, and Somalia, had frequently negotiated (mostly based on the Tripoli Agreement in 1976<sup>1079</sup>) for a settlement between the Moro National Liberation Front (MNLF) and the Philippine government. This eventually came into reality under President Fidel V. Ramos's reign, with the help of Indonesia as the mediator, when both parties agreed to sign the ceasefire agreement in Jakarta in 1996. The agreement also showed the election of Nur Misuari (the Chairman of the MNLF) as the governor of the four province autonomous region of Muslims in Mindanao, Philippines.<sup>1080</sup>

Besides that, in the case of Soviet's invasion of Afghanistan, Malaysia supported the struggle of the Mujahideen Afghanistan, although prior to the actual invasion by the Russian troops in December 1979, it practised a non-interference policy towards the conflict.<sup>1081</sup> Malaysia's approach towards the Mujahideen was similar to the PLO, as the former was also allowed to establish its office in Kuala Lumpur and, in 1985, the Afghan Refugees Humanitarian Aid Fund was set up to provide non-military assistance to the Mujahideen. Moreover, following the withdrawal of the former Soviet Union in 1989, Malaysia continued its recognition of the Mujahideen guerrillas as the interim

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<sup>1079</sup> The Tripoli Agreement was signed by the representative of the Philippine government, the Chairman of the MNLF, the Libyan Foreign Minister, and the OIC Secretary-General. The agreement provided for the autonomy of Muslims in the Southern Philippines. Ralph H. Salmi, Cesar Adib Majul & George K. Tanham, Islam and Conflict Resolution : Theories and Practices (Lanham, Maryland : University Press of America, Inc., 1998), 161-162.

<sup>1080</sup> K.N. Nadarajah, Tengku Ahmad Ritahuddeen : His Story (Selangor, Malaysia : Pelanduk Publications Sdn. Bhd., 2000), 69-71 (Tengku Ahmad Rithauddeen is a former Foreign Minister of Malaysia).

<sup>1081</sup> Shanti Nair, Islam in Malaysian Foreign Policy, 208.

government-in-exile of Afghanistan,<sup>1082</sup> and the Kingdom of Saudi Arabia too acted in the same way as Malaysia did by giving its undivided support to the interim government of the Mujahideen in Afghanistan.<sup>1083</sup> The recognition from both Malaysia and Saudi Arabia towards the Mujahideen of Afghanistan could be linked to Malaysia's anti-communist policy towards the former Soviet Union since the era of its independence (without denying, too, cooling off the local religious pressure) while the Kingdom, as commonly known, had been involved in Afghanistan since the 1980s, firmly supporting anti-Soviet forces, namely the Mujahideen guerrillas, against the Soviet invasion.<sup>1084</sup> Yet, the support of Malaysia and Saudi Arabia to the Mujahideen Afghanistan could be described as 'individual recognition' from both countries and not an extension of the OIC's declaration. For in general, the OIC supported neither the Kabul regime nor the Mujahideens. The OIC did not support the former as it was an illegal government directly supported by the former Soviet Union, while the latter could not be considered as the representative of the Afghan people. The OIC's indecisiveness towards the Afghanistan issue was largely owing to the closeness of a few members of the organization with the former Communist power.<sup>1085</sup>

In some cases, where there were seemingly apparent differences among the OIC members, mainly between Arab countries, or Arab-Iranian disagreements, Malaysia usually opted to be neutral (or as was mentioned before, it tried to be more 'careful' in dealing with the issues or conflicts). This can be seen, for instance, in the event of the

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<sup>1082</sup> Shanti Nair, *Islam in Malaysian Foreign Policy*, 208-209.

<sup>1083</sup> Shanti Nair, *Islam in Malaysian Foreign Policy*, 209.

<sup>1084</sup> Simon Henderson, "Institutionalized Islam : Saudi Arabia's Islamic Policies and the Threat They Pose", 6.

<sup>1085</sup> 'Abdullah al Ahsan, *The Organization of the Islamic Conference*, 64-65.

