

**Malaysia 'can grow with China'**  
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**RAZAK'S VISION: China's multi-million-ringgit investments at Kuantan industrial park will serve as catalyst for growth in the east coast**

WHEN Malaysia was battling the 1997-98 Asian financial crisis, it was China's foreign exchange policy that inexorably helped us tide over the crisis by not devaluing its yuan currency.

It was only in 2005 that China finally decided to scrap the peg to the United States' dollar in favour of a basket of currencies, effectively allowing a two per cent revaluation. Almost simultaneously, Malaysia scrapped the ringgit currency's peg to the dollar and moved to a managed float.

China's economic rise over the last three decades has been phenomenal. By most accounts, China's economy is likely to surpass the US' as the world's biggest economy by 2030.

It is currently the world's second-largest economy, largest merchandise exporter, second-largest merchandise importer, second-largest destination of foreign direct investments (FDI), largest manufacturer, largest holder of foreign exchange reserves and largest creditor nation.

Since opening up its doors to foreign investors and implementing free market reforms in 1979, China has emerged as among the world's fastest-growing economies. Its economy grew by an average of nearly 10 per cent through 2011.

China has also emerged as a vital source of economic growth, manufacturing and trade for the region and beyond. In other words, when China sneezes, the rest of Asia catches a cold. The "Made In China" label is now carried in almost every consumer product.

What would be the impact of China's rise on Malaysia and other Southeast Asian countries? According to former Singapore leader Lee Kuan Yew, China's strategy for Southeast Asia is fairly simple: China tells the region: "Come grow with me."

"At the same time, China's leaders want to convey the impression that China's rise is inevitable and that countries will need to decide if they want to be China's friend or foe," the latest issue of Time magazine quoted him as saying in a new book, Lee Kuan Yew: The Grand Master's Insights on China, the United States, and the World.

We have to thank late prime minister Tun Razak Hussein for his foresight that led to Malaysia becoming the first Southeast Asian nation to establish diplomatic ties with China in 1974.

Next year, Kuala Lumpur and Beijing will mark the 40th year anniversary of the bilateral ties by designating 2014 as "Malaysia-China Friendship Year".

Prime Minister Datuk Seri Najib Razak paid tribute to his late father last week, describing the year 1974 as "the beginning of a partnership of great promise" between the two nations.

Speaking at the launching of the landmark Malaysia-China Kuantan Industrial Park last week, he recalled the words of Razak just before he left for Beijing: "I am going on a journey of goodwill and friendship to sow the seeds of mutual understanding between Malaysia and China."

The 605ha Kuantan park, along with its sister park in the Qinzhou Industrial Park in Nanning, is part of a larger project to establish links between China and Asean via the development of the Pan Beibu region.

The park, which has already attracted investment commitments worth

RM10.5 billion and could create 8,500 jobs, will be a catalyst for economic growth in the east coast state.

Why Kuantan? It was chosen because of its strategic location facing the South China Sea, which is the most direct link to the deepwater Qinzhou port and other ports in eastern China. Well served by the Kuantan port, it only takes three days' shipping time between Kuantan and Qinzhou.

The development of the Malaysia-China Kuantan industrial park comes at a time when Malaysia-China diplomatic and economic ties are at the peak.

China is Malaysia's biggest export market, with two-way trade expected to reach US\$100 billion (RM309.7 billion) by 2018. China is also a major investor in Malaysia, estimated to reach RM1 billion this year.

Chinese construction companies are also marking their mark in Malaysia. China Harbour Engineering Co Ltd, one of the leading Chinese builders, is building the 22.5km Second Penang Bridge.

The emergence of the Kuantan industrial park and Chinese-related investments in the expansion of the Kuantan port is also indirectly changing the work culture of Malaysian government officials.

Najib had thrown a challenge to the bureaucrats by telling them they must match the remarkable speed with which the Qinzhou park was set up, saying that it must be the "Qinzhou speed!"

He was obviously thrilled when he learnt that the Kuantan counterpart was ready to be launched in just four months. It must be the "Kuantan speed!" he retorted.

On the political front, the Chinese endorsement of Kuantan as an investment hub is a severe blow to Pakatan Rakyat leaders and environmental groups campaigning against the setting up of the Lynas refinery in the same vicinity.

The opposition says the refinery, which produces rare earth -- strategic metals used in many consumer products such as smartphones and computers -- is environmentally unsafe.

The fact that the Chinese investors, along with some Malaysian investors, chose to invest in the same area as Lynas is a clear mark of disapproval of the opposition's underhand tactics to scare off investors and voters alike.

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