

China-Malaysia Think Tank Forum

**“50th Anniversary of China-Malaysia
Relations: Reflecting the Past, Working
Towards A Shared Future”**

Navigating the Future of Malaysia-China Relations

Lee Heng Guie
Executive Director
22 June 2024



Agenda

01 Overview of Malaysia-China Historical Bonding

02 Overview of Malaysia-China Bilateral Ties

03 Navigating Malaysia-China Future Relations

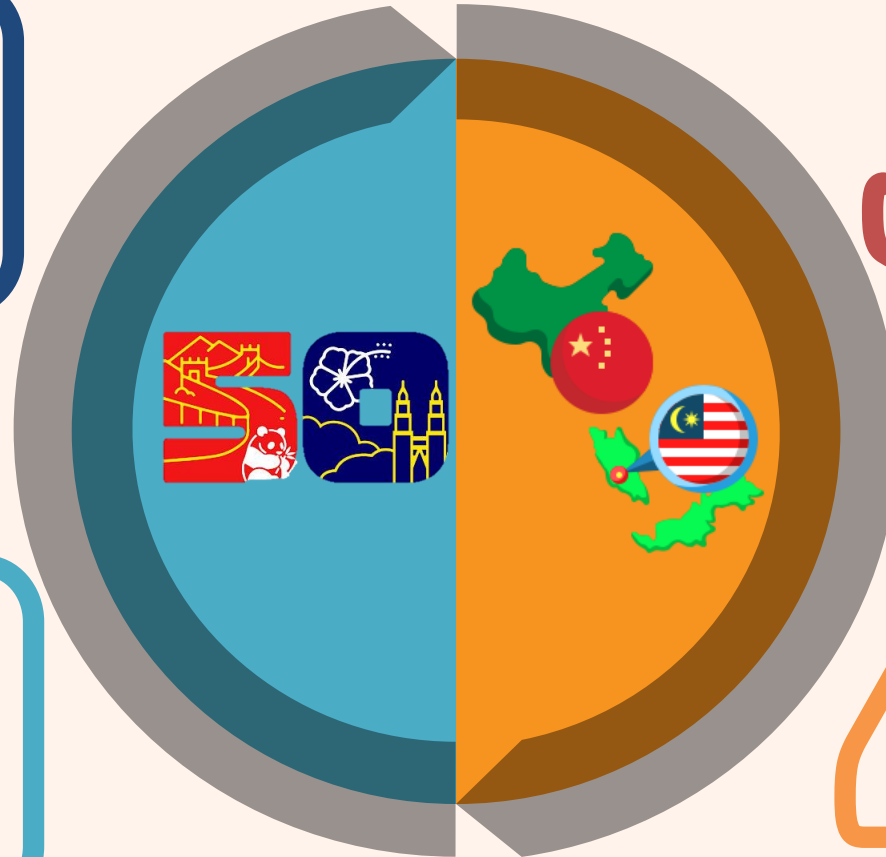
Review the 50 years' journey of relations; ushering in a new era

1

THANKS TO 50 YEARS OF TIRELESS EFFORTS, THE RELATIONSHIP BETWEEN THE TWO COUNTRIES ARE AT ITS BEST

2

MALAYSIA-CHINA RELATIONS HAVE EXPERIENCED A SERIES OF HISTORIC TRANSFORMATIONS AND GAINED GREATER MATURITY AND STRENGTH IN THE PROCESS



3

WE ARE NOW AT AN IMPORTANT JUNCTURE AND IT IS TIME FOR US TO REVIEW THE PAST SIX DECADES FROM A HISTORICAL PERSPECTIVE AND LOOK INTO THE FUTURE

4

GAIN A DEEPER UNDERSTANDING OF THE SIGNIFICANCE, VITALITY AND POTENTIAL OF THE RELATIONSHIP, AND GIVES US EVERY CONFIDENCE TO LOOK FORWARD TO AN EVEN BRIGHTER FUTURE

The evolution of Malaysia-China bilateral relations under different Prime Minister

2nd Prime Minister

- Exemplary contribution in initiating diplomatic ties with China on 31 May 1974
- Laying the path towards a milestone in normalizing Malaysia-China bilateral relations.



Tun Haji Abdul Razak

1970-1976

6th Prime Minister

- Elevated and upgraded to a Comprehensive Strategic Partnership in 2013.
- Supported China's Belt and Road Initiative.
- Expanded economic and trade cooperation in industrial/manufacturing, automobile, transportation, information, communication and technology (ICT), education and financial services.



