

**MALAYSIAN CHINESE BUSINESS
COMMUNITY BUSINESS'S RESPONSE TO
THE ECONOMIC RISE OF CHINA**

CHIN Yee Whah

EAI Background Brief No. 327

Date of Publication: 29 March 2007

Executive Summary

Malaysian Chinese investment in China has been growing progressively for the last two decades. In 2005, Malaysian Chinese investment in China amounted to US\$3.45 billion, accounting for 90 per cent of Malaysia's overseas investment in China.

Malaysia's investment in China has over the years been led by the Chinese business community and Malaysia's political leaders. They include individual entrepreneurs, Malaysian Chinese conglomerates as well as small and medium enterprises. Though led by political leaders, financial assistance does not always come from the Malaysian government.

Malaysia's investment in China covers a wide range of industries from small to big-scale manufacturing, construction and property investment, banking, retail, forwarding and education. Most of the investment is made through mergers and acquisitions and joint ventures, very often with Chinese state-owned enterprises.

In July 2006, it is reported that Malaysian Chinese together with their Bumiputera counterparts invested in the agriculture and food industries of the lesser known western region in China.

However, Malaysian Chinese investment in China is not without its problems. Intense competition is always present from both local firms and multinational corporations.

China's 11th Five Year Programme (2006-2010), which emphasizes high tech investment, would probably stimulate a different kind of Malaysian Chinese investment in China.