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# Najib in China with military hardware deal in mind

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BY JANE PERLEZ

Malaysia's prime minister, miffed by a United States Justice Department investigation into his nation's sovereign wealth fund, has arrived in Beijing ready to buy Chinese military hardware, a deal that will rattle his relationship with the United States.

The presence of a Malaysian leader here would normally not get much attention. But China is seizing on another chance to best Washington in the Southeast Asian battleground after a successful visit by the new Philippine president, Rodrigo Duterte, who excoriated the United States during his visit here two weeks ago.

As the Obama administration is winding down, the Chinese leadership is taking advantage of the moment by trying to chip away at the president's signature policy of the pivot to Asia, offering attractive military and economic deals to America's friends in Southeast Asia, particularly to those countries that border the contested South China Sea.

Even visits by relatively minor figures, like Gen. Min Aung Hlaing, the head of the army in Myanmar, are being given upbeat coverage in the Chinese state-run news media. President Obama has taken pride in drawing Myanmar closer to Washington.

Malaysia's prime minister, Najib Razak, arrived Monday and is expected to buy a fleet of Chinese fast patrol boats that can carry missiles, a deal that will further strengthen Malaysia's fledgling military relationship with China.

The Chinese and Malaysian militaries began conducting joint exercises last year. Until now, the Malaysian forces have been heavily equipped by the United States, particularly the air force, and the United States and Malaysia have enjoyed close defense and security cooperation.

Mr. Najib, the leader of a majority Muslim country, has leaned toward the United States in his subtle balancing act between Washington and Beijing.

He pushed hard for the Trans-Pacific Partnership trade deal to get approval in Malaysia.

As the United States increased its activities in the contested areas of the South China Sea, he has quietly allowed United States Navy P-8 aircraft to make surveillance flights from Malaysian territory.

In 2014, after Mr. Obama made the first visit to Malaysia by a sitting American president in nearly half a century, Mr. Najib was the president's guest on a golf course in Hawaii.

Those warm feelings soured in July when a unit of the Justice Department known as the Kleptocracy Asset Recovery Initiative announced it was investigating what happened to \$1 billion from the nation's sovereign wealth fund — called 1 Malaysia Development Berhad, or IMDB.

A complaint by the department said that people close to the prime minister had transferred more than \$1 billion of embezzled funds into the United States to buy real estate and other assets.

Mr. Najib has been described as particularly bitter about the publicity around the investigation, which his aides point out is a civil matter, not a



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Prime Minister Najib Razak of Malaysia, left, with President Xi Jinping of China last year.

criminal one.

"Najib is said by his aides to be angry and to feel humiliated by the Justice Department's investigation of him under U.S. kleptocracy laws," said Murray Hiebert, a Southeast Asia expert at the Center for Strategic and International Studies in Washington. "This is prompting him to tilt toward China in order to burnish his image, restore his international standing and provide aid and credits ahead of upcoming elections expected next year."

Even before the Justice Department complaint, China had helped Mr. Najib with the problems in the scandal-ridden sovereign wealth fund. Last December, China's General Nuclear Power Corpo-

ration bought IMDB's power assets, a move that helped shore up the fund and substantially reduce its debts.

In a reflection of Beijing's attitude, a Chinese analyst, Zhang Baohui of Lingnan University in Hong Kong, said countries in Southeast Asia want good relations with China.

"It is wishful thinking on the part of Washington that these countries will equate their own national interests with that of the United States and will therefore pursue hard balancing against China," Mr. Zhang said. "The reality is these countries do understand that maintaining good relations with China enhances their overall national interests."

Like the Philippines and Vietnam, Malaysia has differences with China over contested islets and reefs in the South China Sea, but unlike those nations, it has generally played down those disputes.

"Since the U.S. began pushing the South China Sea issue, Malaysian officials have been very careful to avoid being seen as allying with Washington," said Michael Auslin, an expert on Asia at the American Enterprise Institute in Washington.

The Chinese news media reported that Mr. Najib would sign deals for completion of a high-speed rail link between Kuala Lumpur, the Malaysian capital, and Singapore, and several port projects. China is Malaysia's biggest trading partner.

In some ways, Mr. Najib's warming relations with Beijing should be a left-motif for Washington, said Ernest Z. Bower, president of the Bower Group Asia, a Washington-based business advisory outfit that operates in the Southeast Asia.

"The U.S. must recognize that no Southeast Asia country can envision a stable and secure Asia without China being actively engaged and participating fully in economic integration, security cooperation and people-to-people ties," Mr. Bower said.

"What scares the hell out of Southeast Asia, including Malaysia, is that the Chinese might try to use their size and perceived U.S. unwillingness to remain engaged through thick and thin to force smaller neighbors into sovereign concessions and Sinocentric institutions."

*Yufan Huang contributed research.*