Bridging the Gap: The Diplomatic Journey of Malaysia and China, 1974-2003

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Abstract

This study examines the evolution of Malaysia-China diplomatic relations from 1974 to 2003, tracing the transition from initial hostility to comprehensive cooperation. The relationship, initially marked by Malaysia's scepticism and security concerns, underwent significant changes under the leadership of Tunku Abdul Rahman and later, Mahathir Mohamad. The research aims to analyse these phases, focusing on how both internal and external factors influenced bilateral ties. Employing a historical-analytical approach, the study explores key events, policy changes, and economic interactions that have shaped the diplomatic landscape. The significance of this research lies in understanding the dynamic nature of Malaysia-China relations and its implications for regional geopolitics. The findings reveal that Malaysia's perception of China evolved from suspicion to a strategic partnership, especially in trade and economic cooperation. This shift was driven by pragmatic policies and mutual benefits. The study underscores the importance of continuous diplomatic engagement and offers insights into how Malaysia and other Southeast Asian countries can navigate their relationships with major powers like China.

Keywords: Malaysia-China relations; Malayan Communist Party (MCP); Mahathir Mohamad; ASEAN

INTRODUCTION

Malaysia-China relations have a long and complex history, dating back to the early centuries of trade and cultural exchange. Although Malaya (now Malaysia) was formally a British protectorate during the colonial period, its engagement with China was both extensive and significant. The British administration maintained political and economic control, but the influence of Chinese migration and commerce was profound and multifaceted.

Chinese migration to Malaya was substantial, with large numbers of Chinese labourers arriving to support the tin mining and rubber industries. According to R. S. Milne (1975), this migration was pivotal in shaping Malaya's economic landscape, with Chinese migrants contributing substantially to both the economic development and the demographic composition of the region. The Chinese communities, which included traders, miners, and agricultural workers, became integral to the economic and social fabric of Malaya. Trade between Malaya

and China was also a major aspect of their interaction. Despite British attempts to regulate these exchanges, Chinese merchants played a crucial role in regional trade networks. Lee (1997) notes that Chinese traders facilitated significant economic exchanges that were essential to the economic dynamism of Malaya. Cultural interactions further underscore the depth of the relationship. Chinese customs, traditions, and cultural practices became embedded in Malayan society, reflecting a significant degree of cultural exchange. This is corroborated by Cheah (2002), who highlights the enduring cultural influence of Chinese communities in Malaya. In summary, while British control defined the political and administrative structures of Malaya, the depth of Chinese migration, trade, and cultural influence illustrates a complex and significant relationship between the two regions during the colonial era.

After gaining independence in 1957, Malaysia established diplomatic relations with China in 1974. Internal and external challenges initially impacted the relationship between the two countries. Tunku Abdul Rahman, Malaysia's first Prime Minister, was initially hostile towards China and perceived it as a threat to Malaysia's security. The relationship between Malaysia and China underwent significant transformation beginning in 1974, during the leadership of Malaysia's second Prime Minister, Tun Abdul Razak. At this time, Malaysia, under Tun Razak, was guided by a non-aligned foreign policy, focusing on maintaining neutrality in the global ideological conflict between the superpowers of the Cold War. This policy aimed to navigate a balanced diplomatic path while fostering regional stability.

In 1974, Malaysia officially established diplomatic relations with China, marking a crucial shift from a period characterised by cautious engagement and limited interaction due to the Cold War climate. Despite Malaysia's political and economic ties being under British influence during the colonial period, the depth of Chinese migration and cultural impact was significant, shaping Malaya's economic and social landscapes long before formal diplomatic recognition (Milne 1975; Lee 1997; Cheah 2002).

During Tun Razak's tenure, China was relatively isolated internationally due to its restrictive economic and political policies. However, this began to change with Deng Xiaoping assuming leadership in 1978, marking the start of China's reform era. Deng introduced a series of economic reforms that opened China to foreign investment and promoted economic liberalization, all while maintaining strict political control. One of the hallmark policies under Deng was the 'Open Door' policy, which led to the creation of Special Economic Zones (SEZs) along China's coast. These zones attracted significant foreign investment and were crucial in modernizing China's industrial capabilities. As a result, the country experienced rapid economic growth and a burgeoning private sector, which facilitated its increased integration into the global economy. By the mid-1980s, China's shift from ideological isolation to pragmatic international engagement had become evident. It was actively seeking to establish diplomatic and economic relationships with other countries, including Malaysia. Malaysia, recognising the potential benefits, viewed China's ascent as an opportunity to enhance its own economic standing through mutual cooperation (Vogel 2013).