Dato'Sri Najib Tun Razak

2009-2018

4th & 7th Prime Minister

- Double-down efforts on economic cooperation and investments.
- China became a full dialogue partner with ASEAN in 1996.
- Supported China's accession into the WTO in 2001.
- ASEAN-China Free Trade Area (ACFTA) agreement was signed on 5 November 2003; upgraded to ACFTA 2.0 in 2008, and is currently negotiating for ACFTA 3.0.
- Great interests in China's remarkable development in the fields of digitalization, e-commerce, automobile and smart agriculture.

10th Prime Minister

- China an important neighbor. Malaysia would give priority to enhancing relations with Beijing in terms of trade, investment and culture.
- Visited China two times. Secured RM189.84 billion worth of investments and MOUs.
- 12 top exchange visits from Malaysia to China and six highest exchange visits from China to Malaysia.
- Both countries have touched on various bilateral, regional and international issues of mutual importance.



Tun Dr Mahathir Mohamad

1981-2003; 2018-2020



Datuk Seri Anwar Ibrahim

2022--

China projects in Malaysia



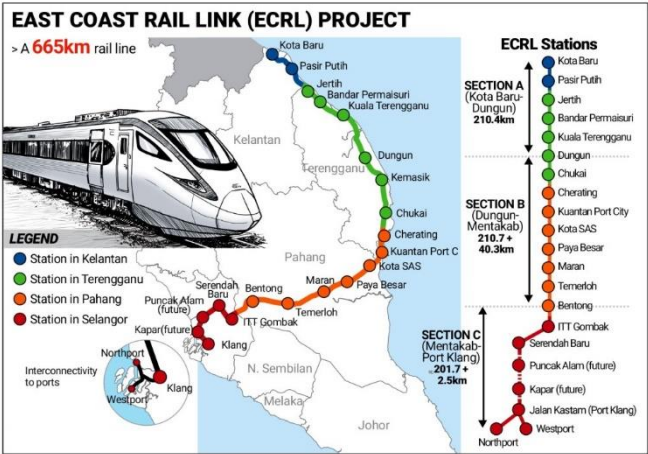
Malacca Gateway



Malaysia-China Kuantan Industrial Park



Gemas-Johor Baru electrified double-tracking railway project



East Coast Rail Link



Exchange 106

Source: Various sources

China companies investing in Malaysia

Fortune Global 500 Chinese-funded companies operating in Malaysia



Fortune China 500 Chinese-funded companies operating in Malaysia



Chinese-related Global establishments operating in Malaysia



Source: Malaysian Investment Development Authority (MIDA)

Chinese companies operating in Malaysia



Source: China Enterprises Chamber of Commerce in Malaysia (CECCM); Malaysian Investment Development Authority (MIDA)

Snapshot of Malaysia-China bilateral trade and investment

Since 2009, China has been Malaysia's largest trading partner for 15 consecutive years in 2023, with total trade value amounting to RM450.8 billion or 17.1% of Malaysia's total external trade.



Exports

China is second largest export destination

2023: RM192.2 billion
(13.5% of Malaysia's total exports)



Malaysia's ODI in China

China:

Ranked 10th in Gross ODI flow

2023: RM1.7 billion (2.0% of total)

Ranked 9th in ODI stock

2023 Q4: RM15.4 billion (2.3% of total)



Imports

China is the largest source of imports

2023: RM258.6 billion
(21.3% of Malaysia's total imports)



China's FDI in Malaysia

China:

Ranked 6th in Gross FDI flow

2023: RM13.3 billion (5.5% of total)