Iran-Iraq War where there was a tendency for a few members of the OIC like Saudi Arabia, Turkey, Jordan and Egypt which noticeably sided with Iraq, while others including Syria, and Libya were in favour of Iran;<sup>1086</sup> Malaysia, on the other hand, attempted to portray its neutrality towards the war,<sup>1087</sup> and at the same time the Malaysian government along with other OIC members, such as Bangladesh, Guinea, Pakistan, PLO, Senegal, Tunisia, and Turkey which were appointed as the Islamic Peace Committee (IPC), initiated some efforts to find a solution for the two warring countries. However, because both Iran and Iraq were less co-operative in supporting the OIC's proposal, and added with Iran's high suspicions of the members of the organization, which it believed were more pro-Iraqi government, the efforts of Malaysia and other IPC committees were not fruitful in bringing the war to the end.<sup>1088</sup> Instead, it was the initiative of the United Nations that was capable of ending the war and led both Iran and Iraq to the negotiating table.<sup>1089</sup> Despite Malaysia's neutrality to the Iran-Iraq War which, to some extent, was different to the position of the Saudi government as the relations between the Kingdom and Iran had already soured since the Khomeini revolution in 1979,<sup>1090</sup> Malaysia's stance on the war did not affect its mutual relations with Saudi Arabia. This is largely because Malaysia and Saudi Arabia still share the same approach towards Iran's revolutionary

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<sup>1086</sup> Itamar Rabinovich, "The Impact on the Arab World", in Efraim Karsh (ed.), The Iran-Iraq War : Impact and Implications (Hampshire : The Macmillan Press Ltd., 1989), 102-105.

<sup>1087</sup> Malaysia's neutrality was agreed by Dr. Mahmud Taghni Bahnki, Iran's representative, during his visit to Malaysia in 1981. Gomathi A/P Vanathan, "Penglkatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 80, and see also Shanti Nair, Islam in Malaysian Foreign Policy, 93.

<sup>1088</sup> K.N. Nadarajah, Tengku Ahmad Ritahuddeen, 54.

<sup>1089</sup> 'Abdullah al Ahsan, "Organization of Islamic Conference", 7.

<sup>1090</sup> The relations between Saudi Arabia and Iran, however, started to improve since the election of a more pragmatic President of Iran, Ali Mohammed Khatami on August 3, 1997. Anthony H. Cordesman, "Saudi Arabia and Iran", Center for Strategic and International Studies, June 2001, Washington D.C., ([http://www.csis.org/burke/saudi21/saudi\\_iran.pdf](http://www.csis.org/burke/saudi21/saudi_iran.pdf)).

government, where both countries believed, particularly for Malaysia, that the impact of the Iranian revolution could generate instability in their local Islamic movements.<sup>1091</sup>

Furthermore, Malaysia also had a different attitude towards the Egypt-Israel peace deal at Camp David in 1978.<sup>1092</sup> At the onset, the Malaysian government considered Egypt's action did not deviate from unified Arab stand on the Palestinian struggle, particularly on the returning of all occupied Arab land taken since 1967, including Baitul Muqaddis, the establishment of an independent Palestinian state, and the recognition of the rights of the Palestinian people. Malaysia too chose to be impartial on the Arab-Muslims' protests (including Saudi Arabia) against Egypt's peace treaty, for it endeavoured to refrain itself from any involvement in inter-Arab disputes.<sup>1093</sup> Yet, during the 10<sup>th</sup> Islamic Conference of Foreign Ministers in Maghribi in 1982, Malaysia altered its position on Egypt's peace treaty with Israel by supporting the OIC Foreign Ministers' proposal to suspend the membership of Egypt from the organization. The suspension of Egypt from the OIC was because of the view that its action had violated the organization's charter which calls for the co-ordination of efforts for the safeguard of the Holy Places and supporting the Palestinian people, and also Egypt's conclusion of a 'separate' peace treaty with Israel that did not give any substantial concessions to the Palestinians.<sup>1094</sup> For Malaysia, its support of the OIC resolution was, as was indicated by

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<sup>1091</sup> In dealing with the Iran-Iraq War, Malaysia, in fact, got frustrated with Iran's continued depiction of the war as Jihad (holy war). Shanti Nair, Islam in Malaysian Foreign Policy, 93.

<sup>1092</sup> G.W. Choudhury, Islam and the Modern Muslim World (London : Scorpion Publishing Ltd., 1993), 111.

<sup>1093</sup> Anidah Robani, "The Attitude and Role of the Malaysian Government Towards the Palestine Issue", 113.