When Mahathir Mohamad became Prime Minister in 1981, China was amid these transformative economic reforms. Mahathir's leadership represented a strategic pivot for Malaysia, recognising the potential benefits of engaging with a rapidly reforming China. He viewed China's rise as an opportunity for economic growth and regional influence, which contrasted sharply with the earlier period when China's closed economy had limited its international interactions (Mohd Noor 2014). This transition was marked by growing economic ties, trade, and investment opportunities, as Malaysia and China developed a robust partnership based on mutual interests and benefits (Herbert and Storey 2002).

Today, Malaysia-China relations are characterised by strong economic and cultural ties. Malaysia is a key partner for China in Southeast Asia, with significant interactions in trade, infrastructure development, and tourism. According to the Malaysia External Trade

Development Corporation (MATRADE), Malaysia's trade with China showed a notable increase, reflecting the deepened and ongoing cooperation between the two nations (*Bernama* April 29, 2024).

Consequently, this position evolved with the appointment of Mahathir Mohamad as Prime Minister in 1981, as he recognised China's rise as a strategic opportunity for fostering business and promoting economic growth within the region. In the 1990s, Malaysia and China experienced a deepening of their relationship, marked by comprehensive cooperation, particularly in trade and economics (Mohd Noor 2014). Malaysia's perception of China shifted from scepticism and suspicion to trust and full cooperation. Mahathir Mohamad, along with other regional leaders, refuted Western views on China's threat and saw its rise as an opportunity for the Asian region (Herbert and Storey 2002). Over the years, Malaysia-China relations have grown more robust, focusing on economic cooperation, trade, and cultural exchange. Today, Malaysia is one of China's key partners in Southeast Asia, with strong ties in areas such as trade, investment, infrastructure development, and tourism. According to the Malaysia External Trade Development Corporation (MATRADE), Malaysia's total trade with China increased by 3.3 per cent year-on-year to over RM112 billion in the first quarter of 2024 (*Bernama* April 29, 2024).

This study provides a comprehensive analysis of the diplomatic relationship between Malaysia and China over two decades, encompassing phases of hostility under Tunku Abdul Rahman, normalization under Tun Abdul Razak and Tun Hussein Onn, and consolidation under Mahathir Mohamad. It was during these initial two decades that the foundation of the Malaysia-China relationship was laid, evolving into the close ties observed today. Abdullah's (2002) research highlights the impact of domestic political factors on the bilateral relationship. Razak Baginda (2006) notes that Tun Abdul Razak's visit to China in May 1974 was a significant turning point, marking the end of a period of anti-communist, anti-China, and pro-Western attitudes in Malaysia's foreign politics. Conversely, the visit also demonstrated China's success in building friendly relations with non-communist countries in Southeast Asia after the Cultural Revolution. Razak Baginda (2006) focuses on the details behind the establishment of diplomatic ties during the Tun Abdul Razak era. By combining foreign relations theories with historical narratives, Razak Baginda (2006) concludes that the decision-making process by the leaders of both countries led to the normalization of Malaysia-China relations in May 1974. The author also believes Tun Abdul Razak's visit significantly impacted the evolution of Malaysia-China relations. In conclusion, both authors' work highlights the normalization phase during the Tun Abdul Razak era, which is widely considered a notable success of Malaysian foreign policy by other scholars such as Jain (1984), Stephen (1987), Joseph (2009), Lee (2015), and Maulana, Azlizan and Suffian Mansor (2024).

However, further examination is needed regarding the evolution and changes in the relationship between Malaysia and China during these initial two decades. Under the leadership of Mahathir Mohamad, the relationship progressed from normalization to consolidation. The Mahathir Mohamad era is considered pivotal in strengthening Malaysia-China relations. Such analysis is crucial for gaining a better understanding of the transformations and challenges in Malaysia-China relations to ensure they remain relevant in today's global landscape. Moreover, President Xi Jinping's Belt and Road Initiative (BRI) has the potential to enhance China's influence in trade and geopolitics, particularly in Southeast Asia.

Therefore, this study aims to analyse the challenges encountered during the normalization of bilateral relations between Malaysia and China and to leverage these insights to enhance bilateral relations in the future. By examining internal and external factors that influenced the early stages of Malaysia-China relations, this study seeks to determine whether they acted as successful pull factors or hindering push factors.

THE HOSTILE PHASE OF MALAYSIA-CHINA RELATIONS

The establishment of diplomatic relations between Malaya and China began under complex circumstances. In August 1957, following Malaya's declaration of independence, China extended a congratulatory message. However, Tunku Abdul Rahman, the Chief Minister of Malaya, received this gesture coolly due to prevailing anti-communist sentiments.

In 1959, at a United Nations conference, Tun Dr Ismail bin Abdul Rahman, representing Malaya, challenged China's position in the United Nations. He underscored Malaya's firm stance against communism and its concerns about China's influence, aiming to prevent communist infiltration into the newly sovereign nation (*The Straits Times* September 26, 1957; *Singapore Free Press* September 25, 1957). He emphasised Malaya's stance against communism and China (*Singapore Free Press* September 25, 1957), aiming to ensure that no communist elements would infiltrate the newly independent country.

