

Book Review

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Edmund Terence Gomez, Siew Yean Tham, Ran Li and Kee Cheok Cheong, *China in Malaysia: State-Business Relations and the New Order of Investment Flows*, Singapore: Palgrave Macmillan, 2020, 116 pages. ISBN 978-981-15-5332-5

This book poses a straightforward, yet rather hard to unravel, question: How has Chinese investment into Malaysia's industrial sector reshaped the state-business relations in the country, thereby opening up different forms of opportunities for Malaysian stakeholders? It seeks to answer this question by carefully interrogating various statistical databases and related sources, making sense of their development implications. The book is motivated by the increasingly prominent role that China is playing within the Malaysian investment landscape, especially since the 2013 announcement of the Belt and Road Initiative (BRI). This book builds on the latest scholarship covering China-Malaysia economic relations, a significant part of it contributed by the four authors, who rank as some of the top minds on the subject matter. It also taps into the knowledge and insights of other experts in the public and private sectors, in addition to academia (see Preface and Acknowledgements).

The book makes three key contributions. Firstly, much of the existing literature on Chinese capital exports – in Malaysia and Southeast Asia – has analyzed *infrastructure* development. Given the massive scale and capital expenditure involved, it is understandable that these projects capture the attention of both the media and research community (see, for example, Camba et al., 2021; Liu and Lim, 2019; Ngeow, 2019). However, this indirectly creates a scholarship gap on Chinese-financed projects in the *industrial* sector. Indeed, some of the most significant Chinese investment has gone towards the industrial sector. They include Zhejiang Geely Holding Group's 2017 acquisition of a 49.9% stake in Proton Holdings (Malaysia's iconic 'national' car company) and the 2014 establishment of the Alliance Steel plant in the state of Pahang by a consortium of Guangxi-based firms. These two investments, along with five others in the industrial sector, are discussed extensively (see Chapters 3 and 4).

Secondly, and related to the previous point, the book sheds light on the heterogeneity of the state-business relations created by Chinese investment flows entering Malaysia. As mentioned previously, much attention has gone towards Chinese-funded infrastructure undertakings; they in turn are mainly

carried out by Beijing's cohort of engineering and construction state-owned enterprises (SOEs). Although nominally subjected to state supervision, research thus far highlights that these SOEs are relatively autonomous in carrying out such projects. In other words, national interest has, on certain occasions, been compromised by the commercial goals of the SOEs. This results in different kinds of upgrading opportunities (and challenges) for aspiring economies eager to pursue a closer relationship with China. Adding to the mix is China's private firms, who have just as many (if not more) goals vis-à-vis their state-owned counterparts in their ventures abroad. These objectives range from a slowing down of the Chinese economy, genuine interest to explore new markets, intention to circumvent capital controls, et cetera. Shedding light on both private- and state-owned Chinese business groups as well as their interactions with various Malaysian coalition partners, the book offers us an avenue to scrutinize the variegated institutional architecture that shapes long-term structural transformation.

Thirdly, the book draws out the financial-industrial linkages that have resulted from major Chinese investment in the country. Going against the grain of existing studies that predominantly capture the *pre-entry dynamics* of such investment, it enriches our understanding by capturing and theorizing their *post-entry development* (both positive and negative). In so doing, the book also critiques the role of the Malaysian state, illustrating whether it has provided a helping hand, invisible hand, grabbing hand, or a combination of them in these deals. While it is difficult to challenge the book's contention that the Malaysian state does not have in place an explicit policy to properly embed spillover from the Chinese investors, one can point out that such a finding is not entirely surprising. Malaysia has long prided itself on its stature as one of the most liberal economies in the region. Indeed, during the Southeast Asian nation's high-growth era of the 1980s-1990s, it was a darling for foreign investors. With a few exceptions, Malaysia has generally maintained or even enhanced its openness since then to global investors. Unfortunately, this light-touch regulatory environment comes with some drawbacks, including the inability to more strongly extract technological know-how from global investors.

Despite the book's various merits, there is a relative lack of theorization on mainstream literature under the broad umbrella of 'state capitalism' (e.g., Alami and Dixon 2020; Bremmer 2008). Although the book correctly highlights the centrality of the state in the Chinese economy, there remains ample space to more comprehensively discuss its findings in Malaysia in relation to the 'state capitalism' scholarship. In particular, it would be useful to discuss Chinese 'state capitalism' when it crosses national borders. However, if the authors' main objective was to raise awareness and stimulate discussion on what is a very important topic to the Malaysian economy, then it

is understandable to get the book into the market as soon as possible. Another, albeit minor, issue with the book is its referencing – some of the works cited in-text do not appear in the bibliography.

In summary, this book provides an important contribution to the discipline of political economy, especially those literature centred on China-Malaysia and Southeast Asia economic affairs. It is a recommended source of information for both general and specialist readers interested in understanding how an emerging China is contributing to development within Malaysia (and by extension, Southeast Asia). Perhaps more importantly, the book also encourages future generations of scholars to ‘up their game’ in their search for solutions to better integrate the Global South with the increasingly heavy presence of Chinese capital exports in the international arena.

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