<sup>1094</sup> Hasan Moinuddin, The Charter of the Islamic Conference and Legal Framework of Economic Co-operation Among Its Member States (Oxford : Oxford University Press, 1987), 101-102.

Malaysia's former Foreign Minister, Tengku Ahmad Rithauddeen, for the sake of OIC solidarity as well as Arab unity.<sup>1095</sup> From another angle, however, Malaysia was in an uncertain position because it was faced with two contrasting circumstances, namely facing the protests of the Arab-Muslim countries towards Egypt's peace treaty and, at the same time, avoiding interfering Egypt's internal matters. Therefore, in this situation, Malaysia had to take a more balanced option, for both sides are significant for the development of Malaysia's survival in the international system. For example, Malaysia still highly acknowledged Egypt's neutral stance during Indonesia's confrontation against the formation of the Federation of Malaysia (although Sukarno of Indonesia was one of Jamal Abdel Nasser's close friends),<sup>1096</sup> while other Arab-Muslim countries, mainly Saudi Arabia, were not only supporting Malaysia during the confrontation, but were also regarded as one of the material sources for the continuation of Malaysia's economic developments.<sup>1097</sup> Nevertheless, the re-admission of Egypt into the OIC in 1986, which was strongly supported by Malaysia at least, had calmed down the situation, and simultaneously its relations with the Kingdom of Saudi Arabia and other Arab-Muslim countries continued to be maintained.<sup>1098</sup>

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<sup>1095</sup> Gomathi A/P Vanathan, "Penglibatan Malaysia Di Dalam Organization of the Islamic Conference (OIC)", 23-24.

<sup>1096</sup> Shariff Ahmad (Dato'), Menjunjung Kasih (Kuala Lumpur : Berita Publishing Sdn. Bhd., 1983), 133.

<sup>1097</sup> Shanti Nair, Islam in Malaysian Foreign Policy, 96.

<sup>1098</sup> Shanti Nair argued that Malaysia's support for the re-admission of Egypt into the OIC was partly due to the importance of the moderate members (like Egypt) in the organization, but the study believed that Malaysia could be uneasy with the suspension of Egypt from the OIC as it was suggested by Syria, one of the Arab countries that did not support Malaysia during the confrontation. Interview with Tan Sri Wan Mokhtar, the ambassador of Malaysia in Riyadh, Saudi Arabia, 10.00-10.30am, September 1, 2004, See also Shanti Nair, Islam in Malaysian Foreign Policy, 93.

Malaysia's carefulness in dealing with issues or conflicts where the degree of the rivalries between Arab-Muslim countries or Arab-Iranian disputes are extremely tense, and which subsequently may disrupt the Islamic solidarity in the OIC, does not necessarily mean that Malaysia will be always on the 'observing sides' without giving any response or critiques, or constantly in the side of the Arab moderate countries, particularly the Kingdom of Saudi Arabia. Instead, in the early operational era of the OIC, Tunku Abdul Rahman, as the first secretary, had described some members of the OIC as egotistical and indifferent and, referring to the attitude of Afghanistan and Egypt in particular, Tunku had said : ".....they are not all serious.....They do not take the business of Muslim unity seriously.....They just join because they happen to be Muslims".<sup>1099</sup> Moreover, under Dr. Mahathir administration, he had frequently expressed its harsh criticism towards the behaviour of some of the OIC members, especially to the 'habitually'(or traditionally) conflicting parties, that may have led the OIC to be an ineffective organization in implementing its decisions, and even Dr. Mahathir had always labelled the OIC as a mere "extension of the Arab League".<sup>1100</sup> Nevertheless, the critiques given by Malaysia did not keep it apart from the members of the OIC, including the Kingdom of Saudi Arabia, in persistently pursuing Muslim issues in the international system.

## 7.6 Conclusion

It could be generally said that the main aspiration of the establishment of small states' organizations in the international system is to safeguard the interests of the members of

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<sup>1099</sup> 'Abdullah al Ahsan, The Organization of the Islamic Conference, 20.

