

Amid US trade tensions, Chinese firms looking to Malaysia among Asean bases

KUALA LUMPUR, Aug 5 — Companies in China are relocating most of their operations to Malaysia amid the country's trade war with the United States (US).

IQI Global chief economist and Global player Shan Saeed said there were also a slew of Chinese investments going to Vietnam.

"Some economies are actually benefiting from this trade war. If you picked up an Economist magazine last November, it stated that some economies benefiting in the information and communications technology (ICT) and automobile sectors were from Malaysia, Thailand and Vietnam," he told Bernama.

He also foresees the US-China trade war continuing.

Last Thursday, President Donald Trump threatened to impose an additional 10 per cent tariffs on about US\$300 billion (RM1.25 trillion) worth of Chinese imports beginning next month.

The next day, China warned of retaliatory measures in response to Trump's announcement, that could plunge both countries into a deeper trade war, magnifying the potential damage to their economies.

"The Malaysian government is in control of the total economy and its balance sheet also looks very strong with investors still viewing the country favourably," he said. Shan said Malaysia's economy remained buoyant and is expected to end the year with an economic growth of around 4.5 per cent–5.0 per cent.

"Meanwhile, the ringgit will be stable and follow the movement of oil prices and the Chinese yuan," he added.

The Brent crude price stood at US\$61.15 per barrel.

According to Shan, for the second half 2019, the investment and consumption pattern will stay solid with overall growth still very much intact for Malaysia. — Bernama