Ranked 7th in FDI stock

2023 Q4: RM34.5 billion (3.7% of total)

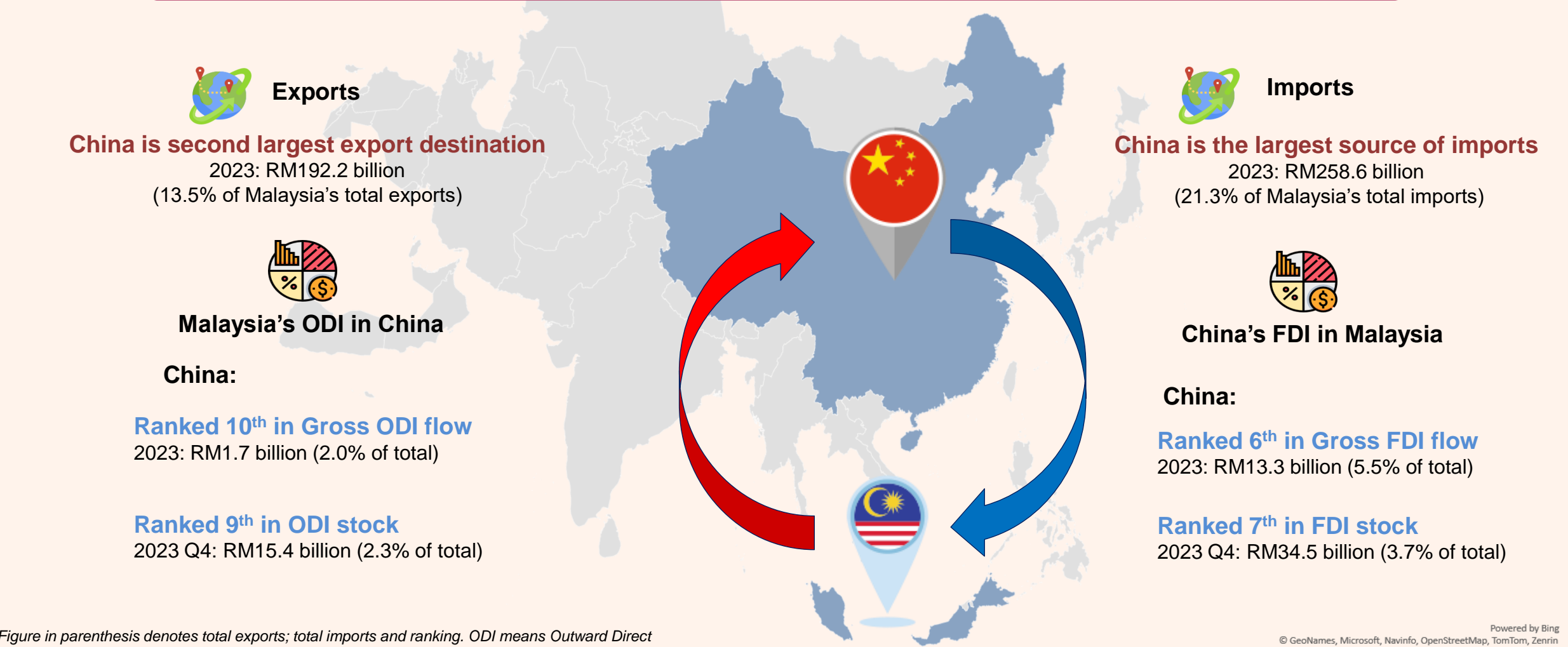