<sup>1100</sup> Shanti Nair, Islam in Malaysian Foreign Policy, 94.

the organization as well as to express their unhappiness over the running of the world political and economic system. Although organizations like NAM, G-77, OPEC, G-15, and the OIC are different in terms of the main goal to be achieved, for instance NAM is to deal with the superpower rivalries, G-77 towards the North-South economic negotiation, and the OIC is to tackle the secular feature of the international system as well as the abolition of the Caliphate, they could be considered as the major stage for smaller countries to reflect to the challenges of the modern international system. Malaysia and Saudi Arabia, on some occasions, were among the front runners of smaller countries that frequently voiced issues or problems related to the interests of small states' organizations. Nevertheless, since Malaysia and Saudi Arabia had been in historical and mutual interaction with the major players of the international system, especially the US, United Kingdom and their allies, both countries' participation in small states' organizations could be largely attributed to the need of gaining wider recognition and forging closer economic cooperation with other smaller countries. This is vital because of the challenges that Malaysia and Saudi Arabia were facing during their early appearance in the international system. For example, the former not merely had to confront Indonesia's protest at the formation of the Federation of Malaysia but also had to deal with local Islamic pressure, while the latter had been in long dispute with the Hashemite's descendants as well as persistently competing with other Arab-Muslim countries for leadership in the Islamic world.

Furthermore, concerned with the membership of Malaysia and Saudi Arabia in the major small states organizations, with the exception of the Organisation of Islamic



Conference (OIC), like the Non-Aligned Movement (NAM), and the Group of 77 (G-77), it does not provide the basic orientation for both countries to further strengthen their relations. This is because the main concentration of these organizations is more on multilateral issues or conflicts rather than in a bilateral context. Most of the issues or conflicts discussed among members, for instance in NAM, are beyond the framework of Malaysia's relations with Saudi Arabia. It is only, perhaps, with the exception of certain issues or conflicts like the Palestinian people, the Iran-Iraq War, the Soviet invasion of Afghanistan and other Islamic issues that Malaysia and Saudi Arabia have to address as members of the OIC, and also to face the Islamic pressure at home which indirectly brought Malaysia closer to the Kingdom of Saudi Arabia. Besides that, the concept of non-alignment in NAM is also found less relevant to Malaysia and Saudi Arabia for both countries were closer in practical terms, especially in the military-security field, to the US-British bloc. Moreover, unlike in the OIC, the membership of Malaysia and Saudi Arabia in NAM is overshadowed by other very influential countries, mainly Indonesia, Egypt, India and the former Yugoslavia, the core founders of NAM. In the Group of 77, due to the different economic background (Malaysia's commodities were largely non-oil, while Saudi Arabia's, mostly oil), the affiliation of Malaysia and Saudi Arabia in the G-77 also contributed less towards economic cooperation, for both countries took diverse efforts to stabilize their commodities in the international markets. Even within the G-77 itself various sub-groups formed to tackle particular issues or economic programmes that were based on the commodities that the members of the organization produced. This situation, in some ways further discourages economic solidarity among smaller states in the international economic system. In contrast with the OIC, although the foci of Islamic

issues are also multilateral and broad, the interaction of Malaysia and Saudi Arabia in the organization is mostly influenced by personal relations, particularly between Tunku Abdul Rahman, and King Feisal, who was responsible for the appointment of the former as the first Secretary of the OIC during the latter's visit to Malaysia in 1970. As the Secretary of the OIC, Tunku had worked closely with King Feisal to address several Muslim issues, and at the same time also, the Malaysian government took the advantage over the close personal relations to acquire financial assistance from the Kingdom.

# CHAPTER VIII

## 8.0 CONCLUSION

### 8.1 Summary of the Research Procedure

The study attempts to examine the character of a bilateral relationship between two small states that are situated in different regions but have some shared interests and commonalities as well as both facing challenges from the external environment or systemic pressures in the international system. In analyzing this issue, however, the researcher cannot afford to rely upon one single factor over others, for all factors (domestic and international or systemic factors) are inter-related. A researcher is neither able to explain the foreign policy nor the behaviour of a small state towards other states' policies nor any events by merely concentrating, for instance, on idiosyncracies or systemic factors. He or she needs to make the analysis by looking into both factors (and other domestic factors) in order to get a better understanding of a small state's foreign policy or its behaviour in the international political system.

