

Dr M urges Malaysia to embrace China as US trade alternative

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Former prime minister Dr Mahathir Mohamad urged Malaysia to leverage its economic relationship with China, especially in response to US President Donald Trump's tariff threats.

Mahathir acknowledged that while the tariffs will negatively affect the rest of the world, he also thinks that Americans will likely suffer more from the outcome, due to various industries set up by American companies abroad, taking advantage of the low costs.

"But the rest of the world is not imposing high tariffs, so we should increase our trade with them - with China, for example.

"To a certain extent, we can mitigate the effect of Trump's high tariffs by avoiding America," he said in an interview with Bloomberg.

On July 8, the US announced a blanket 25 percent tariff on all Malaysian products exported to the country, effective Aug 1, separate from existing sectoral tariffs.

This is one percent higher than the tariff announced in April.

Later, Investment, Trade and Industry Minister Tengku Zafrul Abdul Aziz admitted that tariff negotiations with the US are complex and require certain sacrifices.

“However, our goal remains clear - to ensure market access for our exports, modernise our economy, and protect Malaysians’ livelihoods in the long term,” said Zafrul, who led Malaysia's tariff negotiations with the US.

Zafrul stressed that negotiations over the matter should not be viewed as a failure, as discussions and engagements are still progressing constructively.

He added that this was not about a failed negotiation or a crisis faced by Malaysia or the world, but rather part of the global trade dynamics.

China may invade but...

When questioned about China’s role as an “aggressive neighbour”, especially in relation to the ongoing dispute over the South China Sea and tensions with Taiwan, Mahathir said that “we cannot go to war against China, we have to find some way of living with them.”

“The attitude of China is different from Europeans. The Chinese may invade, but they do not colonise,” he said.

Mahathir also explained that Taiwan has always been very close to China, and that China did not conquer Taiwan, but only made use of the relationship to improve technology and investments.

Asked whether Malaysia should adopt a tougher position against China over the South China Sea dispute, Mahathir responded that although Malaysia does not accept China's claims over the disputed territories, China has also "not taken any action to show that the sea is their territory," and have not imposed any restrictions, or stopped ships from passing through.

NEP still relevant

When questioned over the New Economic Policy (NEP), Mahathir claimed that Malaysia learnt it from the US, adding the latter was the first nation to introduce affirmative action.

“We learned from America. America was the first to introduce race-based affirmative action.

"When you introduce any policy, there will be people who are not happy,"

Mahathir said, adding, “very few have left Malaysia” because of the said policy.

“Even those who have migrated to other countries retain their Malaysian citizenship because they want to come back,” he added.

The former Langkawi MP emphasised that the bumiputera affirmative action is still relevant due to the existing economic disparity between the Malays and Chinese.

“In 1969, there were race riots because the Malays were generally poor. After independence, the Chinese were rich and, even politically, the Malay dominance was eroded.

“Because of that, we feel that we should reduce the disparity between the rich and the poor within the Malays and the Chinese. That was why we adopted affirmative action,” he said.

Tabled in Parliament 50 years ago as part of the Second Malaysia Plan on July 12, 1971, the NEP was promoted as a 20-year strategy to reduce overall poverty rates and restructure societal imbalances attributed as a trigger that sparked the 1969 race riots.

Although it formally ended in 1990, it laid the foundation for race-based

affirmative action, which continues in national policy to this day.

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