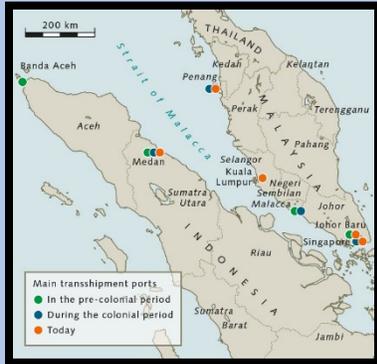


# The Future of the Malacca Straits

By Geoff Walker



As far as sea-trade is concerned, the **Malacca Straits** has always been the main conduit connecting the Indian Ocean with South East Asia. It has been the principal sea passage through which most of the world's commercial shipping has transited and serves as the main artery of global intercontinental shipping. Almost a quarter of international maritime trade flows through this narrow seaway, which is approximately 500 miles in length, and 31 miles in breadth, at the narrowest point.

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A constant flow of dense marine traffic navigates the Malacca Straits, from north to south and east to west, making it one of the most heavily congested seaways in the world.

For centuries, ports along the coasts had become more than transshipment sites for goods transported by sea, they were also centers where the focal of trading relationships, and interaction between people from foreign countries and cultures were nurtured. The fluctuating history of the Strait of Malacca and the island state of Singapore, illustrates very well how maritime transportation has influenced the development of a coastal region, throughout the course of maritime history

An important trading and knowledge centre between the seventh and the thirteenth century was the Buddhist maritime and trading empire of **Srivijaya**, which encompassed parts of the island of Sumatra and the Malayan peninsula as well as the western part of the island of Java. At that time **Srivijaya** controlled commercial shipping through the entire Malacca Straits. This state ultimately fragmented due to conflicts, from the end of the thirteenth century, when two important power centres emerged. Firstly, Malacca in the fifteenth century, and later Aceh (in northern Sumatra) and Johor (in present-day Malaysia) at the beginning of the sixteenth century.

Whereas Aceh, was primarily an important Muslim centre of commerce, Johor grew in importance because of the tin mines located in its interior, and the valuable pepper and later rubber, that was exported. The seaport town of Malacca was used mainly by Muslim merchants as a major transshipment port for their Dhows, sailing the routes between India and China. In 1511 it was conquered by the Portuguese, mainly to weaken the Muslim dominance of shipping in the region, but despite the conquest, the Muslim merchants remained influential in the region, for ultimately they brought fresh impetus to Aceh which remained a Muslim stronghold.

The seaport of Malacca then developed into an important centre for European seafarers. Various European nations attempted to bring Malacca under their own control of influence by means of blockades and attacks. For example, the Dutch initially blockaded the seaport of Malacca in 1640 with the aim of cutting off the town's maritime traffic and weakening the influence of the Portuguese. In 1641 they finally captured the town and expanded their territorial power from there. In the following

years they took over other seaports in the region, including Aceh, and intermittently diminished the influence of Muslim merchants in the north of Sumatra, over a period of time.

The new major rivals then became the British merchants. In 1786 they established the port of George Town in **Penang** on the northwest coast of the Malaysian peninsula. It was later expanded to become a main transshipment port for the **British East India Company**. To void conflicts, in 1824 the two powers agreed to divide up the South East Asian region between them. The Netherlands ceded to Great Britain all property rights northward along the Strait of Malacca, and in return received the areas south of the Strait, including some British territory.

Great Britain developed into the dominant power in the Strait of Malacca, with Malacca, Penang (George Town) and Singapore as its most important trading centers. Unlike Malacca, Singapore – an island at the southern tip of the Strait of Malacca – was still rather insignificant in economic terms at the beginning of the nineteenth century. It was predominantly inhabited by Malayan fisher folk. In 1819, just a few years before the Anglo-Dutch Treaty of 1824, the **British East India Company** had founded its first trading outpost there. Its massive expansion into a major trading port finally began in 1867, when Singapore was declared a **British Crown colony**.

Today Singapore is the most important location on the Strait of Malacca. Measured in terms of container transshipments, Singapore is the second-largest container port in the world. In addition, Singapore has invested heavily in research since the 1980s to diversify and establish itself as a modern centre of excellence for high-tech and sciences. Other important locations along the Strait of Malacca today are the Medan cluster on Sumatra and the Special Economic Zone in the Malaysian state of Penang, at the Strait's northern extremity.

Today Malacca itself is a quaint but relatively insignificant port, not least because the coastal waters are too shallow for modern ocean-going vessels. Recently, however, there have been signs that the maritime trading situation in the region might be subject to renewed changes in future.



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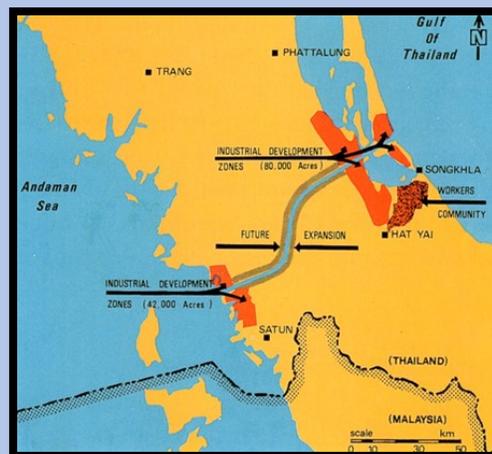
Globe showing the proposed “**Norther Route**” to Asia as an alternative to the Suez Canal Route

Climate change and the large-scale melting of sea ice in the Arctic may mean that in the next few decades, the sea route north of Siberia – the **Northeast Passage** – will become navigable during the summer months. This would be a shorter and quicker route for cargo transport between Europe and East Asia than the route via the Suez Canal, and the Strait of Malacca.