The existing conceptual frameworks, particularly the three major theoretical perspectives of International relations: neo-realist, liberal and structuralism, and the Foreign Policy Analysis (with the exception of Comparative Foreign Policy – but it largely depends on empirical U.N votes and does not contribute to the theoretical insights) are not adequate to explain the behaviour of small states due to their overemphasis on one factor over others (see Chapter II). A number of previous studies on small states' relations or foreign policies, may to some extent, give a few guidelines in identifying the key determining factors by investigating several relevant factors including

idiosyncracies, political and economic variables, and systemic factors such as the influence of regional (middle state) or hegemonic powers in the international political system. Nevertheless, most of these studies give emphasis on one factor over others (with a few exceptions– see Chapter II). Hence, for the analysis of the thesis's case study, 'Malaysia's relations with Saudi Arabia', the researcher has applied a multi-level approach with the incorporation of empirical contextuality (particularly developed by Gerd Nonneman).

Upon the employment of this multi-level approach, the study manages to identify, at least four key determining factors that influence the character of Malaysia's relations with Saudi Arabia in the international political system. Apart from the discussion on the historical or ancient interactions between the two countries which has successfully provided some basic foundations for the relations to be developed further (see Chapter III), the study, however, has found that the four key determining factors; the nature of state and regime interest, economic determinants, religious affiliation, and the membership in small states' organizations, do not uniformly indicate that the character of Malaysia's relations with Saudi Arabia is intimate. Instead, the relations are variable according to the four determining factors discussed. For further elaboration on the influence of the four key determining factors upon Malaysia's relations with Saudi Arabia, the study will highlight the findings of this thesis as indicated below :

### **8.1.1 The Nature of State and Regime Interest**

In Chapter IV, the nature of the state is defined as the character of the state itself, and the regime interests will be referred to some particular interests that the prevailing system of

a government (the regime of a state) is pursuing in order to preserve its political continuity both at domestic and international levels, especially in augmenting its relations with other states. The role of the nature of state and regime interest is largely based on the leadership period of both countries, and in examining it within the context of Malaysia's relations with Saudi Arabia, the study has found that more efforts in strengthening the relations between the two countries come from the Malaysian government than from the Kingdom. This is illustrated by the initiatives of the Malaysian leaders, the late Tunku Abdul Rahman, Tun Abdul Razak, Tun Hussein Onn, and Dr. Mahathir who had visited Saudi Arabia, specifically to seek financial assistance from the Kingdom. This contrasts with the Kingdom's rulers: only King Feisal paid a visit to Malaysia, in 1970. The frequent visits of Malaysian leaders to Saudi Arabia indirectly show that the Malaysian government needs more help from the Kingdom, especially in the field of financial aid to develop its economy, or in fulfilling the Islamic appeal of the Malaysian Muslim community in performing religious activities like the pursuing of religious education and pilgrimage in Saudi Arabia, and not vice-versa.

Besides that, for the significance of the relations particularly for the Malaysian political regime, the Malaysian leaders' efforts to enhance relations with Saudi Arabia, the most influential Muslim state in the Islamic world, could be considered as an opportunity for them to gain political support among the Muslim community at a domestic level as well as to achieve an Islamic reputation in the Muslim world at large. For the Saudi government, however, due to the lack of visits by its rulers to Malaysia, apart from King Feisal's visit to promote Pan-Islamism prior to the establishment of the

OIC, it is difficult for this study to enhance the significance of the relations for the Kingdom, except as is discussed in Chapter VI where through its global Islamic capital, it can further consolidate its position as the leading Islamic nation both at home and international level.

### **8.1.2 Economic Determinants**

The second key determining factor, namely the economic determinants, shows that although both countries may be categorized as peripheral states or 'Muslim states', this does not lead them to develop their economic relations more prosperously in the international economic system. In some situations Malaysia, in particular, has found some difficulties in penetrating Saudi markets owing to its stringent policies on some Malaysian products. By concentrating on the three main economic aspects: the background economy, the character of economic activities, and the influence of the international economic system, the study has found several economic tendencies and obstacles that have differently influenced the degree of Malaysia's economic interaction with Saudi Arabia.

