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The Strategy of Malacca Dilemma: A Sign of China's Political Perception

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Abstract: *The Strait of Malacca is one of the busiest straits in the world for maritime shipping and channeling of oil products across the globe. It plays the most significant part in the economic uplift and development of Malaysia, Indonesia Singapore, Thailand and China besides other countries of the word. The closure of the Strait of Harmuz in the wake of the recent US-Iran conflict in late February 2026 increased dependence on the Strait of Malacca and also created a sense of security amongst the various countries of the world for the protection of the law of navigation and freedom of waters and waterways for trade and business purposes. The Strait is five times longer and ten times narrower than the Strait of Harmuz carrying 1/4th of the global oil and petroleum products. This article analyzes the strategy of Malacca dilemma as sign of political perception by China. Major findings of the study include the geostrategic significance of the Strait of Malacca, the use of alternative routes by China and its economic importance in the global trade.*

Introduction

The Strait of Malacca is the world's busiest maritime trade route carrying about 22% of the global trade and 29% of maritime oil (Banerjee, 2026). Its narrowest point is only 1.7 miles wide, making it both indispensible and exposed. During 2025, more than 102, 500 ships passed through it. It is located on the Western Perimeter of the South China Sea, running between the Eastern coast of the Indonesian island of Sumatra and the Western coast of Malaysia, stretching 65-250km and 800 km long (Zhang, 2023). Despite the narrower size, the Strait of Malacca is one of the world's busiest straits in the world for maritime shipping. China and Southeast Asian countries play the most significant role in the global supply chain, both the economic and strategic importance of the of the Strait of Malacca will gain more importance and momentum since the issue of the Strait of Harmuz has greatly impacted the world politics and the prices of oil and petroleum products across the global market (Tariq & Mushtaq, 2026). The Strait of Harmuz is one of the world's most strategic waterways catering for the supply of global oil and liquefied natural gas passing through it, while making any slowdown or disruption in maritime will traffic a direct threat to global energy security, oil prices and international economic growth (Bolat, 2026) & (Tariq, Shah , & Rasheed, 2026).

The Strait of Malacca

In the wake of the recent crisis in the Strait of Hamruz as a result of the US-Iran conflict, the world has to focus its eyes on the Strait of Malacca while the guardians remain worried about the precedent fearing it may create future clash between the United States and China (Aggarwal, 2026). The proximity of both the US and China near the Strait of Malacca, may posit great security concerns for both the US and China as the closure of the Strait of Harmuz attracted the attention of the global dynamics towards the Strait of Malacca (Aggarwal, 2026). The closure of the Strait of Harmuz created a sense of awareness amongst the various stakeholders of the global dynamics that the world needs to focus on the law of navigation and freedom of sea-routes. Any development leading to the closure or disruption in the Strait of Malacca would face the world and particularly the countries at the coastal line, with new dilemma as the world has already suffered as a result of the disclosure of the Strait of Harmuz leading to the increased price hike in oil and petroleum products, increased tension between the US and Iran, and the loss to the trade and business of the trading countries and particularly those that don’t have alternative routes for business activities.

Alternative Sea-Routes of the Strait of Malacca

In any case if the episode of the Strait of Harmuz may be repeated in the Strait of Malacca, it would not have that much of severity as that of the Strait of Harmuz that has left many Gulf states with no route to the wider ocean. The closure of Malacca would not affect the states to such a greater extent due to the presence of alternative routes that can be utilized in emergency and alternative basis (Aggarwal, 2026). The Strait of Malacca catering for nearly 1/4th of the world’s seaborne trade, multiple trade routes have been developed for bypassing or using the alternative sea routes in the wake of any blockade or emergency (Yap, Foundation, 2026). These include the sea-routes through Indonesia, overland energy pipelines, and developing land-based economic corridors (Yap, Foundation, 2026). The Sunda Strait, located between the Indonesian Island of Sumatra and Java, connecting the Indian Ocean to the Java Sea and South China Sea can be one of the alternative routes used for trading purposes. The Lombok Strait, located between the islands of Bali and Lombok, much deeper than the Strait of Malacca, and can be used ideally for carrying very large carriers (Yap, Foundation, 2026). The other route is the Ombak and Makassar Straits, mostly combined with the Lombok Strait, may be used as a route for allowing ships for navigating deep waters into the Celebes Sea, bypassing the Malacca-Singapore corridor for trade and business purposes.