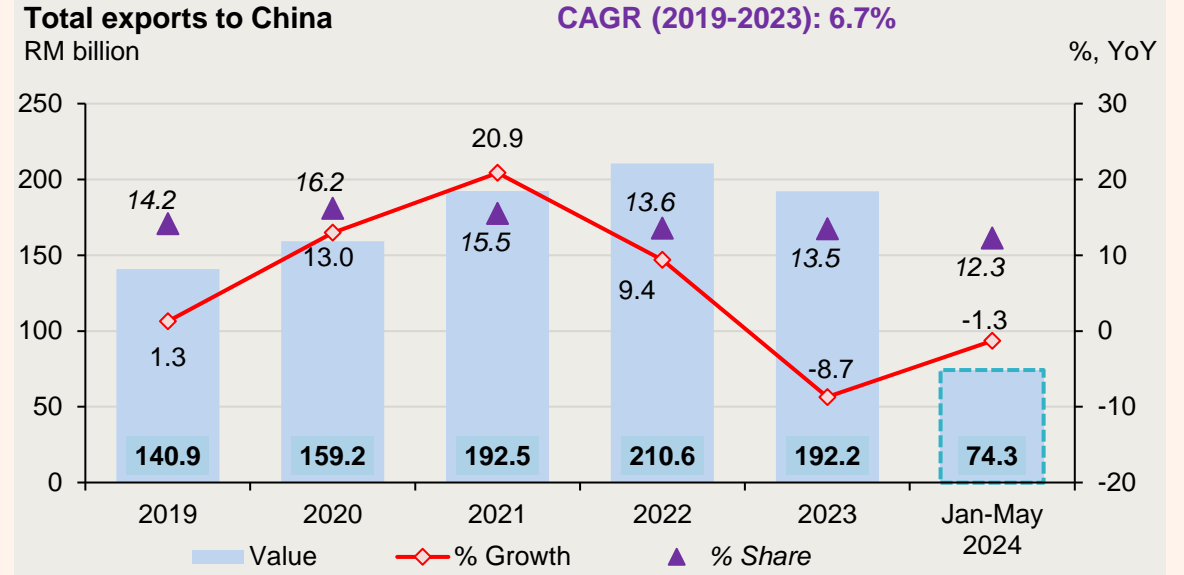
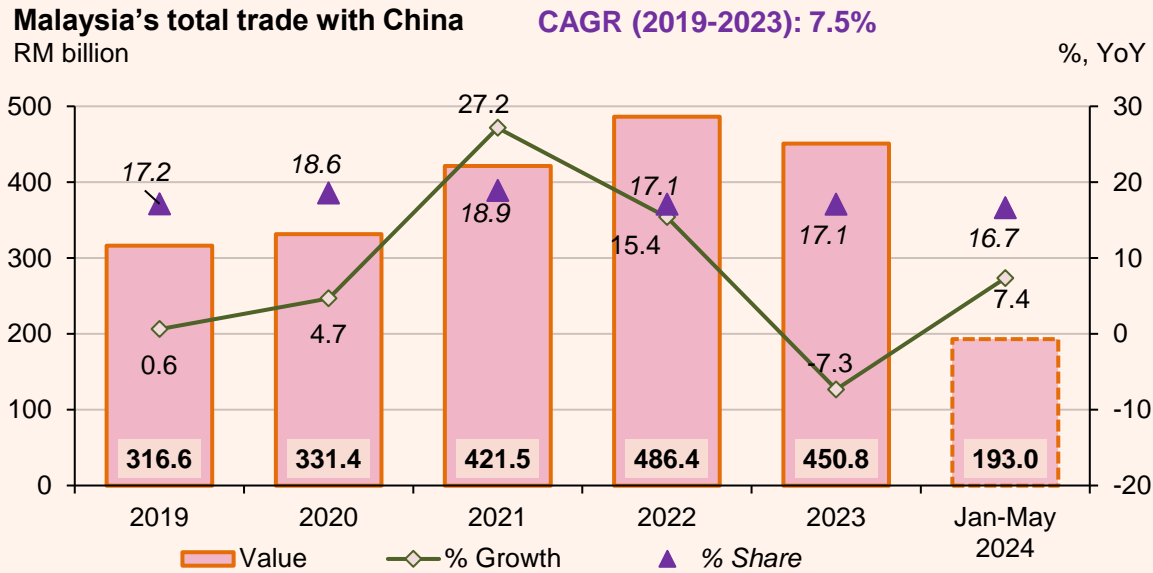


