With trade volume registering more than US$10 billion in recent years, Malaysia has already been China’s largest Association of Southeast Asian Nations (ASEAN) trading partner since 2008 and its third biggest Asian trading partner after Japan and South Korea. It is expected that China–Malaysia bilateral trade with an 8% annual growth rate will continue to expand, and this strong bilateral tie is set to be strengthened in the face of Chinese president Xi Jinping’s efforts to enhance regional connectivity and especially maritime linkage by proposing the “One Belt One Road” (OBOR) construction. Malaysia is well placed, probably even better than most of its ASEAN neighbors, to embrace the opportunities brought about by the surge of infrastructure development and trade deals that is going to come with the progress
in constructing the ocean-based Maritime Silk Road (MSR), one of the two initiatives of OBOR, the other being the land-based Silk Road Economic Belt. With Malaysia's traditional linkage with China's southeastern provinces of Guangdong and Fujian, and as the holder of the Strait of Malacca, Malaysia is occupying a key strategic location that can serve well as China's gateway to the ASEAN Economic Community. A statement made by the Malaysian transport minister has declared that a few ports in Malaysia has been identified to be part of the MSR. The close ties between both countries have resulted in cooperation in the transportation field such as railway projects and purchasing of trains from China. Indeed, Malaysia is in the process of developing inter-port city collaboration between China’s Qinzhou Port and Malaysia’s Kuantan Port. In recent years, China’s Guangxi Beibu Gulf International Port Group has bought a 40% stake in Malaysia’s Kuantan Port Consortium from the construction group IJM Group for a total of US$102 million. It is in such context and with due consideration of such developments that this paper will explore the prospects and challenges facing China–Malaysia cooperation within the overall framework of China–ASEAN strategic relations.

Keywords: China, cooperation, investment, Malaysia, trade

Additional information

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