

Malaysian PM in China criticises “new colonialism”

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In a pointed jibe at his hosts during a trip to China last week, Malaysian Prime Minister Mahathir Mohamad warned against the emergence of a “new colonialism” as he sought to extract economic concessions from Beijing. Mahathir, who was installed after the opposition coalition won the national election in May, has suspended \$20 billion worth of Chinese-funded infrastructure projects that are part of President Xi Jinping’s signature Belt and Road Initiative (BRI).

Clearly concerned about Mahathir’s anti-Chinese rhetoric during the election campaign, Chinese leaders feted the Malaysian prime minister. During the five-day visit, Mahathir toured major Chinese corporations—including the e-commerce giant Alibaba, carmaker Zhejiang and drone manufacturer DJI—and met with President Xi and Premier Li Keqiang.

Mahathir toned down his message, telling a business forum in Beijing: “It is not about the Chinese, it is about the Malaysian government. We are not against Chinese companies, but we are against borrowing money from outside and having projects that are not necessary and are very costly.”

After meeting with Premier Li, Mahathir declared that Malaysia could “learn a lot” from Beijing, adding: “I believe in cooperation with China because China has got a lot that will be beneficial to us.” For his part, Li emphasised concessions to Malaysia on trade, saying that China was willing to increase imports of palm oil and other goods.

China is already Malaysia’s third largest export market after India and the European Union. Malaysia is particularly concerned about the slump in exports of palm oil to China, which fell by 10 percent between January and July this year. China is the world’s second largest buyer of the commodity.

Mahathir’s conciliatory tone, however, could not

disguise the anti-Chinese thrust of his election campaign, during which he accused the former prime minister Najib Razak of threatening Malaysia’s independence in his dealings with Beijing. Mahathir lambasted Chinese-funded infrastructure projects as “unequal treaties,” deliberately harking back to the treaties imposed on China by actual colonial powers—Britain, France, Japan and Germany—through gunboat diplomacy in the 19th century.

Mahathir’s declaration that “it is not about the Chinese” belies the anti-Chinese racism that is the stock-in-trade for Malay politicians to divide the working class and justify blatantly discriminatory policies towards the country’s ethnic Chinese and Indian minorities.

When Li suggested at their joint press conference that there was a consensus on upholding free trade, Mahathir agreed but added “of course free trade should also be fair trade. We don’t want a situation where there is a new version of colonialism happening because poor countries are unable to compete with rich countries.”

Mahathir’s call for “fair trade” echoes the remarks of US President Donald Trump as he ratchets up his trade war measures against China. The reference to China as a “new version of colonialism” does not bear up to any objective examination of the historical position of China and the present day dominance of the US and its allies. While taking a swipe at China, Mahathir is silent in particular on the role of Japanese imperialism in Asia. He has a long association with Japan and, since his return to power, has visited Tokyo twice to strengthen ties.

Mahathir’s decision to suspend work on key infrastructure schemes—the East Coast Rail Link and two pipeline projects awarded to the China Petroleum

Pipeline Bureau—has been a significant blow to China’s Belt and Road Initiative. The highly ambitious BRI involves huge investments in infrastructure, including roads, rail links, pipelines, telecommunications and ports, aimed at linking the Eurasian landmass and drawing Europe in particular into closer relations with China.

The plan has already run into significant political and economic difficulties

Authorities in Burma are currently in talks with the Chinese investment company Citic Group to drastically reduce Chinese loans for a port in Kyaukpyu from \$7.3 billion to \$1.3 billion. Termed “crazy” and “unfair” by Myanmar officials, the 25-metre deep sea port is now likely to be reduced to two berths from an original plan of ten.

The victory of the nationalist Tehreek-e-Insaf Party (PTI) in Pakistan in July calls into question the \$55 billion China-Pakistan Economic Corridor (CPEC) plan, aspects of which have previously been criticised by PTI members. Any halt to the overall project would seriously undermine China’s efforts to establish transport routes including for oil and gas from the Chinese-constructed port of Gwadar in Pakistan to western China.

Zhang Mingliang, an academic at Jinan University, told the *South China Morning Post*: “There are not many countries like Malaysia which not only vocally support the [BRI] initiative but also worked together with China on projects. Malaysia’s cancelling of the projects will have a negative impact on the reputation of the Belt and Road.”

Prior to his visit, Mahathir had already declared that Malaysia “would like to just drop” the two pipeline projects that cost more than \$1 billion each. The key bone of contention, however, is the \$20 billion East Coast Rail Link, which unlike the pipelines, China has already committed significant investment. Currently, the project has been suspended, pending renegotiation of the terms of the contract.

Xu Liping, an analyst at the Chinese Academy of Social Sciences, told the *Financial Times*: “China hasn’t invested or done much work on the pipelines. The main issue is the railroad. There’s already been a lot of work put into it. If it’s stopped, Malaysia needs to pay.”

The only reason that the issue did not flare up during

Mahathir’s visit is that the infrastructure deals and disagreements over the South China Sea were simply avoided.

No public statement was made on another contentious issue—Low Taek Jho, a Malaysian financier wanted over his alleged involvement in the multi-million dollar IMDB scandal that engulfed the previous prime minister Najib. According to the *Wall Street Journal*, Low is currently in China.

While no obvious tensions surfaced during his trip to China, Mahathir dealt another economic blow to Chinese interests this week. On Monday, he announced that no foreign nationals would be allowed to buy apartments in the massive \$100 billion Forest City township project in Johor state being developed by the Guangdong-based Country Garden Holdings. The decision could effectively sink the plan as most Malaysian citizens will not be able to afford the apartments.



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