Figure in parenthesis denotes total exports; total imports and ranking. ODI means Outward Direct Investment
Source: DOSM; BNM

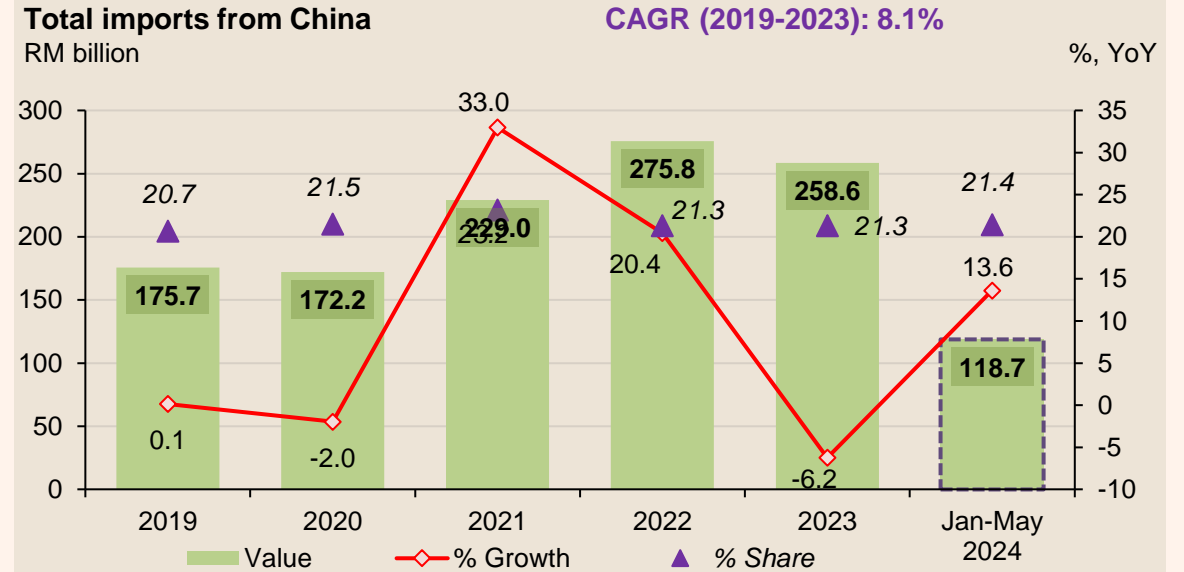
Powered by Bing
© GeoNames, Microsoft, Navinfo, OpenStreetMap, TomTom, Zenrin