In the first aspect, it portrays the historical tendency of both Malaysia and Saudi Arabia to safeguard their economic relations, or dependency, with their 'parent' countries whose contributions in providing and developing a basic economic foundation in these two countries cannot be denied. Besides that, the demand for achieving industrialization status (both countries were agriculturally oriented at the beginning of their economic development) has led both Malaysia and Saudi Arabia to interact more closely with developed countries than to augment their economic relations. For the second aspect, it

primarily indicates Malaysia's high dependency upon Saudi oil which has resulted in the continuous deficit to its trade volume with the latter. In addition, some of the Kingdom's stringent policies upon Malaysia's products, such as medical goods and palm oil, have made it more difficult for the Malaysian government to reduce the deficit. Yet, with the flow of Saudi financial aid, the late positive investment, and the large influx of Saudi tourists at the end of the 1990s to Malaysia has (with the exception of Malaysian expatriates, who do not have a large impact upon the Malaysian economy) to some extent re-balanced the deficit albeit not totally. The last aspect exhibits the encouraging affiliation of Malaysia and Saudi Arabia, especially with developed countries, in the international economic system where both countries, due to their own economic capabilities, such as the oil industry for Saudi Arabia and the manufacturing sector as well as an open economy to attract foreign investors to Malaysia, helped them to achieve some economic growth and, possibly, indirectly pay less attention to the efforts to strengthen their economic interactions.

### **8.1.3 Religious Affiliation**

Religious affiliation can be considered one of the most important determining factors influencing Malaysia's relations with Saudi Arabia. Since Malaysia and Saudi Arabia interacted religiously even prior to their emergence as a modern countries, especially through commercial activities during the Malacca Sultanate (as discussed in Chapter III), both countries realize the significance of the incorporation of religious elements in the systems of government in order to preserve and to prolong their political regime survival. Nevertheless, in its rather one-sided interaction with Saudi Arabia, Malaysia has to face two contrasting issues which the Malaysian political regime needs to conciliate between

them. The issues are the Wahhabism ideology, and the Saudi capital donation to Malaysia. For the first issue, the Malaysian government acknowledges the strict teaching of Wahhabism on the practice of Islam which indirectly leads to its reduced welcome among the Malaysian Muslim community in Malaysia. However, in order to safeguard its relations with the Kingdom, the Malaysian government has used the wise approach by not declaring the Wahhabism ideology as one of the deviant teachings that is spread in Malaysia. This wise approach used by Malaysia has enabled it to receive Saudi capital donations to be distributed in some of the religious institutions and a few Islamic programmes in Malaysia which are vital to contain the Islamic pressures at home. Meanwhile, for the Kingdom of Saudi Arabia, its contribution to Malaysia can be regarded as part of its global Islamic donation in order to further strengthens its reputations as a leading Islamic country. In other words, it could be said that Malaysia's religious interaction with Saudi Arabia is significant for both countries (particularly for Malaysia) and it also to some extent, displays the 'practical calculation', specifically through Saudi religious donations, of these two countries' political regimes in using Islam for their own political survival.

#### **8.1.4 Membership in Smaller States' Organizations vis-à-vis Systemic Pressures**

Since Malaysia and Saudi Arabia are small states where the character of their interactions is vulnerable to external pressure, this has brought them to join small states' organizations. The relative autonomy that Malaysia and Saudi Arabia have in facing external challenges for some of the organizations in which they are participating have 'counter-systemic' reactions like NAM *versus* bipolar, G-77 – North-South debates, OIC



as the reaction towards the secular aspects of the international political system. Thus they hope that these organizations will safeguard their interests in the international system. With their participation in these small states' organizations, it would be assumed too that Malaysia's relations with Saudi Arabia would be further enhanced by jointly acting with other small states to pursue their demands in the international system. In analyzing this point of view, the researcher has studied three major small states organizations, namely NAM, Group of 77 and OIC. The results vary according to the nature and the necessities of the organizations.