Tunku Abdul Rahman viewed China as a significant security threat, especially given China's support for communist movements in Southeast Asia. This support raised fears of subversion and insurgency that could destabilise Malaysia's large Chinese community and, by extension, the nation's political and social stability. Consequently, his administration adopted a cautious and adversarial approach towards China, considering it a source of ideological and political instability. Tunku Abdul Rahman (1969) believes that,

> The normalisation with China would impede Malaya's efforts at nation-building. He feared that any official Chinese presence in Kuala Lumpur might enable it to subvert the 4 million Chinese in Malaysia (37.7 per cent of a population of 14 million).

The outbreak of the China-India war in 1962 further strengthened Tunku Abdul Rahman's conviction that China represented a serious threat to regional security. The conflict, which erupted over territorial disputes between the two Asian giants, sent shockwaves throughout the region. For Tunku, the war reinforced his concerns about China's expansionist ambitions and its willingness to use military force to assert dominance in Asia. This event also deepened his fear that China's influence could spread to Southeast Asia, further destabilising the region.

In the context of Malaysia's own internal struggles with communist insurgencies, particularly those backed by China, the war intensified Tunku's suspicion that China's actions could threaten the sovereignty and stability of newly independent nations like Malaysia. Consequently, Tunku's foreign policy became even more cautious and defensive towards China, as he sought to align Malaysia with Western powers and regional allies to counterbalance China's growing influence in Asia. Tunku characterised this clash between the two Asian powers as a struggle between the democratic and communist blocs, prompting him to initiate the "Save Democracy Fund" in solidarity with India. (Ku 2019).

Additionally, China's stance on the formation of Malaysia in 1963 also contributed to instability in their relationship. China supported Indonesia during Sukarno's era and accused the formation of Malaysia of being a conspiracy between Rahman and Lee Kuan Yew, aimed at creating an anti-communist stronghold for the political interests of the US and Britain (White 2010). Tunku Abdul Rahman's view of China as a threat was further compounded by China's belief that the formation of Malaysia was merely a tool of Western powers to suppress nationalist movements in Malaya and Singapore. China's scepticism towards Malaysia's creation, seeing it as part of a broader Western strategy to maintain influence in the region, heightened tensions between the two nations. This perception aligned with Beijing's broader narrative that Western powers were seeking to contain the spread of communist and nationalist movements across Asia. (Khaw 1977). For Tunku, China's critical stance on the formation of Malaysia not only reaffirmed his concerns about China's intentions but also reinforced his

belief that China viewed the region through an adversarial lens. This ideological clash further strained relations, as Tunku was determined to protect Malaysia's sovereignty and ensure the stability of the newly formed federation, free from external influence and interference. The combination of China's support for communist insurgencies and its rejection of Malaysia's legitimacy solidified Tunku's perception of China as a hostile force in Southeast Asia. Due to these differing views and negative perceptions, the establishment of diplomatic relations between China and Malaysia was fraught with challenges. This situation persisted until the formation of the Association of Southeast Asian Nations (ASEAN) on August 8, 1967, in Bangkok. However, China's reaction to ASEAN was unfavourable. The nation regarded the coalition of Southeast Asian countries as a "counter-revolutionary alliance," the "twin sister of the Southeast Asia Treaty Organization (SEATO)," and a "tool of US imperialism" (Khaw 1977). Until 1974, diplomatic relations between China and Malaysia remained marked by hostility, and the pro-Western Tunku Abdul Rahman was unwilling to establish diplomatic ties with Beijing (Tan 2024). Malaya (the name before the establishment of Malaysia) viewed China as a significant threat, allegedly continuing to support the Malayan Communist Party (MCP), which was considered the main enemy of Malaya. According to Hara (2016), he claimed that China needed to genuinely support the MCP and the revolution. However, the British government in Malaya reported to the Colonial Office in London that the British, whether in the United Kingdom or Malaya, had failed to establish that the MCP received moral or material support from China. This stance was reflected in the Colonial Office's statement on January 12, 1950, which noted that the Chinese government had made no public pronouncement in support of the MCP.

The primary focus of Malaya was to counteract communism. This emphasis stemmed from the Malayan Communist Party's (MCP) open rebellion against the government following the political vaccum created after Japanese withdrawal from the Second World War (1939–1945). The unrest prompted the British and the Federation of Malaya to declare a state of emergency from 1948 to 1960, just a week after a labour strike by the Pan Malayan Federation of Trade Unions and the General Trade Unions, which was believed to have been supported by the MCP (Hara 2016). As noted by Lee (2015), the Federation of Malaya's fears can be understood in the context of the ideology of the Chinese Communist Party (CCP), which aimed to spread communism through revolutionary struggle.

