Chinese Premier Li Qiang visits Malaysia

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Chinese Premier Li Qiang visited Malaysia between June 18 and 20, meeting with Malaysian Prime Minister Anwar Ibrahim and other senior political figures. Malaysian and Chinese firms signed 11 memorandums of understanding in relation to potential Chinese investment of RM13.2 billion ($US 2.8 billion). Li's visit takes place in the context of heightening US government pressure on Malaysia to join its war drive against Russia and China.

Key discussions took place on June 19, with Anwar and Li holding a 30-minute private meeting, followed by bilateral talks joined by cabinet ministers from both governments. The two signed a five-year agreement to continue developing economic relations. Thirteen other agreements were signed in areas including trade and investment, agriculture, manufacturing, infrastructure and finance.

Li, Anwar, and Malaysia's king, Sultan Ibrahim, also broke ground at the East Coast Rail Link, a 665-kilometre railway to connect the west coast and under-developed east coast of the Malaysian Peninsula by the end of 2026. The railway is a key part of the Chinese government's Belt and Road Initiative. Li indicated that the railway could potentially be linked to Thailand, and subsequently to southern China.

A key objective for the Malaysian ruling elite is securing investment and maintaining trade with China. China has been Malaysia's largest single import source and export destination for about 15 years. Total trade with China last year reached RM450.84 billion ($US98.9 billion), accounting for 17 percent of Malaysia's global trade.

Trade with China also takes on vital importance in providing the means to service burgeoning debt. Currently, Malaysian government debt is RM1.5 trillion ($US320 billion), which is approximately 80 percent of GDP. Failure to service this debt could lead to default, ushering in political turmoil and the threat of social upheaval as happened in Sri Lanka in 2022.

For Beijing, a key element of Li's visit was to cultivate the Malaysian government's political support in order to act as a counterweight in the face of US diplomatic and military encirclement. The Chinese government faces a steady stream of aggressive US-led provocations in the South China Sea and what amounts to anti-China military alliances led by Washington including AUKUS (the US, the UK and Australia) and the Quad, comprised of the US, Japan, Australia and India.

On June 19 at a luncheon attended by 200 business leaders and Li, Anwar stated that "People say, well, Malaysia is a growing economy. Don't let China abuse its privilege and extort from the country. I said no. To the contrary, we want to benefit from one another, we want to learn from one another and we want to profit from this engagement."

In the lead up to Li's visit, Anwar made statements sharper in their implied criticism of Washington. On June 15, in an interview with the *South China Morning Post*, Anwar commented: "[The Chinese] have been most receptive, and they collaborate well, and they are frank and [make] no display of arrogance."

In an interview with Chinese media outlet Guancha on June 16, Anwar stated that Malaysia wanted to join the Brazil, Russia, India, China and South Africa (BRICS) economic group. This is partly to deepen trade in currencies other than the US dollar against which the Malaysian ringgit has declined sharply, giving rise to inflation and loss of investor confidence.

Anwar claimed that the rise of China "brought us a glimmer of hope that there are checks and balances in the world". Anwar reportedly raised the topic of Malaysia joining BRICS with Li. Malaysia would be the second Southeast Asian country to commence the accession process after Thailand.

Based on reports by Chinese news agency Xinhua, Anwar and Li agreed that China and relevant countries from the 10-member Association of Southeast Asian Nations (ASEAN) should "independently and properly" handle the South China Sea issue. This is a direct rebuke of Washington's attempts to provoke Beijing into a war in the South China Sea using the Philippines military as a proxy. Vietnam, Brunei, Malaysia, the Philippines, and China (Beijing and Taipei) each have overlapping territorial claims in the South China Sea.

Anwar regularly makes the claim that the Malaysian government is not taking sides between the US and China. During the 37th Asia Pacific Roundtable hosted by the Institute of Strategic and International Studies Malaysia on June 6 in Kuala Lumpur, Anwar stated that the contention that Malaysia takes sides is a "gross misperception."

Washington is unwilling to accept this balancing act and is putting pressure on the Malaysian government to line up with its economic war against Russia as the US escalates the military conflict in Ukraine. In May, Jatronics Sdn Bhd, a Malaysian trading company dealing in semiconductor-related hardware, was placed under US sanctions for supplying componentry to Russia allegedly used to produce armaments.

Previously, in December, four Malaysian companies were sanctioned by Washington for allegedly supplying components used by Iran in its manufacturing of military drones, which are then sold to Russia. Professor Zachary Abuza at the National War College in Washington noted to Al Jazeera that "Malaysia is clearly under watch from the United States right now."

Increasingly, the wars that have been stoked and those being prepared by Washington are coalescing into a broader war front. In the Middle East, Iran is seen as the chief obstacle to US dominance of the region. Russia is seen as a military rival, as well as possessing key minerals, resources and markets. China is viewed by Washington as the chief geostrategic threat given the increasing dominance of its economy.

In May for example, the British ambassador to the UN, Barbara Woodward, pointed to Iranian drones as Russia's "weapon choice" in recent battlefield advances by the Russian military, particularly in the northeastern city of Kharkov (Kharkiv). The US government is looking to cripple Tehran by cutting off the sale of Iranian oil as it represents up to 70 percent of Iranian government revenues by some estimates. Effectively, choking off Iran's oil sales puts extreme pressure on the Iranian regime, potentially leading to its collapse.

The head of the US military's Central Command, General Michael Kurilla, noted in statements to a US House Armed Services Committee hearing in March that 90 percent of Iranian oil ends up in China, circumventing sanctions through ship-to-ship transfers. Until 2018, when US sanctions on Iran were re-introduced, China was the largest purchaser of Iranian oil.

In a meeting with Malaysian home minister, Saifuddin Nasution Ismail, on May 8, US under-secretary for terrorism and financial intelligence, Brian Nelson, claimed that Malaysia was facilitating Iranian oil sales in Malaysian waters. Speaking to the Malaysian press, Nelson, stated that "These are ship-to-ship [oil] transfers, particularly at night, which we see from time to time. They are really designed to obfuscate the origin of the commodity, in this case, Iranian oil." Anwar rejected these claims, stating on May 14 that there was "not one shred of evidence" of such ship-to-ship transfers.