

Tariffs

Malaysia calls on China and US to think about smaller states

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STEFANIA PALMA — SINGAPORE

The US and China should feel a greater sense of “global responsibility” and “stop thinking only of themselves” as they try to agree an end to their trade war, Malaysia’s trade minister has said.

The outcome of talks between Washington and Beijing would “affect everyone” and there were already signs of a slowdown in business because of the tension, Darell Leiking told the Financial Times.

Liu He, China’s vice-premier, is due today to attend a new round of talks in Washington with Robert Lighthizer, the US trade representative, and Steven Mnuchin, the US Treasury secretary.

An agreement could pave the way for Donald Trump, US president, and Xi Jinping, his Chinese counterpart, to sign the deal this month. But officials involved in the talks have warned the process could take weeks or months or collapse, leading to escalation.

“I hope our friends can find a way to resolve the matter — at least for now,” said Mr Leiking, who was in the US for meetings with Trump administration officials including Mr Lighthizer.

“America and China have remained very close to us and we would not like to see them end up with more problems.”

The Malaysian minister said the world’s biggest economies depended on interactions with smaller states.

“Everyone contributed towards making America into a big trading nation, and everyone contributed as well to making China a big trading nation — they benefited a lot from this,” Mr Leiking said. “When they make a decision they have to make a decision considering all other nations as well.”

Mr Leiking’s comments highlight the nervousness with which smaller countries with strong commercial ties to China and the US are watching the talks.

While some, including Malaysia, have hoped for some benefit from the trade war as US importers look to shift part of their Asian supply chains away from China, the overall impact has been challenging. “People have stopped doing some business, people have reserved a lot of business. I think people are a little bit more cautious, and that’s a problem — you tend to slow down,” he said.

The government of Mahathir Mohamad has been locked in its own negotia-

tions with Beijing over infrastructure projects sponsored by China through the Belt and Road Initiative. Mr Mahathir, who became prime minister for a second time last May, has challenged the costs of investments such as an east coast railway line, leading some analysts and officials to believe Malaysia is turning its back on the BRI.

Mr Leiking said: “We have never been against the BRI but we were against any wrongdoing done under BRI. China understood it very well.

“I remember Xi Jinping saying right in front of us, ‘we understand your predic-



Darell Leiking: “They have to make a decision considering all nations’

ament and that’s why we want to help you,” Mr Leiking said, in reference to a bilateral meeting he attended between the Chinese leader and Mr Mahathir.

Mr Leiking also said he was struck by Italy’s endorsement of the BRI last month, which was staunchly opposed by the US. “There’s no way on earth I would have thought they would be part of BRI,” he said, adding that it reminded him of the days of “Alexander the Great, Genghis Khan, and how things happened with the Silk Road”.

But he said the US had its own “BRI-similar” capabilities in terms of economic partnerships, educational exchanges and cultural influence. “Look at Hollywood: everyone in Malaysia knows who Tom Cruise is.”

The Mahathir government has questioned the need to ratify Malaysia’s membership of the Trans-Pacific Partnership agreement, an 11-nation pact from which Mr Trump withdrew the US early in his presidency.

Mr Leiking said Kuala Lumpur wanted “to be sure that all the terms agreed by the previous government are in line with our policies” and would “benefit” Malaysia.