According to Lee (2015), the formation of diplomatic relations between China and Malaysia was hindered by several factors. The anti-communist stance of the Federation of Malaya played a significant role. The MCP's open revolt against the government, coupled with their alleged alliances and covert plans both domestically and internationally, heightened concerns about the potential establishment of a 13th Red State within Malaya (*The Straits Times* March 28, 1959). These fears were exacerbated by the propagation of communist ideologies through various channels and memories of ethnic conflicts between Chinese and Malays during the Second World War (Lee 2015). Additionally, Malaya's reliance on Western powers like Britain and the United States for defence further complicated efforts to establish diplomatic ties with China. Malaya perceived China's communist ideology as a threat to national security. Consequently, diplomatic relations between the two countries remained strained and underdeveloped, as noted by Lee (2015).

Normalisation Phase of Malaysia–China Relations

In the 1970s, China experienced significant political shifts that led other nations to reassess their views on Chinese foreign policy. A key factor was the Sino-Soviet split, which emerged in the 1960s and worsened over the next decade. This breakdown in relations between the two major communist powers prompted China to look for new alliances outside the Soviet bloc,

including with the United States. This was highlighted by President Richard Nixon's historic 1972 visit, marking a major shift in China's foreign policy away from Soviet influence and towards engagement with Western nations (Garver 2016).

Another major development was the death of Mao Zedong in 1976, which signalled the end of an era in both domestic and international strategies. Mao's passing brought pragmatic leaders like Deng Xiaoping to the forefront, who were more focused on economic modernisation and opening up China to global markets. This change in leadership coincided with the end of the Cultural Revolution, a period of intense socio-political turmoil from 1966 to 1976 that had significantly isolated China. The conclusion of this tumultuous period allowed China's new leaders to adopt a more moderate foreign policy, facilitating the country's reintegration into the global community (Vogel 2013).

Improved relations between China and the United States also encouraged other capitalist countries to enhance their relations with China. Recognising the evolving global political landscape of the 1970s, Malaysian leaders, particularly Tun Abdul Razak, realised that Southeast Asia could not remain insulated from the growing competition between global superpowers without engaging China. This recognition was driven by several geopolitical developments, including the increasing influence of the Cold War in the region, the Vietnam War, and the Sino-Soviet rivalry. Tun Abdul Razak understood that maintaining regional stability and advancing Malaysia's national interests required recalibrating Malaysia's foreign policy to accommodate China's strategic importance. His administration pursued a pragmatic approach, culminating in Malaysia becoming the first Southeast Asian country to establish formal diplomatic relations with the People's Republic of China in 1974. This decision not only balanced Malaysia's ties with Western powers, particularly the United States, but also acknowledged China's rising economic and political significance in Southeast Asia (Cheah 2002).

This shift in Malaysia's foreign policy was a proactive effort to mitigate the influence of superpower rivalry in the region by engaging all relevant actors, particularly China. By doing so, Tun Abdul Razak aimed to enhance Malaysia's regional standing and foster an environment conducive to development and cooperation, a move that would later be built upon by his successors, including Mahathir Mohamad (Kuik 2012).

Thus, establishing diplomatic relations with China became necessary for Malaysia. According to Langdon's study (1974), Malaysia already had official relations with Russia by the time Tun Abdul Razak, who succeeded Tunku Abdul Rahman as Prime Minister of Malaysia, assumed power. China was the only major power that Malaysia had not yet recognised. Tun Abdul Razak believed that if Malaysia was to adhere to a policy of neutrality, it should establish diplomatic relations with all major powers, including China, to ensure the success of its neutralisation efforts within ASEAN (Jackson, Paribatra and Djiwandono 1986).

Consequently, the relationship between Malaysia and China improved with the establishment of official diplomatic relations. In May 1974, Tun Abdul Razak accepted an invitation from the Chinese government to visit Beijing (Ku and Tan 2022). This move made Malaysia one of the first countries in Southeast Asia to establish diplomatic relations with China, marking a new phase in Malaysia-China foreign relations (Razak Baginda 2016). Previously, Tun Abdul Razak had diverged from Tunku Abdul Rahman's simplified perspective of China, particularly in the context of international relations policy, before taking office as Prime Minister in September 1970 (Goh 1974).

The actions of Li Yintong, a prominent rubber plantation trader in Malaysia, played a key role in facilitating the establishment of diplomatic relations between Malaysia and China. In 1971, when a severe flood struck Kuala Lumpur, the Chinese Red Crescent Society, under Yintong's initiative, donated 50,000 yuan to Malaysia. Despite the lack of official relations at the time, this act laid the groundwork for future diplomatic ties. Li Yintong also worked

towards lifting the ban on trade with China, which was successfully lifted in June of the same year. This allowed the export of 40,000 tonnes of Malaysian natural rubber to China. The visit of a Chinese trade delegation to Malaysia in August 1971 further strengthened trade cooperation between the two countries, paving the way for formal diplomatic relations in the future (*Nanyang Siang Pau* August 18, 1988; *Sin Chew Jit Poh* November 20, 2014).

