

**Najib facing criticism at home after deals with China**  
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**Joseph Sipalan, Reuters**

Prime Minister Najib Abdul Razak is facing grumblings back home that he is "selling off" his country in his China trip, with about US\$34 billion worth of deals, which could help lift the economy ahead of the next general election.

The concerns emerge from a deep-seated distrust of the Chinese among Malaysia's Malay-Muslim majority, who form the support base for Umno, the dominant party in the ruling BN coalition.

Najib was quick to dismiss the concerns after concluding his six-day visit to China.

"Some have scaremongered that Malaysia is being sold off. This is absurd and absolutely false," Najib said in a statement last Friday, insisting the projects would be owned and run by Malaysians.

The deals include Malaysia's first significant defence deal with China, an agreement to buy four Chinese naval vessels.

Najib's visit followed that of Philippines President Rodrigo Duterte, who announced his country's "separation" from the United States and signed agreements and loan pledges with Beijing, worth an estimated US\$24 billion.

Umno leaders expect Najib to brief them soon, so that the party can start allaying any fears about China's rising influence in Malaysia, said Shahidan Kassim, a senior member of the party's supreme council and a federal minister.

"All of this has its pros and cons, but in Umno we must have a policy statement on this," Shahidan told *Reuters*.

### **Ethnicity and religion**

Ethnicity and religion are sensitive issues in Malaysia, where Muslim Malays form a little over 50 percent of the 31 million populations. Ethnic Chinese make up about 25 percent and ethnic Indians about seven percent.

Malaysia's ethnic Chinese have long been a scapegoat for the Malay community, with Umno leaders pointing to ethnic Chinese economic dominance to unite Malays and keep a firm grip on political power.

Last year, ethnic ties became strained under the weight of two opposing demonstrations that were largely split along racial lines.

A 'Malay pride' rally blocked off Chinatown in Kuala Lumpur in a show of strength, after an anti-government rally dominated by Chinese Malaysians.

Najib's government summoned China's ambassador to Malaysia for his remarks ahead of the 'Malay pride' rally.

Clashes are expected again this year as thousands of anti-government demonstrators plan to protest in Kuala Lumpur on Nov 19, urging Najib to resign over the money-laundering scandal linked to Malaysian state investment fund, 1Malaysia Development Bhd (1MDB).

A member of Umno's policy-making supreme council, Irmohizam Ibrahim (*photo*), said Najib's deals with China have stoked concerns among party leaders.

"We're expecting the prime minister to address these issues at our next supreme council meeting," Irmohizam told *Reuters*.

"We will then need to go down and explain to the grassroots that... the deals are purely for the economy and trade," said Irmohizam, who also serves as Najib's strategic director in the party.

Malaysia's opposition is questioning the China agreements but for different reasons, saying it is tilting the country toward Beijing.

"Malaysia's economic dependence on any single nation is unreasonable and will affect the country's freedom and geo-political strategy and foreign policy," jailed opposition leader Anwar Ibrahim said in a statement issued from prison.

### **'Golden jewellery'**

Najib is planning elections in the second half of 2017, a government source told *Reuters*.

The investments from China could help the prime minister pump-prime Malaysia's economy before then. The 2017 Budget Najib announced last month calls for only a modest spending rise, amid a continuing slump in commodity prices.

However, senior Umno leaders and urban Malays are uncomfortable that Chinese money will drive the development of strategic assets, according to James Chin, director at the University of Tasmania's Asia Institute.

Chin said the Malay elite welcomes Chinese investment in purely commercial deals, such as property purchases, but are more wary about agreements such as the RM55 billion (US\$13.11 billion) deal for the Chinese to develop a rail network to the East Coast of the peninsula.

"The problem with these deals is that they are seen as selling the country's golden jewellery," Chin said.

Ties between Malaysia and China reached a high point last December when Beijing came to Najib's rescue with a \$2.3 billion deal to buy 1MDB assets, helping ease concerns over its mounting debt.

Relations with Washington became strained after the US Department of Justice filed lawsuits in July, implicating the prime minister in the money-laundering investigation into 1MDB, the advisory board of which Najib chaired until recently.

### **Shifting positions**

China and Malaysia agreed to enhance naval cooperation, after sealing the deal to buy four Littoral Mission ships, fast patrol vessels that can be equipped with a helicopter flight deck and carry missiles.

Malaysia, along with three other members of Asean - the Philippines, Vietnam and Brunei - is among the countries contesting territorial claims with China over the South China Sea. China claims nearly the entire body of water as its territory.

Najib said last month the disputes should be resolved through dialogues with Beijing.

Duterte, during his visit, persuaded the Chinese to let Philippine fishermen operate around a disputed shoal, before declaring his unhappiness with Washington over its criticism of his lethal anti-drug campaign.

Asean, meanwhile, has struggled to come up with a unified position on the South China Sea disputes at its meetings.

"Asean will not go away... but increasingly, the idea of the multilateral track will be downgraded as now we see a swing from two key claimants to a more bilateral approach," said Euan Graham, director of the international security programme at the Lowy Institute, a Sydney-based think-tank.

- Reuters