

Malaysia: America and China Compete for Economic and Political Influence

By [Nile Bowie](#)

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In a bid to garner public support and win back several economically dynamic states lost to the opposition in 2008, Malaysia's ruling Barisan Nasional (BN) coalition has introduced a series of populist measures to appeal to voters. But while the upcoming election will be decided mostly on domestic issues, the polls will also reflect rising US-China competition for influence in the country.

Following the 2008 global economic crisis, Prime Minister Najib Razak looked to Beijing to revive Malaysia's export-oriented economy, emphasizing increased Chinese investment in Malaysian industry. The premier has also moved to expand Sino-Malaysian exchange in areas such as finance, infrastructure development, science and technology, and education.

China is now Malaysia's largest trading partner, with trade reaching US\$90 billion in 2011. Malaysia is China's largest trading partner in the Association of Southeast Asian Nations (ASEAN). During a visit to China's Guangxi autonomous region last year, Najib officiated the launch of the China-Malaysia Qinzhou Industrial Park (QIP), a joint development by a Malaysian consortium of companies.

At the event, Chinese Premier Wen Jiabao paid tribute to Najib's late father, Tun Abdul Razak Hussein, who established diplomatic ties with China in 1974 during his tenure as Malaysia's second prime minister. Malaysia was the first non-communist country in Southeast Asia to establish official ties with the People's Republic of China. Under Najib, 2014 has been designated as "Malaysia-China Friendship Year", while China has loaned two pandas to Malaysia for 10 years to mark the 40th anniversary of diplomatic relations.

The diplomacy has brought commercial gains. A sister joint-industrial park in Malaysia's Kuantan region was launched in early February 2013. State media said the complex, including a steel plant, an aluminum factory, a palm oil refinery and the expansion of the Kuantan Port, will create 8,500 new jobs once it comes online. Kuantan was chosen as the location for the joint project due to its proximity to the South China Sea, which offers easy access to fast developing ports located in China's Guangxi Beibu Gulf Economic Region.

Najib was quoted at the time as saying, "Now the world is beginning to recognize that Chinese innovation and domestic demand will prove just as potent a force in the global economy, so on economic cooperation and diplomacy, I am proud to say that Malaysia is ahead of the curve."

Najib's and Foreign Minister Anifah Aman's children are both Mandarin-educated, reflecting the importance top officials place on China's role as an emerging world power. Malaysia has likely taken a soft line on territorial disputes in the potentially oil and gas rich South China

Sea due to deepening commercial cooperation between the two countries.

In light of these close ties, Beijing would no doubt like to see Najib's ruling BN return to power at the polls. An administration led by opposition leader Anwar Ibrahim, who is widely perceived to lean closer to the United States, would threaten to interrupt the past five years of investment and security policy synergy developed under Najib.

Foreign friends and funds

Local analysts have long criticized Anwar for his alleged history of appealing to foreigners to legitimize his positions. Anwar is widely panned in the Malaysian press for seeking to bolster his own political talking points by harnessing foreign influence, from the hardline Muslim Brotherhood-affiliated theologian Yusuf Abdullah al-Qaradawi, known for controversially inciting sectarian divisions throughout the Muslim world, to the likes of former US vice president Al Gore and former deputy defense secretary Paul Wolfowitz.

Malaysia's opposition Pakatan Rakyat coalition currently controls four state governments and is led by Anwar's Parti Keadilan Rakyat (PKR), the predominately Chinese-led Democratic Action Party (DAP), and the staunchly Islamist Malaysian Islamic Party (PAS). Those parties are in many ways uncomfortable bedfellows: PAS at one point endorsed the Taliban's insurgent campaign in Afghanistan and turned off many moderate Malaysians with hard-line theocratic discourse advocating the foundation of an Islamic state.

The DAP and Anwar's PKR, meanwhile, have been strongly criticized for accepting funds and training from US government-linked foundations such as the International Republican Institute (IRI), now chaired by US Senator John McCain. In the hot-tempered run-up to Malaysia's upcoming polls, several prominent BN ministers have questioned the opposition's links to influential figures in Washington.

Local media reports claim that Anwar maintains connections with neo-conservative thinkers in Washington, in addition to participating in programs organized by the National Endowment for Democracy (NED). The NED has been accused locally of being used by Washington to influence elections and cultivate political forces suitable to US foreign policy.

In 2005, Anwar chaired the Washington-based Foundation for the Future, a think-tank established by Elizabeth Cheney, the daughter of the former vice president, and funded by US State Department grants. While Anwar was on trial for allegedly engaging in sodomy with a male aide (a charge for which he was later acquitted), Gore and Wolfowitz authored a joint opinion piece in support of Anwar in the Wall Street Journal.

The Washington Post, meanwhile, published an editorial calling for consequences that would affect Malaysia's bilateral relations with the US if Anwar was found guilty. Anwar enraged many Malaysians when he stated that he would support a policy to protect the security of Israel in an interview with the Wall Street Journal. This is particularly controversial in Malaysia, where the majority support Palestine against Israel.

Local journalists have recently uncovered letters written by Anwar, two of which were sent to National Endowment for Democracy President Carl Gershman in Washington, that discussed sending an international election observer team to Malaysia and issues related to electoral reform. Since 2011, Malaysians have shown support for anti-government demonstrations calling for clean elections organized by Bersih, an association of nongovernmental organizations known as the Coalition for Clean and Fair Elections.

Ambiga Sreenevasan, the ethnic Indian former president of the Bar Council who leads the coalition, has under pressure recently conceded that her organization accepts funds from US government-linked foundations. Malaysian authorities are concerned that these recipients of US aid have based their programs around casting doubt on the nation's Electoral Commission, and thus the very legitimacy of the ruling coalition and the country's democratic process.

Malaysia's Electoral Commission has consistently refuted allegations of electoral discrepancies made against it by several US-funded NGOs. A parliamentary select committee agreed to implement recommended electoral reforms raised by civil society groups and has since passed 18 amendments to the electoral roll.

Meanwhile, Najib has rolled back the Internal Security Act, which controversially allowed for indefinite detention without trial, and has liberalized rules regarding the publication of books and newspapers. BN has long been criticized for curbing dissent and criticism through civil liberty-curbing laws and regulations.

BN has largely delivered on its previous campaign vows to manage fast economic growth and greater freedom of expression, witnessed in a vibrant Internet and critical blogosphere. While Najib also has good rapport with several Western leaders, he is not ready to complicate upbeat Sino-Malaysian ties as Washington moves to "pivot" its military muscle towards the Asia-Pacific region to counterbalance China.

Anwar, on the other hand, has long been viewed as a darling of the West, and he would clearly be a more attractive candidate in the eyes of the US. Malaysia's former premier Mahathir Mohamad has insinuated that Washington's democracy promotion amounts to backing regime change through efforts that favor the opposition. NGO and youth activists have been dismissive of such insinuations, viewing them as well-worn pre-election diversionary rhetoric from the ruling coalition.

While many Malaysians have expressed disappointment in BN's leadership, a victory for the untested opposition has the potential to derail many large-scale, growth-promoting development projects, including Chinese-invested initiatives in property, industry and infrastructure. US investment bank JP Morgan recently issued a note of concern over market unpredictability in the case of an opposition win. While voters deliberate between Najib and Anwar, they will also indirectly be choosing between China and the US.

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Nile Bowie is an independent political commentator and photographer based in Kuala Lumpur, Malaysia. He can be reached at nilebowie@gmail.com

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