In October, during the 26th General Assembly at the United Nations, Malaysia firmly declared its support for the restoration of China's legal status in the UN. Tun Abdul Razak stated Malaysia's position that only China held the legal right to occupy a seat in the UN (Jain 1984). The controversy over China's rightful position in the UN was due to the issue of Taiwan's status. After the victory of the Chinese Communist Party (CCP), Chiang Kai-shek and his followers fled to Taiwan in May 1950 and declared it an independent country under the name of the Republic of China, a status that China did not accept. China expected that countries wishing to establish diplomatic relations with it should not have any ties with Taiwan (Tan 2024).

Tun Abdul Razak's visit to China in 1974 marked the end of the hostile period in Malaysia-China diplomatic relations and the beginning of a new era. Malaysia's statement of support for China's legitimate position in the United Nations General Assembly was a critical factor in improving bilateral relations between the two countries. The visit opened a new chapter in their diplomatic relationship, despite the various obstacles and challenges that had to be overcome (Ku 2019). The changing international climate in the late 1960s, marked by the West- particularly Britain- scaling back its military and political presence in regions east of the Suez Canal, had a profound impact on Malaysia's foreign policy. Britain's decision to withdraw from the East of Suez project, a strategic initiative designed to maintain Western influence in the Indian Ocean and Southeast Asia, left a security vacuum in the region. This development prompted Malaysia to take independent steps to assert itself as a fully sovereign nation, no longer reliant on its former colonial power for military protection and international standing. Under the leadership of Labour Party Prime Minister Harold Wilson, the British government, facing economic constraints and shifting global priorities, announced plans to reduce its overseas military commitments. This decision was further influenced by pressure from the United States, which was embroiled in the Vietnam War and sought to compel Britain to focus on Europe rather than overstretching its resources in Asia. The abandonment of the East of Suez strategy signalled the end of an era in which Britain played a direct role in Southeast Asian security, forcing countries like Malaysia to redefine their place in the regional and international order. In response, Malaysia took proactive measures to strengthen its sovereignty and secure its own national interests. This included diversifying its diplomatic relationships, building closer ties with neighbouring countries, and seeking a more neutral and non-aligned position in global affairs. The move away from reliance on Western powers allowed Malaysia to assert itself as a leader in the region, and under Prime Minister Tunku Abdul Rahman, the country became a founding member of the Association of Southeast Asian Nations (ASEAN), which aimed to promote regional stability and cooperation without external interference. This period marked a critical turning point in Malaysia's journey towards full sovereignty and self-reliance on the global stage (Pham 2010).

However, the early years of Malaysia-China relations in the 1970s and 1980s were only somewhat friendly, with limited interactions beyond the government level. The dominant ideology of the Cold War and the history of competition among major powers such as the United States, Britain, Russia, and China cast doubt and concern in the minds of stakeholders in the Malaysian political arena. The relationship between the Chinese Communist Party (CCP) and the Malayan Communist Party (MCP) further complicated matters, as China engaged in two-way diplomacy that made Malaysia cautious in its dealings with China. Additionally, the lack of personal interactions between the peoples of both countries further contributed to the

scepticism in their relationship. Communist terrorists were still active in Malaya, and the Malaya government was focused on building a united nation by encouraging citizens of Chinese descent to fully integrate and identify with Malaya. (*The Straits Times* October 25, 1959).

On November 9, 1978, Chinese Deputy Prime Minister Deng Xiaoping paid a four-day visit to Malaysia. Despite this visit, more progress was needed in the existing diplomatic relations between the two countries (*The Straits Times* November 10, 1978). Deng Xiaoping's visit primarily focused on countering Vietnamese and Russian influences in the ASEAN region rather than strengthening diplomatic ties with Malaysia. Prime Minister Hussein Onn stated that Malaysia had adopted a policy of neutrality and would not become involved in international political conflicts. Additionally, Deng Xiaoping's statement that the CCP and MCP were internal party issues with no bearing on bilateral relations raised concerns for Malaysia. This statement suggested that the CCP continued to support the MCP in Malaysia, which jeopardised the established diplomatic relationship (Joseph 2009).

In a public speech given in November 1981, Malaysian Foreign Minister Ghazali Shafie reaffirmed Malaysia's view of China as a continuing threat. He warned that China had the potential to pursue a policy of hegemony, which could have significant consequences for Southeast Asia. Ghazali emphasised this concern by stating that China harboured dangerous ambitions, which China itself did not acknowledge (Gu 2006).

The division in Malaysia-China relations was evident in many areas, particularly in trade, where growth was relatively sluggish. In fact, until 1985, the total recorded trade volume between the two nations was only USD 3.4 million. Ibrahim (2005:102-103) stated that,

> The total trade between China and Malaysia in that year was valued at US$159.17 million from US$27.8 million in 1971. In 1976 the total trade volume between Malaysia and China was down to US$136.41 million, but it increased to US$424.40 million in 1980. From 1971 to 1987, the trade volume between Malaysia-China and China-Malaysia remained small and insignificant. Thus, China was not an important trading partner for Malaysia, and neither was Malaysia that important for China.

Despite an increase in trade volume from 1974 to 1984, the pattern of trade between Malaysia and China remained stable, with only a small portion of the total trade between the two countries (Poon 2004). This can be attributed to the prevailing international ideology of the Cold War, which depicted China as a threat to Southeast Asian countries, including Malaysia (Chen 2004). This perception was further reinforced by Malaysia's adoption of a British-style democracy, which strongly emphasised resisting communist ideology. As noted by Ghazali Shafie, Malaysia's Foreign Minister in 1981, Malaysia continued to view China as a threat and warned of its potential for hegemony in Southeast Asia. This perception was not unique to Malaysia but was also shared by other Southeast Asian countries regarding China. The international climate of bipolarity and the British-influenced democracy in Malaysia significantly shaped its understanding and perception of China.

The issue of Chinese citizenship in Malaysia also hindered the development of Malaysia-China diplomatic relations. With the Chinese population being the second largest group in Malaysia, accounting for nearly 35% of the total population in the 1970s, the PRC's policy towards Chinese abroad (*Huaqiao*) and of Chinese descent (*Huayi*) or Chinese (*Huazu*) also impacted the bilateral relationship between the two countries. Despite establishing diplomatic relations in 1974, the recognition of 220,000 stateless Chinese citizens in Malaysia remained a contentious issue in negotiations. China's stance was that it would not recognise dual citizenship, but Malaysia felt that China could not follow through on its commitments. Historical factors, such as the Chinese Law of Nationality passed by the Imperial Government

of China in 1909, which introduced the concept of Jus Sanguinis (stating that all citizens of paternal Chinese descent would be recognised as Chinese citizens regardless of birthplace) (Tahirih 1997), contributed to this issue. However, the CCP's elimination of the Kuomintang Party's policy of considering nomadic Chinese as citizens in the mid-1950s also fueled Malaysia's scepticism towards China's dual citizenship policy (Jain 1984).

According to Stephen (1987), Malaysia had evidence that Malaysians of Chinese descent who visited China were treated as *Huaqiao* and cared for by the Commission for Overseas Chinese Affairs. This was a result of China's open-door policy introduced during the Deng Xiaoping era (1978-1989) through the Third Plenary Session of the Eleventh Central Committee. To succeed in this reform programme, Deng Xiaoping needed investment from capitalists to spur Chinese economic development (Norris 2021). An influx of investment and skills from *Huaqiao* and *Huayi* was crucial to the programme's success. However, these actions made Malaysia suspicious and sceptical of China's motives and the status of the Chinese in Malaysia (Stephen 1987).

Thus, during the initial decade following the establishment of diplomatic relations between Malaysia and China, individuals of Chinese descent, particularly those wanting to travel or reunite with their relatives in China, faced strict prohibitions. Musa Hitam, the former Deputy Prime Minister of Malaysia and Home Minister from 1981 to 1986, warned Malaysians of Chinese descent against visiting China without prior approval from the Malaysian government. He emphasised that the relationship between the two countries was confined to government-level interactions, as the CCP maintained official relations with the MCP. Consequently, visits to China by Malaysian citizens were entirely restricted (*Nanyang Siang Pau* February 28, 1984).

The Malaysian government harboured reservations about allowing its citizens of Chinese descent to visit China, fearing that they might be exposed to CCP ideology and elements. There was concern that these individuals, if permitted to travel to China, could be influenced by communist propaganda and even develop sympathies towards the Communist Party of Malaysia (CPM). This scepticism was further reinforced by statements made by Deng Xiaoping and Zhao Ziyang during their visits to Kuala Lumpur, where they referred to the CPM as a "problem from the past" (*Nanyang Siang Pau* September 3, 1983). Malaysia interpreted these remarks as a refusal to acknowledge the presence of communist subversives within the country. The Malaysian government viewed diplomatic relations with China as a government-to-government affair, not as an acceptance of communist elements within Malaysia (*Nanyang Siang Pau* February 28, 1984).

The Malaysian government's mistrust of China was rooted in China's persistence in maintaining connections with the MCP. This led to concerns that China might use its influence to undermine Malaysia's sovereignty. Following the visit of Tun Hussein Onn, the third Prime Minister of Malaysia, he publicly stated that the government had no intention of lifting the ban on social visits to China due to China's ongoing support for communist groups operating in Malaysia (Stephen 1987). The then Minister of Defence, Hamzah bin Abu Samah, also emphasised that establishing diplomatic relations with China would not alter Malaysia's stance on banning MCP activities (*Nanyang Siang Pau* June 2, 1974).

In the early stages of diplomatic relations with China, the Malaysian government maintained a cautious stance, particularly concerning travel by its citizens of Chinese descent. This caution stemmed from concerns that such visits might expose individuals to CCP ideology, potentially reigniting support for the MCP within Malaysia. The government viewed China's ongoing relationship with the MCP as a direct threat to its sovereignty and national security.

Moreover, there were concerns about the impact of maintaining a distinct Chinese identity among Malaysian citizens of Chinese descent. Officials feared that this would

challenge the National Cultural Policy's goals, which aimed to cultivate a national identity rooted in indigenous Malay culture and Islam (*Nanyang Siang Pau* September 3, 1983). The persistence of a strong Chinese cultural identity was seen as potentially disruptive to national unity and could influence demographic ratios, posing further risks to national security

As a result, Malaysia imposed stringent restrictions on interactions with China, including limiting travel and cooperation. These measures were deemed necessary to safeguard Malaysia's interests and security. Abdul Majid (2003), who served as Malaysia's ambassador to China from 1998 to 2005, later affirmed that such caution was essential at the time, given the ongoing influence of communist ideologies and the potential risks they posed to Malaysia

Thus, caution must be exercised to foster a healthy bilateral relationship between Malaysia and China. Ethnic concerns and interpersonal relationships should be set aside in favour of prioritising national security. Over the course of two decades, the relationship between Malaysia and China was marred by ideological contradictions related to communism, internal political instability in China, and the ambiguous recognition status of the MCP by China. These factors led Malaysia to be wary and suspicious of China, which hindered the establishment of comprehensive bilateral relations.

The Phase of Strengthening Malaysia-China Relations

In the late 1980s, under the leadership of Mahathir Mohamad, the Malaysian government experienced a notable shift in its perception of China. Previously, concerns about communist influence and ideological differences had shaped a cautious approach to relations with China. However, as geopolitical dynamics evolved, especially following China's economic reforms under Deng Xiaoping, Malaysia recognised the potential for mutual benefit. Mahathir Mohamad, known for his pragmatic foreign policy, began to see China not as a threat, but as an important economic and strategic partner. This shift in perception led to the strengthening of bilateral ties, with both nations pursuing cooperation in a range of areas.

Politically, Malaysia and China developed a more collaborative relationship, grounded in mutual respect and shared non-aligned foreign policy principles. Economically, trade between the two countries expanded significantly, with China becoming one of Malaysia's key trading partners. Educational exchanges also grew, with students and scholars from both nations participating in joint programs and initiatives. Culturally, efforts to promote understanding and cooperation included cultural diplomacy, art exchanges, and language programs, further enhancing the people-to-people connection between Malaysia and China. This period marked the beginning of a deep and multifaceted relationship, which continues to shape both countries' foreign policies today. As noted by Yow (2004:3), "It was only under the leadership of Mahathir Mohamad in the mid-1980s that Malaysia started to view China's rise in the region in a positive light and push for closer ties with China."

However, while the Malaysia-China relationship was perceived as close, it was primarily driven by both nations' desire to enhance trade relations. Before the formal recognition and normalisation of this relationship, Malaysia was one of the few countries that managed to maintain uninterrupted trade relations with China during the Cold War era (John 1984). As diplomatic ties between Malaysia and China improved, the bilateral trade volume increased significantly. Initially valued at around USD 11 million, trade between the two nations surged to USD 33 million by 1993 (*Nanyang Siang Pau* June 5, 1993). By 2000, China had become Malaysia's fourth-largest trading partner, following Singapore, the United States, and Japan. Additionally, China was the fourth-largest export market for Malaysia and the second-largest source of imports. Chinese tourists also comprised a significant portion of the 10.2 million foreign tourists visiting Malaysia that year, contributing notably to foreign exchange earnings (Economic Planning Unit (UPE) 2001).

In conclusion, the relationship between Malaysia and China after the end of the Cold War was characterised as a "honeymoon period" by Malaysian media. This period was viewed as one of intimacy and harmony, as the leaders of both countries found common ground to advance their trade interests. The Business Times (June 18, 1993) reported that the leaders of both nations had developed a mutual understanding, and that China had demonstrated a willingness to invest in various sectors in Malaysia. This sentiment was echoed by Malaysia's former Prime Minister, Dr Mahathir Mohamad, who stated that China had the conditions necessary for investment in Malaysia.

According to Engel (2009), world politics and international relations entered a new era with the collapse of the Cold War blocs. He observed that the United States emerged as the sole dominant power in global politics. For Malaysia, a minor power in the Asia-Pacific region with a population of around 20 million at the time, these changes on the world stage had significant implications.