In NAM, the participation of Malaysia and Saudi Arabia is not really to safeguard their interests against the superpower rivalries for both countries are closer, especially in the political and military fields, to the US-British bloc. Their participation could be generally considered as a public relations exercise in order to gain broader and wider diplomatic recognition from other members of NAM. Furthermore, NAM could not provide early basic relations for Malaysia and Saudi Arabia as the former only joined NAM in 1970, 9 years after the establishment of NAM in 1961, while the latter became a member in 1961. Prior to Malaysia's membership of NAM, its early relations with the Kingdom were mostly instituted by the Malaysian leaders themselves. Meanwhile, the role played by Malaysia and Saudi Arabia in NAM was limited and mainly overwhelmed by a few influential leaders like Jawaharlal Nehru of India, Tito of Yugoslavia, Gamal Abdel Nasser of Egypt, and Ahmed Sukarno of Indonesia. Moreover, since NAM gives more focus to multilateral issues, rather than bilateral, among the various members of the

organization, this does not offer much scope for Malaysia and Saudi Arabia to discuss their own bilateral affairs at the international level.

Although Malaysia and Saudi Arabia are among the core-members of the Group of 77, as both participated in the first UNCTAD in 1964 which later led to the formation of G-77, their membership does not encourage the level of both countries' economic relations. Most of the funds given by the Saudi government were primarily initiated by the Malaysian leaders who frequently paid formal visits to the Kingdom, and were not due to the affiliation in G-77. The discouraging situation for G-77 in fostering Malaysia's closer economic relations with Saudi Arabia is principally related to the different economic orientation of both countries in the group. The different economic orientation could be largely because of the different commodities produced by Malaysia (mostly non-oil) and Saudi Arabia (highly dependent on oil) which drive both countries to take diverse approaches, together with other members of G-77 that have similar commodities, in order to stabilize the price of their commodities in the international market. Apart from this, Malaysia needs the Group of 77 more than Saudi Arabia, which gives much attention to OPEC. The Kingdom prefers to act as the capital provider for the poorest members of the Group of 77, and on some occasions the Kingdom's and other OPEC funds to several members could be regarded as compensation for the high price of oil, to maintain the price of its commodities as well as to pursue some economic demands. As a consequence the Malaysian government is led to interact more regularly with other smaller states that face the same problems and challenges in the international economic system. Besides that, on the issue of whether the participation of Malaysia and Saudi

Arabia in the Group of 77 could safeguard their interests or not vis-à-vis the North-South context, what is more obvious is that both countries' membership in the Group of 77 could be considered as a bridge for them (especially Malaysia) to acquire more capital from developed countries and to transfer technological expertise in order to continuously build their economic development in the future.

Furthermore, regarding Malaysia and Saudi Arabia's affiliation in the OIC, it is quite noticeable that the organization has laid down some basic foundations for Malaysia and Saudi Arabia to further strengthen their relations at the international level. This could be linked to the strong support of King Feisal to the appointment of Tunku Abdul Rahman, the first Prime Minister of Malaysia, as the first OIC Secretary during the King's visit to Malaysia in 1970. Through the support of King Feisal, the relationship between Tunku's government and the King's Kingdom had become closer, and indirectly resulted in gaining some advantages for Malaysia, for it began to receive some funds from the Saudi government to finance its development projects as well as to support religious activities in Malaysia. However, owing to the political rivalries between some Arab countries or Iranian-Arab disputes (Sunni-Shi'a division) in the OIC, Malaysia had to take more 'careful' approaches in dealing with some Islamic issues that were influenced by these traditional rivalries in order to maintain its relations with the members of the OIC, and particularly with the Kingdom of Saudi Arabia. On whether the affiliation of Malaysia and Saudi Arabia in the OIC could uphold their interests in the secular international system, the study has found that the OIC is unable to safeguard members' interests, including those of both Malaysia and Saudi Arabia, particularly in

implementing the Shari'a in the secular international system. The failure of the OIC in safeguarding members' interests could be attributed to factors which include the secular pattern of the international system where all religious elements are eliminated, the formation of the OIC which is different to the system of the Islamic Caliphate where the former does not have the political authority that the latter had, the tendency of Muslim countries to practise the secular elements in their external relations towards other Muslim countries and, prior to the formation of the OIC, Malaysia and Saudi Arabia had already been safeguarded by jointly integrating with some influential countries which they believed were able to provide their basic needs. Therefore, specifically for Malaysia and Saudi Arabia, their membership in the OIC is more towards the consolidation of both countries' Islamic image which is so significant in gaining political and diplomatic appreciation both at domestic (Muslim communities) and international level (Muslim counterparts).