China remains Malaysia's largest trading partner since 2009



Major export products to China (2023)*			
		RM mil	% Share
85	Electrical and electronic products	82,694.7	43.0%
27	Mineral fuels and oils	20,097.4	10.5%
39	Plastic products	9,889.5	5.1%
90	Optical and medical equipment	8,085.4	4.2%
84	Machinery and equipment	7,464.2	3.9%

Major import products from China (2023)*			
		RM mil	% Share
85	Electrical and electronic products	87,424.6	33.8%
84	Machinery and equipment	41,924.1	16.2%
27	Mineral fuels and oils	20,428.9	7.9%
39	Plastic products	9,985.2	3.9%
38	Miscellaneous chemical products	9,356.3	3.6%

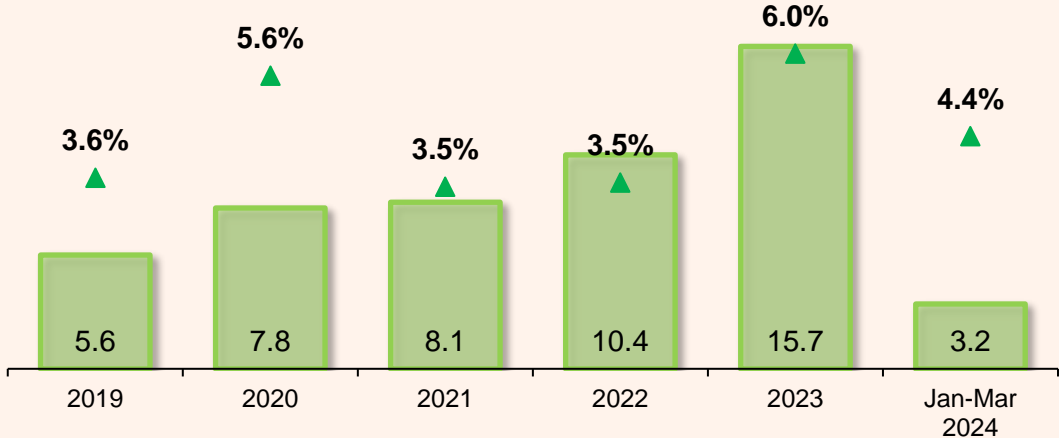


* By HS Code
Source: DOSM

Malaysia-China bilateral investment flows and stock

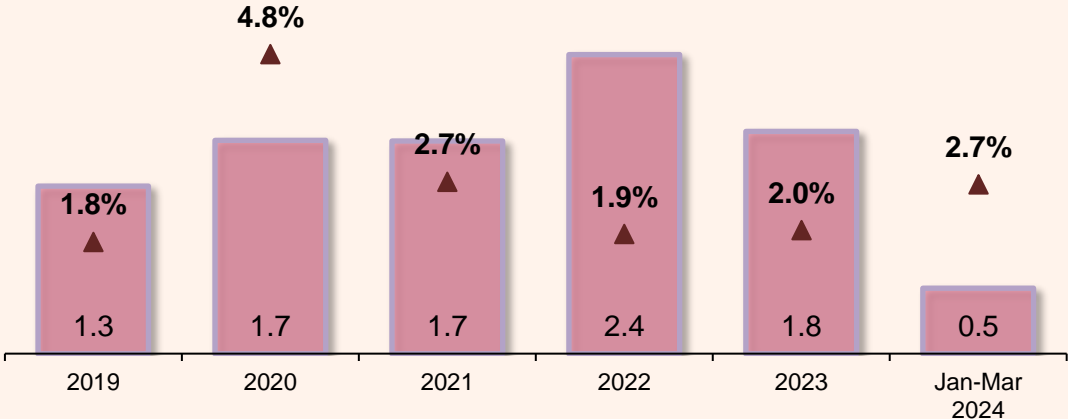
Gross FDI flow from China