Plans for a future northern route are now taking shape in China, where the 250,000 strong city of Hunchun in the northeast, on the border with Russia and North Korea, is already being promoted as a future trading hub. According to Chinese philosophy, this city on the Tumen River could become as significant as Singapore and supply China with goods via the northeastern route.

In July 2016 the mammoth Chinese shipping company **Cosco** sent five merchant ships from the eastern Chinese port of **Tianjin** via the northern route, carrying components for wind energy plants to Europe. In August and early September 2016 the ships reached their destination ports in Belgium, Germany and England. For now the point of these voyages is to continue testing the feasibility of a regular shipping link. Nevertheless, **Cosco** is already reported to be planning to send more ships via the northern route in the near future.

Currently it is still impossible to foresee what impact the development of this northern sea route will have on trade in Singapore in the next few decades. Whatever the case, Singapore is endeavouring to diversify by introducing measures such as research promotion to avoid being too heavily dependent upon sea trade in future.



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#### The proposed route for “Kra Canal” across the Thailand Kra Isthmus

Another project that could have more of an impact on Singapore is the building of the 75 mile “**Kra Canal**” across Thailand’s Kra Isthmus, connecting the Andaman Sea to the Gulf of Thailand. This project has been much talked about but despite the rhetoric, at the moment is little more than “**Pie in the Sky**”, since the Thais claim it would be an economic liability momentarily. Of course China, in its current expansionistic mode of regional dominance, would welcome such a canal as it would allow its warships to freely use the facility, thus avoiding any threatened blockade to the Malacca Straits by Indian Warships, into the Indian Ocean. The idea of a “**Kra Canal**” is nothing new and has been proposed in modern times since the 1930s, but has never materialized due to high cost and environmental implications. Any Thai Canal could potentially improve China's naval presence and opportunity in the Indian Ocean. From a military viewpoint, they speculate that a Thai Canal will be an important step for China to strengthen what they call China's “**String of Pearls**”, a series of Chinese alliances and naval bases, including deepwater seaports in Sri Lanka and Pakistan. The analysts fear that a Thai Canal, in combination with the “**String of Pearls**”, will encircle India militarily and deepen the long standing China-India conflict. The proposed canal would compete directly with ports in the Strait of Malacca area,

including **Port Klang, Tanjung Pelepas, and Singapore**. Singapore has expressed concerns about an adverse impact on its economy from the proposed canal. One report estimated that Singapore might lose 30% of its shipping trade as a result of the canal if constructed. The canal would provide an alternative to transit through the Straits of Malacca and shorten transit for shipments of oil to Japan and China by some 750 miles, not only shortening the transit time, but also offering significant savings in fuel oil costs for ships.

80% of China's oil imports come via the strait of Malacca, and this is a vulnerability that can be exposed during times of conflicts by China's adversaries. Malacca is the gateway from the Indian Ocean to the Pacific Ocean, and this trade route alone is worth trillions of dollars. The navy that controls the keys of Malacca has commanding control over many nation's economic and trade lifelines. This geopolitical weight and power are of enormous effect.

What gives Malacca a disadvantage is that its nearest viable alternative "**Sunda Straits**" is even narrower than Malacca. This means that ships that cannot pass Malacca or draw more than 25 metres depth have to detour from Malacca to Lombok or Mindoro Strait. The maximum vessel size that can cross Malacca is known as the "**Malaccamax**". There have been many proposals to create an alternative route or canal in between Thailand, but as mentioned earlier these plans are costly and challenging to implement as of now. There was also an alternative oil pipeline proposal which is still in desk top talks. Both Myanmar and Thailand showed interest in this project, but if it came to fruition it would most likely be funded by China, along with all the "**apron strings**" that would form part of any such deal.

So, in retrospect, at the moment, it appears India holds the draw card as to the future of the Malacca Straits, an advantage it will not relinquish easily I suspect. It will be interesting to see how this plays out over upcoming decades and how the PRC reacts.

Closer to home, one must however, hold one's breath when it comes to China's apparent intentions of dominance in the Asia Pacific region. One need look no further than the 99 year lease of the Australian strategic port of **Darwin** to a the Chinese consortium "Landbridge" in 2015. An Australian Government department determined in 2021 there was "no national security risk" to justify stripping Landbridge of the lease, despite deepening tensions between Canberra and Beijing. One may ask whatever was the Australian Government thinking of when they agreed to the lease, and how they reached this conclusion? I fear a case of absolute naivety, lack of wisdom, judgement and understanding of Chinese ambitions. Especially when it is reportedly widely known, that any Chinese company if instructed by Beijing, must engage in spying or other iniquitous activity. I fear time will write its own sorry epitaph in this regard. Recent controversies over the Chinese Tech giant Huawei, not being allowed to operate 5G in the USA, UK, Australia, New Zealand, Japan, and a raft of other countries, due to security reasons, speaks volumes, and echoes a distinct note of caution to the unwary.

End

**Bibliography:** Public Archives Asian Trade Routes, Port of Darwin, History of Straits Settlements, plus various online sources in the Public Domain

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