Some of the countries of the world, highly dependent on the Strait of Malacca, have also made investments in direct pipelines for mitigating overdependence on maritime chokepoints. These have been made possible through the use of the overland energy pipelines. The China-Myanmar Economic Corridor (CMEC), an active oil and gas pipeline running from the port of Kyankphyu in Myanmar and directly enters to the China’s Yunnan Province. Another alternative route may be the Central Asian Pipelines, running from Kazakhstan, Turkmenistan, and Russia used for pumping the large quantities of oil and gas into China, by avoiding the Indo-Pacific route (Yap, Foundation, 2026). Moreover, the development of the land-based corridors is another important measure adopted by some countries to use the alternative rout of the Strait of Malacca. The China- Pakistan Economic Corridor, connecting the Gawadar Port on the Arabian Sea overland to China’s Xinjiang through road, rail and the energy infrastructure can be used by avoiding the sea route (Yap, Foundation, 2026). The Arctic Shipping Lanes, the route from Russia’s Northern Sea Route allowing ships to travel between Asia and Europe via the Arctic is another route that can be used as a substitute of the Strait of Malacca. Moreover, the Thailand Land Bridge Project is a multi-billion-dollar transport corridor proposed across the Kra Isthmus, combining railways, pipelines, and the highways connecting the Andaman Sea to the Gulf of Thailand, while cutting out to bypass the Malay Peninsula (Yap, Foundation, 2026).

In the presence of such an extensive alternative routes and land roads, the closure of the Strait of Malacca, in any case, may not affect the trade and business activities of the regional and global dynamics. It would rather be an issue of inconvenience rather than absolute barrier for trading and business purposes. Adopting such a pragmatic approach by China towards the Strait of Malacca, China has to spend decades on seeking a solution to what the former Chinese President Hu Jintao termed as the "Malacca Dilemma" aiming to reduce dependence on crude oil imports approaching through the Strait. The visionary approach by China for adopting substitute and alternative routes by avoiding the strait is indicative of the managing states' trade and business through practical measures for mitigating dependence on a single source. All the states need to ponder over substitute routes and building land routes for economic development and trade purposes.

The Malacca Dilemma

The Malacca Dilemma was coined by the Chinese President Hu Jintao in November 2003 while referring to the lack of alternatives and vulnerabilities to a naval blockade (Paszak, 2021). The President referred to certain powers suggesting that have all along encroached on and trying to have control over the navigation through the Strait of Malacca. Fearing the use of 'certain powers' referring to by the Chinese President as the US and the ability to control communication routes (Paszak, 2021). The issue has been debated for years both in China and abroad while authorities in Beijing sought to diversify energy sources and increase the share of the renewable energy (Paszak, 2021). Moreover, China's deteriorating relations with India as well as its ambiguous naval modernization and development program are additional factors for the dilemma (Paszak, 2021). China's dependence on maritime trade hinders a potential naval blockade of Taiwan (Paszak, 2021).

Recently the Strait of Harmuz has been the center of attention for the entire global dynamics on account of its closure by Iran since late February 2026 and has disrupted the world energy supplies (Conversation, 2026). To counter the hegemonic designs of Iran over the strait, both the US and Indonesia announced a "major defense cooperation partnership" on April 14, 2026 while strengthening their military ties. With this the US wants to strengthen its bilateral ties with Indonesia to have access to the airspace of Indonesia (Conversation, 2026). The US and Indonesia's latest developments in the region are very vital for the regional stability and security because the vast archipelago of Indonesia can bypass some of the most critical sea routes in the world (Conversation, 2026). The region surrounding the Strait of Malacca has been the focus of growing military attention from external powers due to its importance in global shipping and trade activities. To gain strength and control in the region, both the US and China remain busy in expanding their military presence around the strait with the aim of having access and approach to the region (Conversation, 2026).

The strategies of both the super powers (US and China) are different in the region with respect to their hegemonic designs. The US has been doing so through base access and naval developments while China has been engaged in doing so through the network of its ports and naval buildup in the region (Conversation, 2026). The Andaman and Nicobar Islands, located near the western approaches of the strait, makes allowance for providing India with a strategic presence in the region. While the US-Indonesia defense partnership further contributes towards making the South-east Asia as more into a great power competition (Conversation, 2026).The changing security dynamics and defense partnership may create a crisis situation in Taiwan, a spillover from the Strait of Hamruz, a shift in alliances or the Strait of Malacca may be at jeopardy (Conversation, 2026). Significance of the Strait of Malacca lies in the fact that about twenty-four percent of the global seaborne trade by volume carrying forty-five percent of the world's oil, over twenty-five of all cars trading internationally and twenty-three percent of dry bulk cargo including key agricultural commodities like grain and soybeans flows through this strait (Conversation, 2026).

Importance of the Strait of Malacca

The Strait of Malacca has great strategic importance in the regional and global trade and economy. It is very important for regional countries benefitting from the connectivity as result of the geographic advantages of the strait (Zhang, 2023). Like the Suez Canal, it has been viewed as an important chokepoint in the global trade by countries such as the United States, United Kingdom, and France (Zhang, 2023). It is impossible to overstate the importance of the Strait of Malacca as it connects the Indian Ocean to the South China Sea at narrowest point near Singapore (Joshua, 2026). Every year 90, 000 (ninety thousand) ships pass through it. Countries that remains dependent on this strait for exports and business activities include China, Vietnam, and other countries whose manufactured goods are critical to every part of the world (Joshua, 2026). Unity amongst the coastal region of the Strait of Malacca is *sine qua non* for the security of the region as was stated by the Malaysian Foreign Minister, Muhammad Hassan, emphasizing that no country could have access to the Strait of Malacca unilaterally and that “whatever is to be done, must involve the cooperation of all the four states” including Indonesia, Malaysia, Singapore and Thailand (Joshua, 2026).

