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## **China-Malaysia Relations: The Three Dilemmas of Malaysian Chinese**

*By Chan Xin Ying*

### **Synopsis**

*As Malaysia's trade and investment with China grows a new dimension has emerged in the relationship between Malaysia, China, and the local ethnic Chinese community. Malaysian Chinese have to carefully deal with the political, social and economic repercussions of this triple dilemma.*

### **Commentary**

PRESIDENT XI Jinping this year described relations between China and Malaysia as the 'best ever' in history. Two years earlier, Malaysian Prime Minister Najib Razak had described the bilateral relations as at the 'best level in history'. While the majority of Malaysian Chinese have viewed China's presence in the country positively, in reality their feelings are mixed. They are as wary as they are welcoming.

As China engages further in Malaysia's domestic affairs, Malaysian Chinese are finding themselves in a triple dilemma. How will this development impact them given the realities of Malaysia's ethnic politics? How will the Malaysian Chinese be viewed by the other communities, especially the majority Malays, given the periodic tensions between them?

### **Dilemma 1: China in Malaysian Politics**

As China increasingly becomes Malaysia's dominant economic partner, its growing presence has crept into local politics. In September 2015, China claimed that the country is the "protector" of overseas Chinese in Malaysia when the Chinese ambassador to Malaysia, Huang Huikang, was reported to have defended the local Chinese during an informal visit to Petaling Street in Kuala Lumpur.

The ambassador, when referring to a pro-Malay “red shirts” rally earlier on 16 September against mostly Chinese traders, stated that China “is against all forms of terrorism as well as racism and extremism which target specific ethnic groups” and warned that China “will not sit idly by as others infringe on the national interest of China”. His remarks led to accusations of interference.

Ambassador Huang and Chinese diplomats have further inserted themselves into Malaysia’s domestic politics, accompanying local politicians during visits to their constituencies. A case in point is when the ambassador accompanied MCA assemblyman Teoh Yap Kun to his Paloh constituency in 2016. The ambassador had also repeatedly called on Malaysian Chinese to support MCA and the Barisan Nasional (BN) coalition government, of which the Chinese-based MCA is a component party.

As China continues to establish good relations with the UMNO-led government, the Malaysian Chinese community remains wary, given the sensitive position it is in. China’s seemingly intrusive posture in Malaysia’s domestic issues can potentially complicate the local racial dynamics, especially at a time of an impending general election. Indeed, it is not hard to see that Beijing’s new inclination will be a disservice to Malaysia’s ethnic Chinese community.

Indigenism, the ideology that makes the indigenous people central in politics, remains important in Malaysia. The ethnic Chinese periodically become the ‘scapegoat’ during critical political moments. For instance, Prime Minister Najib Razak had coined the term ‘Chinese tsunami’ to explain the significant erosion of votes for the ruling BN in the 2013 general election. In response, he reemphasised the pro-indigenous doctrine of ‘Ketuanan Melayu’ (Malay dominance).

## **Dilemma 2: China and Chinese Education in Malaysia**

China has also positioned itself as a supporter of Chinese education in Malaysia. In February 2017, the Chinese ambassador donated RM200,000 to 11 Malaysian Chinese primary schools. Yet, Chinese education is a very sensitive issue in Malaysia. Politicians, particularly from UMNO, have consistently claimed that Chinese education is the cause of ethnic disunity in Malaysia and called for the abolition of Chinese vernacular schools.

Hence, donations from China could be viewed both positively and negatively. As a support from the Chinese government, it shows up the need for aid from a foreign envoy to partially-aided Chinese schools (SJKC) where government subsidies are always inadequate.

Hence, it is crucial how the Malaysian Chinese react or respond to China’s ‘generosity’. While the local education outfits Dong Zong (United Chinese School Committees’ Association) and Jiao Zong (United Chinese School Teachers’ Association) welcomed China’s help, the rest of the community remained cautious, fearing overreaction may provoke another controversy.

## **Dilemma 3: Malaysian Chinese Still the Best Business Partners?**

Malaysian Chinese have played an important role in facilitating the investment markets for both China and Malaysia since the 1980s. However, the trend has changed since 2010 as more and more government-linked companies (GLC) go for key or strategic industries, while the Chinese turned to dominate SMEs.

As a result, the new economic relations between China and Malaysia have shifted to more collaboration with Malay-led GLCs or GLICs (Government Linked Investment Companies), instead of the Chinese business community. For example, the Kuantan Port expansion is a cooperation between IJM Corp and Guangxi Beibu; the Melaka Gateway project which is getting investments from Power China, is operated by the Melaka state government's KAJ Holdings.

Moreover, local Chinese businesses face fierce competition from China as GLCs opt to work with mainland China firms rather than local Chinese enterprises. While old established players who have long penetrated China's market like Francis Yeoh and Robert Kuok continue to profit, the new gainers are Malay-led GLCs including IJM Corp and Sime Darby instead of Malaysian Chinese SMEs.

### **No Need For 'Protector'**

Malaysia observers feel China should be more cautious in its engagement with the Malaysian government and society. Its claim to be the 'protector' of overseas Chinese and its consequent meddling in local politics could have the opposite effect: China could in fact harm the interest of the Malaysian Chinese.

Many ethnic Chinese in Malaysia would rather co-exist peacefully with the other ethnic communities than being shielded by China in a society already divided by ethnic cleavages.

Besides, there are still unresolved controversies between China and Malaysia despite their current warm relations. The South China Sea disputes are still ongoing and it is uncertain how long this cozy bilateral relationship will last. If geopolitical conflict occurs, the Malaysian Chinese will be further pushed into a difficult position. China should be aware of the ethnic Chinese' sensitive position in Malaysian politics given the complex and fragile nature of nation-building in a multiethnic society. Big powers like China need to be careful to avoid the further fragmentation of Malaysian society.

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