■ RM billion ▲ % Share

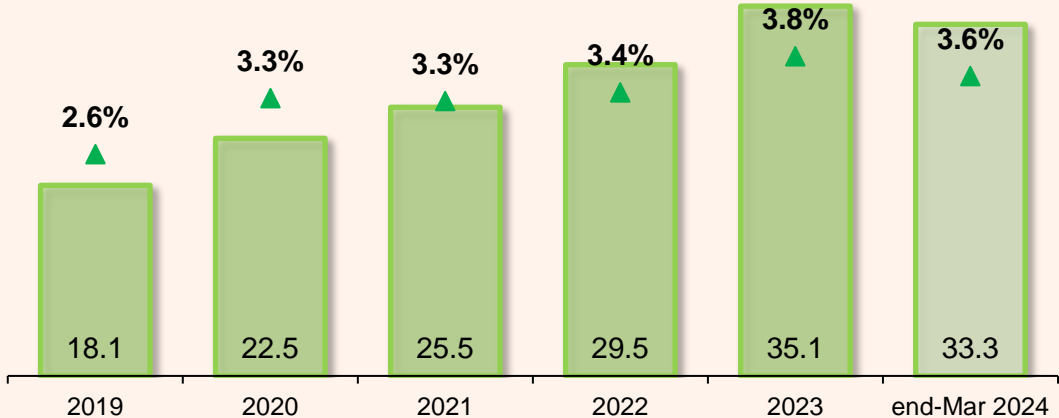


Gross ODI flow to China

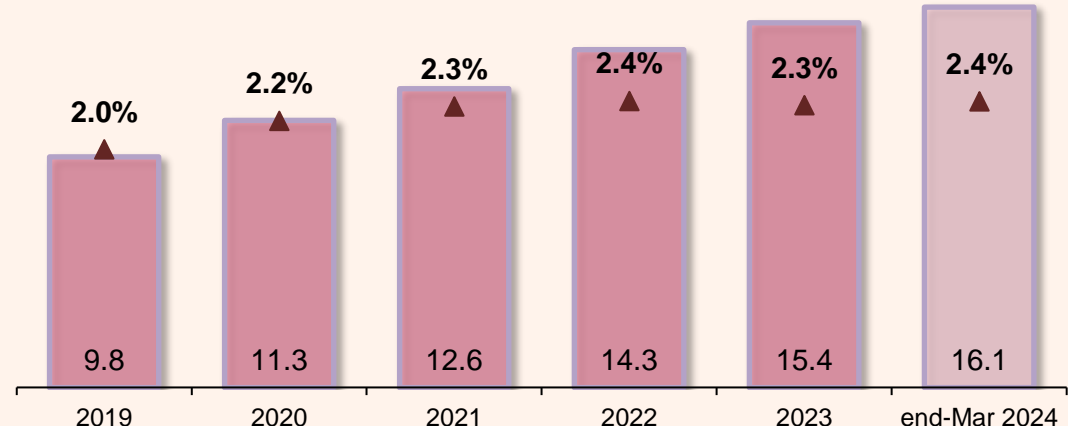
■ RM billion ▲ % Share



China's FDI stock in Malaysia
CAGR (2019-2023): 14.8%



Malaysia's ODI stock in China
CAGR (2019-2023): 9.4%



Source: BNM

Approved China's investment in Malaysia's manufacturing sector

Approved China's investment in Malaysia's manufacturing sector

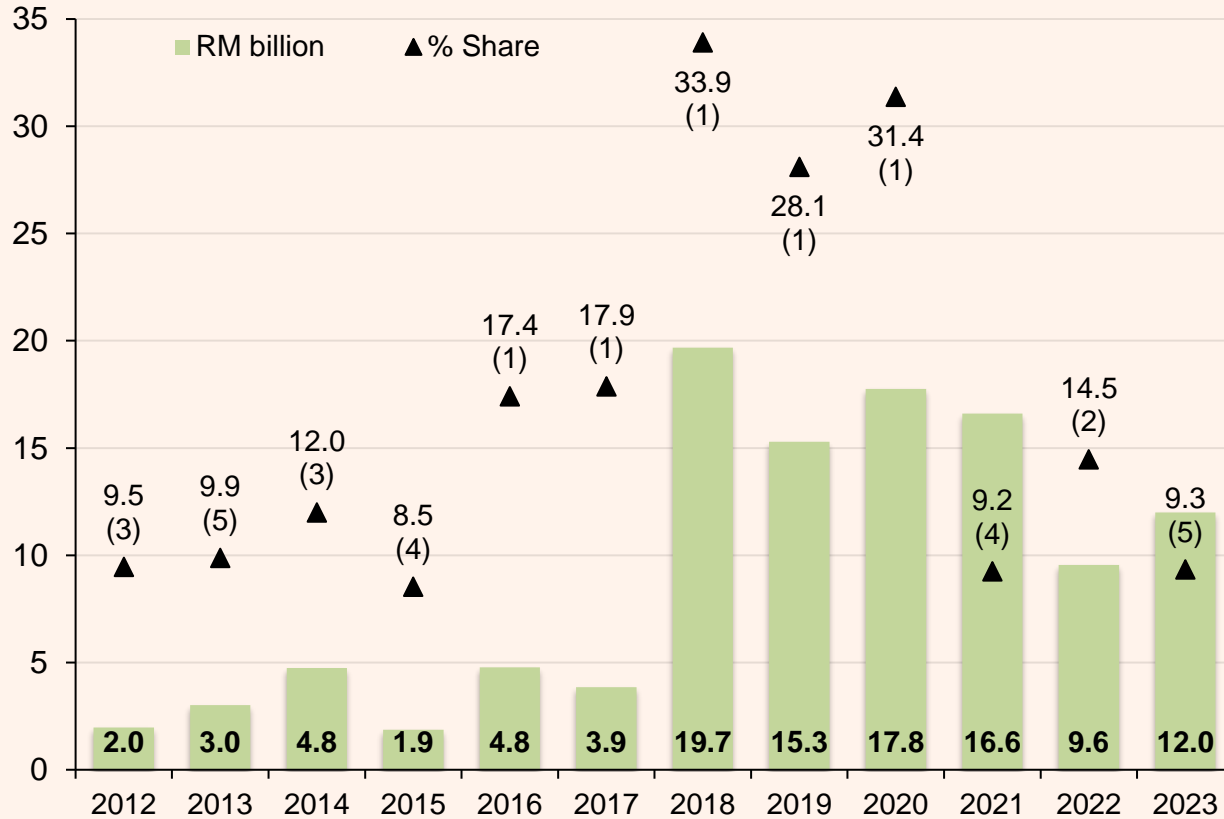


Figure in parenthesis denotes ranking.
Source: MIDA

Some recent selected investments

ByteDance Plans RM10 Billion Investment in AI, To Make Malaysia Regional Hub

Chinese owned ByteDance intends to invest in artificial intelligence (AI) with the intention to turn Malaysia into a regional AI hub with an investment of about RM10 billion