The Strait of Malacca, being the largest one in the world, benefits all the coastal countries with no country can have the ability to have exclusive jurisdiction over the strait unlike the Strait of Harmuz. The recent US-Iran conflict and consequent closure of the Strait of Harmuz, has brought into open the question whether toll or tax should be imposed on the Strait of Malacca too or not (Yap, 2026). Till now, all the countries are unanimous that no toll should be charged over the passage of the ships though Indonesia proposed the tax but then had to withdraw the statement of toll imposition (Yap, Why the Malacca Strait matters to global trade, 2026). It is the single most important maritime chokepoint in Asia as it funnels the largest share of the world’s seaborne oil, with its narrowest waterways as 2.7 km wide among the tightest in the world’s major maritime chokepoints. Even a temporary blockade of oil transit at a major chokepoint would lead to substantial delays in the supply of oil and amplify shipping and insurance costs, besides leading to increased price hikes in the prices of oil and petroleum products (Yap, 2026).

Economic Importance of the Strait of Malacca

Keeping in view the priorities of the littoral states and US competition, China needs to act proactively by upholding multilateralism and common security, while extending cooperation in China-ASEAN partnership, prompting Sino-US pledges to ASEAN, and ASEAN’s neutrality (Valdai, 2026). The economic dependence and the resultant significance of the Strait of Malacca has been greatly increased following the US-Iran crisis (Muhammad, 2024). The coastal countries such Malaysia, Indonesia, and Singapore show concern for the establishment of a regional security framework, while the US views the strait as s strategic chokepoint and wants to advance dominance through its Indo-Pacific Strategy (Muhammad, 2024). It is the need of the time to establish a common security framework for the protection and security of the Strait of Malacca so that no repetition of the incident of the Strait of Harmuz may occur. Besides, common venture by Malaysia, Indonesia, and Singapore, all the major powers need to pay attention to the protection of the law of navigation, and freedom of waters so as to avoid any future mishap in the regional and global trade and business. There is a greater need for an inclusive security paradigm for protecting China’s strategic shipping lanes and implementing the vision of global maritime security governance (Muhammad, 2024).

Discussion and Conclusion

The Strait of Malacca has great geostrategic significance in the global trade and economy by carrying round about $1/4^{th}$ of the global oil and petroleum products. Despite the narrower size of the Strait of Malacca, it is considered as one of the world's busiest straits in the terms of maritime shipping and transit of oil products. The February 2026, US-Iran conflict and resultant closure of the Strait of Hamruz, the global dynamics has to increase dependence on the Strait of Malacca since it plays the most significant role in the transit of oil and petroleum products. The world has also to consider the law of navigation and freedom of water and waterways for the trade and business purposes without the imposition of any toll and tax. To avoid any future conflict in the waterways that may result in the disruption of future trade and business, the world community needs to pay attention to the protection and security of the waters and waterways across the globe.

The Strait of Malacca is very important for the transportation and transit of oil and petroleum products. Any prolongation in the reopening of the Strait of Harmuz may further increase the importance of this strait on account of the greater dependence of the regional and the global trade and business. Both the United States and China needs to reconsider their strategies in further improving their relations with regard to the Strait of Malacca. This may help in avoiding any future clash of interest in the region and would do more in developing cordial relations among the regional dynamics. The major powers, like China, and the US should also adopt alternative sea routes and land routes for mitigating their dependence on the Strait of Malacca and exploring new vista of trade and business with the regional and global dynamics. Besides, reducing dependence on a single source for trade and transportation purposes, this would also help in reducing tension in the region and harmonization of relations particularly amongst the coastal countries.

The three countries flanked by the Strait of Malacca including Malaysia, Indonesia, and Singapore, coupled with Taiwan, China, India, France, United Kingdom and the United States need to concentrate more towards the establishment of a common security framework that could help in avoiding any future conflict and resolution of disputes through a common arbitration council. They should also follow in the footprints of China that embarked upon the policy of Malacca Dilemma, a term coined in 2003 by the Chinese President for reducing dependence on the Strait of Malacca and explore alternative sea routes and land routes for trade and transportation purposes with the regional powers. The use of alternative routes through sea and land would not provide the countries with less dependence on the this region and any closure of the Strait of Malacca would not affect the trading countries to such a greater extent as did the Strait of Hamruz do in the post-February 2026 scenario.

To avoid overdependence on the Strait of Malacca, some of the countries have made huge investments on direct pipelines for mitigating dependence on maritime chokepoints. These have been made through the use of the overland energy pipelines including the China-Myanmar Economic Corridor and China-Pakistan Economic Corridor, besides other sea and land developmental projects. The United States, United Kingdom and France also need to explore alternative routes for the reducing overdependence on such chokepoints but above all the world forums such as the United Nations, the International Monetary Fund, the World Bank and the International Court of Justices should make new laws and regulations to be binding on all the regional and global powers irrespective of being coastal or having exclusive authority for closing the natural waterways.

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