

'NO RESTRICTIONS WITH CHINA'

Trade clauses in US-Malaysia agreement will primarily apply if Malaysia's security is affected, says analyst

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PRIME Minister Datuk Seri Anwar Ibrahim says "nothing in the trade agreement" with the

United States prevents Malaysia from continuing its cooperation with China.

The message was conveyed to Chinese Premier Li Qiang during a bilateral meeting recently, Anwar said after launching Perodua's first electric vehicle, the QV-

E, here yesterday. He added that China remains an "important trading partner". His remarks come amid heightened geopolitical competition between Washington and Beijing, which prompted questions over how smaller economies like Malaysia could balance ties with both major powers.

Anwar also said Malaysia had

given Beijing the necessary explanations regarding the US-Malaysia trade agreement to ensure that there were no misunderstandings about its scope or implications.

Experts, meanwhile, believe that Malaysia is carefully treading a path between China and the US.

Pacific Research Centre principal adviser Dr Oh Ei Sun said Malaysia is navigating "choppy waters" between Washington and Beijing.

To satisfy the current US administration and remain part of the most sought-after global supply chain of electronics, as well as maintaining access to the US market, Oh believes that the deal with the US had to be inked.

"But it remains to be seen how it will be implemented, especially if the current US administration changes in a few years. China could adopt a wait-and-see posture at this point," Oh told *Busi-*

ness Times.

Nusantara Academy for Strategic Research senior fellow Dr Azmi Hassan said the trade restrictions in the US-Malaysia agreement will primarily apply if Malaysia's security is affected.

"Malaysia has long-standing measures to prevent its territory from being used as a transit point for re-exporting Chinese products to the US to avoid tariffs. This is not new," he said.

Azmi added that while the restrictions also apply to nations that are unfriendly to the US, such as Iran and Russia, Malaysia's compliance is straightforward.

He highlighted that there is an important caveat if it affects Malaysia's security; the nation has to follow the rules imposed under the agreement.

"And I remember last year, Brian Nelson, the US undersecretary of Treasury for Terrorism and Financial Intelligence, had visited Malaysia and advised us not to trade with Iran and Russia.

"But our answer is very straightforward. The restriction is a unilateral restriction imposed by the US, and has nothing to do with us.

"So given this, this state is using the Agreement on Reciprocal Trade to impose the restriction on our side.

"But again, there is an important caveat, if it affects our own security, Malaysia has to follow the rules imposed under the agreement. This can be clearly explained to Beijing," he added.

Last Friday, China issued a direct rebuke to Malaysia and Cambodia, lodging complaints over the new trade deals signed with the US in October.

China's Commerce Ministry expressed "grave concerns" about elements of the US-Malaysia agreement during a meeting with Malaysian officials.

Beijing's objections have centred on clauses that required Malaysia and Cambodia to align with Washington on sensitive national security issues.

Under the deal, both countries are expected to follow US trade restrictions, export controls and sanctions on sensitive technologies.

They also commit to prevent companies from helping other nations circumvent those measures, and to strengthening defence-related trade with the US.