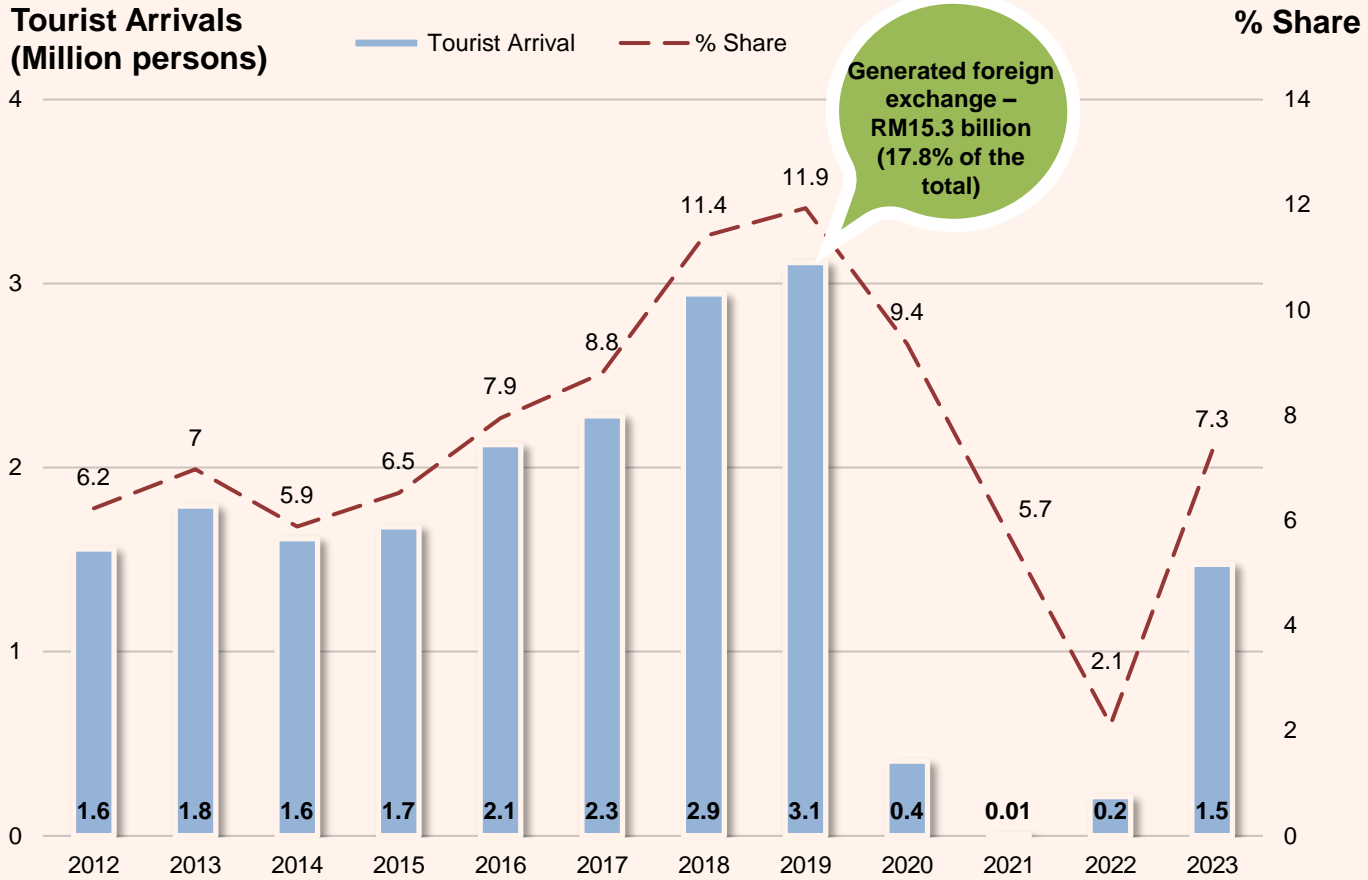
INV Breaks Ground its RM3.2 Billion Phase 1 Lithium Batteries Separator Project in Penang

Nestled in the Penang Technology Park, the RM3.2 billion first phase of the venture will have an annual capacity to produce 1.3 billion square meters of wet-process separators and coated separators.

EVE Energy Holds Grounbreaking Ceremony for Its Plant in Kulim, Kedah

The new factory will have an initial investment of USD422 million, focussing on the production of cylindrical lithium-ion batteries to support power tools and electric two-wheelers manufacturing in Malaysia and across Southeast Asia.

China tourists to Malaysia have recovered gradually



Developments

Target and visa free

5 million China tourist arrivals (18.3% of total tourist arrivals)

The implementation of visa-free policy since December 2023 between Malaysia and China has lead to a surge in tourists arrivals from China. As of 20th June 2024, Malaysia has agreed to extend its visa exemption for China tourists until the end of 2026.

Seat capacity increase (China to KL)

4.9 million seats available supported by an increase of flight services for a minimum of 62 weekly flights and new routes



Increase in Chinese tourists arrivals:



2000-2008	2009-2019
619,500 tourists per year	1.9 million tourists per year

Source: Tourism Malaysia

Navigating the future of Malaysia-China relations

1 Deepening mutual trust and sustaining comprehensive strategic partnership



2 Commit to a free trade, free competition and open cooperation




3 China's investment and technology for economic transformation; explore new areas of cooperation



4 Advance high-quality BRI and the Pan-Asia connectivity to safeguard global supply chains



5 Strengthen exchanges and cooperation with China in various fields



THANK YOU

Address : 6th Floor, Wisma Chinese Chamber,
258, Jalan Ampang,
50450 Kuala Lumpur, Malaysia.
Tel : 603 - 4260 3116 / 3119
Email : serc@accimserc.com
Website : <https://www.accimserc.com>

For our website:



For our LinkedIn:

