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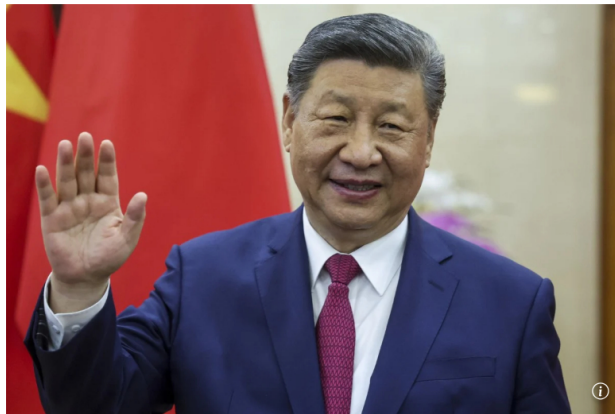
Malaysia This Week in Asia / Politics

China's Xi Jinping arrives in Malaysia as Asean grapples with Trump tariff threats

Chinese president will meet Malaysia's king and prime minister, with visit expected to usher in a rush of deals and increased cooperation

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Joseph Sipalan and Hadi Azmi

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Chinese President Xi Jinping has arrived in Malaysia for a three-day visit, with the Southeast Asian nation likely to seek to sell more electronics, palm oil and halal products into China, as the United States threatens its allies in the region with tariffs into its giant market.

Xi was greeted on the tarmac by Prime Minister Anwar Ibrahim on Tuesday evening and given a guard of honour from the Malaysian Armed Forces.

He is scheduled to have an audience with Malaysia's King Sultan Ibrahim Iskandar on Wednesday morning, followed by a meeting with Anwar, and is expected to sign a raft of deals at a crucial time for Malaysian businesses scrambling for new markets as Washington fires out tariffs.

The Malaysia visit – part of a three-nation tour of Southeast Asia – comes as China steps into the role of a stable regional leader on trade, a position vacated by the US under President Donald Trump, whose tariffs have sowed chaos, stunned exporters and questioned the direction of long-standing alliances with America.

Malaysia – like its Association of Southeast Asian Nations (Asean) peers – has fewer than 90 days before Trump's "reciprocal" tariffs come into effect.



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Chinese President Xi Jinping meets Malaysian Prime Minister Anwar Ibrahim at the Great Hall of the People in Beijing in November 2024. Photo: China Daily via Reuters

Malaysia faces a 24 per cent blanket tariff on all exports barring its semiconductors and computers, which have appeared to have a temporary reprieve.

But the damage already inflicted by Trump's White House appears certain to hack away at growth, prompting many of the 10-member bloc to walk a tightrope of trade talks with Washington – as well as seeking new sales and investment from China.

Analysts expect Malaysia to push for more sales of palm oil, halal certified products, electronics and petrochemical shipments to China to offset the expected fall in US demand should Trump decide to reinstate his tariffs.

“However, this support comes with expectations, and Beijing will likely seek greater political alignment and backing from the region,” said Kamles Kumar, Malaysia head for Asia Group Advisors, a strategic advisory firm specialised in Southeast Asia.

China has been Malaysia's largest trading partner for 16 years running, with total trade hitting 484.1 billion ringgit (US\$110 billion) in 2024.

The US, the world's largest consumer market, was Malaysia's largest export destination where Malaysian exporters racked up a surplus of about US\$25 billion last year, according to Malaysia's government.



A worker harvests palm oil fruits at a plantation in Banting, Selangor, Malaysia. China is the second-largest buyer of Malaysian palm oil after India. Photo: Reuters

“In commerce, Anwar would likely demand enhanced access for palm oil, rubber, halal food, and downstream petrochemical products of Petronas and others – sectors in which Malaysia has a definite competitive edge but yet remains afflicted with non-tariff barriers in China,” said Damien Duhamel, managing partner with management and strategy firm Eurogroup Consulting.

“But Malaysia's negotiating leverage is limited. Beijing is still the dominant partner,” he added. “Any investment or market access concessions will be tied to conditions.”

China is the second-largest buyer of Malaysian palm oil after India. Shipments, however, fell 5.3 per cent to about 1.4 million tonnes in 2024 as prices exceeded competing soybean and as increasingly health-conscious Chinese consumers cut back on cooking oil use.

Malaysia is also making an aggressive push into China's largely untapped halal market.

On Sunday, the Southeast Asian nation launched the China-Malaysia Halal Food Industrial Park in Perak state, in a bid to boost access to China's Muslim population of about 26 million.

Besides trade, Anwar is likely to seek reassurances from China on integrating infrastructure connectivity, particularly through the 50 billion ringgit East Coast Rail Link being built under Xi's Belt and Road Initiative, and speed up collaboration in sectors such as green technology and digital expansion.

“Malaysia might also seek improved terms on China-linked, traditionally debt-heavy projects,” Kamles said.



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Trump's return has added new peril to Anwar's diplomacy and Malaysia, which also leads Asean this year, needs to tread carefully in its engagements with China while also pursuing tariff negotiations with the US.

Washington has made it clear that the hefty reciprocal tariffs aimed at Southeast Asia are also meant to weed out Chinese exports funnelled through Southeast Asian supply chains to bypass US levies.

Xi arrived after two days in Vietnam – a trip Trump described as aiming to “screw” the US.

He is scheduled to head to Cambodia for two days after his Malaysia visit – a week-long tour that experts say aims to present China as a stable economic partner, in stark contrast to the volatile administration in Washington.

But taking in more Chinese investments could end up exposing Asean economies to further US tariff action.

“Asean risks being seen as not neutral trading partners but rather extensions of China's economy,” Kamles of Asia Group Advisors said.

“The challenge remains for Asean to present itself as a legitimate and autonomous trading partner instead of China's back door.”



Joseph Sipalan [+ FOLLOW](#)

Joseph Sipalan has done extensive reporting of Malaysia, specialising in politics and more recently macro-economics. An alumnus of Reuters and several major Malaysian news...






Hadi Azmi [+ FOLLOW](#)

Hadi Azmi is the Post's Malaysia Correspondent. Based in Kuala Lumpur, he covers Malaysian politics and current affairs. He has written for Bloomberg, The New York Times, and CNN.

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