

**SINO-MALAYSIAN TIES POST-14TH
MALAYSIAN GENERAL ELECTIONS**

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Executive Summary

1. The Barisan Nasional coalition in Malaysia was defeated at the 14th Malaysian general elections in the hands of the Pakatan Harapan (PH), leading to Malaysia's first change in government since independence. The leader of the winning PH coalition, former Prime Minister (PM) Dr Mahathir Mohammed, returned to power as the country's seventh PM.
2. Mahathir's win was a concern to the Chinese government as he had criticised several deals signed between Malaysia and China, as well as Chinese-led projects including the East Coast Rail Link, Malacca Gateway and the Johor-based Forest City residential project approved by former Prime Minister Najib Razak.
3. Mahathir's first overseas trip as the new PM was to Japan. In Japan, Mahathir called for the revival of the "Look East" policy and the East Asia Economic Caucus (EAEC). He also said that Malaysia wants to be friendly but not indebted to China, a situation faced by Sri Lanka now.
4. Mahathir expressed his intention to renegotiate Chinese-linked projects that require large Chinese loans, or put to a halt some of them "with the understanding of the Chinese government".
5. On 20 June, Mahathir spoke about the good Sino-Malaysian relations during his time as fourth PM, adding that Malaysia has always regarded China as a "good neighbour" and a "big market" for Malaysian goods. While Mahathir has highlighted a handful of high-value Chinese-invested infrastructure projects, he has not opposed the bulk of Chinese-invested projects embarked by Najib since 2009.
6. Two days earlier, Mahathir met Alibaba co-founder Jack Ma and expressed approval for the capital, technology, manufacturing plants, jobs for Malaysians and training for Malaysian workers that the Chinese business magnate offers for Malaysia.

7. Mahathir wants to revive the Multimedia Super Corridor with the help of Chinese entrepreneurs such as Ma. Mahathir also said he will visit China and Ma's home city of Hangzhou soon.
8. While both Mahathir and Najib are strongly in favour of foreign investments to boost Malaysia's economy, Mahathir wants clearer and more immediate benefits to the Malaysian economy and regards the sale of land to foreigners as a compromise to Malaysian sovereignty.
9. Although Mahathir acknowledges China as a "very powerful" country and a big market that Malaysia cannot ignore, he is still wary of an overdependence on China. By visiting Japan and correspondingly reassuring China of Sino-China ties through the press, Mahathir is falling back on Malaysia's longtime hedging strategy.
10. Mahathir's efforts to reach out to Japan and his call for the revival of EAEC are likely efforts to strengthen Malaysia's bargaining power with China over Chinese-linked infrastructural projects.