This new political landscape had profound effects on Malaysia. In a unipolar world, foreign relations became crucial in shaping the country's goals and strategies, particularly in countering the ambitions of the United States and Western powers, which were perceived as continually seeking to exploit the economic and political interests of developing countries, including Malaysia. In 1994, Mahathir Mohamad addressed the United Nations on human rights issues, arguing that the absence of rivalry between the Soviet Union and the Western powers led by the United States would quickly erode the interests of developing countries. He expressed concern that the American-led new world order system might compel Third World countries to adopt Western models in their political systems, fundamental freedoms, and economic openness, regardless of their current conditions. Mahathir Mohamad warned, "The absence of rivalry between the power of the Soviet Union and the Western powers led by the United States will quickly erode the interests of developing countries" (*Nanyang Siang Pau* July 13, 1994).

Mahathir Mohamad recognised the importance of fostering closer regional cooperation with China, Japan, and other neighbouring countries. He believed that China had the potential to balance and compete with the power of the United States and Western nations in the Asian region. This shift in the international environment after the Cold War altered Malaysia's perception of China and opened more opportunities to strengthen bilateral relations, particularly in trade.

The resolution of the MCP issue was another significant factor in enhancing Malaysia-China relations. On December 2, 1989, the Malaysian government and the MCP signed the Haadyai Peace Talks, marking the successful resolution of a long-standing issue that had troubled China-Malaysia relations. Chen Ping, the Secretary-General of the MCP, agreed to a ceasefire agreement for the MCP armed guerrilla movement with Thailand and Malaysia. This agreement ended the four-decade-long insurgency and allowed the communists to integrate into society. The resolution of the MCP issue alleviated Malaysian authorities' concerns, as past promises from China not to interfere had previously caused suspicion (*Nanyang Siang Pau* December 3, 1989).

Initially, Malaysia's hesitance towards China's actions strained diplomatic relations between the two countries. However, the end of the Cold War between the Soviet Union and the United States shifted the dynamics, leading to a more cooperative approach. Additionally, China's clarification of its citizenship law, which defined Chinese citizens as those residing within its borders, along with its decision to cease supporting communist movements abroad, eased Malaysia's concerns regarding the loyalty of its Chinese population and the potential threat of communist influence (Gu 2006). This change in perspective was further reinforced when Mahathir Mohamad emphasised the importance of mutual trust in the Malaysia-China relationship on October 10, 1990 (Gu 2006).

Moreover, as China sought to rebuild its image post-Cold War, some in the Western world propagated the "Chinese threat theory," suggesting that China had covert motives for world domination. Despite this, China's efforts to clarify its stance through various international forums and its practical approaches helped it present itself as a nation that values peace and supports global equality.

The 1988 financial crisis in Southeast Asia marked a turning point in Malaysia-China relations. While some Western countries exploited the situation, China took positive measures to support Southeast Asian countries like Malaysia. Despite a significant contraction in Malaysia's economy, which saw a nearly 10% decrease in foreign trade, the Malaysia-China trade value grew by over 30%. China increased its imports of palm oil, timber, and electrical and electronic goods to help revive Malaysia's economy. The successful management of the financial crisis strengthened Malaysia-China relations and demonstrated China's support and commitment to the region (Lia 2006).

Malaysia's viewpoint of China evolved as both the local and global political climate shifted. Rather than remaining wary and suspicious, the country developed trust and established a strong cooperative relationship with China. Mahathir Mohamad, along with other regional leaders, challenged the Western perspective of China as a threat. Instead, he viewed China's rise as a business opportunity for the Asian region. He believed that China's economic growth presented a chance for economic revival in Asia and that Southeast Asian countries should embrace this development (Joseph and Mohamed Nawab 2009). During his visit to Beijing in May 1994, he encouraged Southeast Asian countries to view China's rise not as a threat but as a source of wealth and progress for the region. Similarly, Deputy Prime Minister Abdullah Ahmad Badawi regarded China as an ally and a valuable partner for ASEAN nations (*The Straits Times* July 23, 2004).

CONCLUSION

In conclusion, the study of Malaysia-China diplomatic relations over the past two decades reveals a significant evolution in the relationship between the two countries. Initially, in the 1970s and 1980s, the relationship was relatively conventional. However, by the 1990s, it had transformed into a phase of greater intimacy and comprehensive cooperation, particularly in trade and economic matters. This shift in perception resulted from several factors, including changes in the political climate in both Malaysia and China, the collapse of the Eastern Bloc, and the need to balance Western powers. Mahathir Mohamad's practical actions and beliefs were instrumental in changing the view that Malaysia-China relations should be driven solely by national interests. The study underscores the importance of Malaysia's evolving perception of China as a model for other Southeast Asian countries. Malaysia's experience highlights the potential benefits of closer cooperation, particularly in trade and economic sectors. The findings provide valuable insights into how Malaysia and China can enhance their bilateral relations and remain significant players amidst contemporary global challenges and upheavals.

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