In sum up, although both Malaysia and Saudi Arabia have shared similarities as small states' entities in the international political system, those similarities do not uniformly bring their relations to be more intimate. Instead, the character of their relations has been largely influenced by the four key determining factors discussed above.

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### **C. Interviews and Informal Discussions**

The researcher conducted interviews with the following :

Tan Sri Wan Mokhtar Wan Ahmad, Malaysian Ambassador in Riyadh, Saudi Arabia. 10.00-10.30am, September 1, 2004.

Mr. Anuar Kasman, Counsellor, Deputy Head of Mission, Embassy of Malaysia in Riyadh, Saudi Arabia, 10.00-12.00pm, August 30, 2004.

Dr. Ahmed Y. Al-Duraiwish, Associate Professor/College of Shari'a, Islamic Law Development, Imam Mohammed Bin Saud, Islamic University, Riyadh, Saudi Arabia, 1.00 – 1.45pm, September 1, 2004.

Ustaz Hassan, a religious officer, Ministry of Islamic Endowments Call & Guidance Affairs, Riyadh, Saudi Arabia, 8.00–9.30pm, September 2, 2004.

Ustaz Zainal Abidin Malim, Islamic Counsellor Office, the Royal Embassy of Saudi Arabia, Kuala Lumpur, Malaysia, 2.00-3.00pm, May 29, 2003.

Raja Saifful Ridzuwan Raja Kamaruddin, Assistant Secretary for West Asia & North Africa, Wisma Putra, Putrajaya Malaysia, time 10.00 – 11.00 am, April 2, 2003.

Mr. Sazali Mustafa Kamal, Assistant Secretary, Organisation of Islamic Conference (OIC), Ministry of Foreign Relations at Wisma Putra, Malaysia, 10.00-11.00 am, April 8, 2003.

Mr. Ibrahim Md. Yusop, Manager (Asia/Africa) for Malaysia External Trade Development Corporation (MATRADE), Kuala Lumpur, Malaysia, 10.00-11.00 am, April 9, 2003

Puan Yusnita, an official from the Ministry of Tourism, Kuala Lumpur, Malaysia, 10.00-10.30am, May 5, 2003.

Haji Mohd. Rafidi bin Haji Ibrahim, Corporate Communications Manager, The Pilgrimage Management and Saving Corporations, The Hajj Fund Building, Kuala Lumpur, Malaysia, 3.00-4.00pm, April 24, 2003.

Mr. Ishak Osman, an official of Muslim Welfare Organisation Malaysia (PERKIM), Kuala Lumpur, Malaysia, 11.00-12.00pm, May 5, 2003.

Prof. D. Sano Koutoub Moustafa, Member of the International Fiqh Academy of OIC, International Islamic University of Malaysia, Kuala Lumpur, Malaysia, 9.00-10.00am, May 9, 2003.

Tuan Hj. Fadzil, (via telephone) Senior Project Leader of PETRONAS, Kuala Lumpur Headquarters, 22 December 2005, 4.30-5.00pm (Malaysian time).

Ustaz Mohd. Arifin Ali, (via telephone) a Shari'ah officer in the State Religious Council of Sabah, Malaysia, 4.00-4.30am (UK time, equivalent to 12.00-12.30pm in Malaysia), 22 February 2005.

The researcher also conducted informal discussions with several individual figures including, Ustaz Haji Muchlis Sitanggang, Ustaz A. Aero, Ustaz Abu Hurairah Abd. Rahman, YBhg. Datuk Haji Ag. Sahari Abd. Latif, Ustazah Zubaidah Jammadi, Dr. Ahmad Fauzi Abdul Hamid, Ustaz Rahim, Omar Batarfi, and Ayman Al-Nasser.

#### **D. Talk & Dialogue**

HRH Prince Turki Al-Faisal, Ambassador of the Kingdom of Saudi Arabia to the UK & Ireland, "Saudi/British Business and Political Relations", Public Lecture, Curtis Auditorium, Herschel Building, University of Newcastle upon Tyne, UK, 5.00-6.00pm, May 11, 2004.

A dialogue session between the former Minister of Education of Malaysia, Tan Sri Musa and the researcher as well as with a number of Malaysian students at Abraham Moss Centre, Manchester, United Kingdom, 9.00-10.00am, September 27, 2003.