

## The Road and Belt Initiative in Malaysia: Challenges and Recommendations

### *Inisiatif Jalur dan Laluan di Malaysia: Cabaran dan Cadangan*

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#### ABSTRACT

*In recent years, China has expanded its relations with other nations through the Belt and Road Initiative. This initiative was formally introduced after it was launched in 2013 by President Xi Jinping. It comprises two components, namely, the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative, both of which aim to stimulate the acceleration of economic growth in Asia, Africa and Europe. This research attempts to provide a detailed review of the execution of this initiative through empirical studies based on qualitative analysis, which are closely related to BRI implementation in Malaysia. The focus of this research, however, is not limited to studying the viewpoints of leaders and scholars on the initiative; rather, it will also attempt to discuss the BRI's progress and the obstacles encountered to date from the political aspects of both China and Malaysia. By identifying the potential challenges to come, this research will prove to be significant, as it proposes some comprehensive measures to address and forestall any setbacks that may arise, which may affect the implementation of the BRI between the two nations.*

*Keywords: Belt and Road Initiative (BRI); Malaysia–China relations; Silk Road; China–ASEAN relations; Maritime Silk Road*

#### ABSTRAK

*Kebelakangan ini, China telah memperkembangkan hubungannya dengan negara lain melalui Inisiatif Jalur dan Laluan. Inisiatif ini secara rasmi diperkenalkan oleh China selepas dilancarkan oleh Presiden Xi Jinping pada tahun 2013. Inisiatif ini terdiri daripada dua komponen, iaitu Laluan Sutera dan Jalan Sutera Maritim Abad 21, dengan kedua-duanya ditujukan untuk mendorong pemecutan dalam pertumbuhan ekonomi di Asia, Afrika dan Eropah. Kajian ini cuba mengulas secara terperinci pelaksanaan inisiatif ini melalui kajian empirikal yang berkait rapat dengan idea pelaksanaan BRI di Malaysia. Fokus kajian ini tidak terhad kepada mengkaji sudut pandangan pemimpin dan sarjana terhadap inisiatif; ia juga akan cuba untuk membincang perkembangannya selain halangan-halangan yang dihadapi sehingga kini dari aspek politik di kedua-dua China dan Malaysia. Dengan mengenal pasti potensi cabaran yang akan datang, kajian ini akan membuktikan kepentingannya kerana ia mencadangkan langkah-langkah yang lebih komprehensif untuk mengatasi dan mencegah sebarang halangan yang mungkin timbul dalam pelaksanaan BRI antara kedua-dua negara.*

*Kata Kunci: Inisiatif Jalur dan Laluan (BRI); hubungan Malaysia-China; Jalan Sutera; hubungan China-ASEAN; Jalan Sutera Maritim*

#### INTRODUCTION

Since 2013, China has expanded its relations with other nations through the Belt and Road Initiative (BRI), launched by the Chinese government under President Xi Jinping. The BRI's two components, the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative, aim to stimulate the acceleration of economic growth in Asia, Africa and Europe. In his speech at Nazarbayev University, Kazakhstan, on September 10, 2013, the president of China formally revealed his vision of the BRI. This initiative was envisioned to rebuild the ancient Silk Road and further strengthen China's global

influence in terms of trade and geopolitics. Chinese President Xi Jinping's vision saw Beijing as the capital of the new world order, characterised by renewed economic beginnings. The BRI was part of a shift from the Open Door Policy introduced by former President Deng Xiaopeng, who lifted China out of its backward status in the 1980s via large-scale economic reforms. The BRI aims to build a commerce and infrastructure network to connect Central Asia, Russia as well as Central, Eastern and Western Europe; link China with the Persian Gulf and the Mediterranean Sea through Central and West Asia; and connect China with Southeast Asia and

the Indian Ocean (Du & Zhang 2017). The new Silk Road is expected to cover 65 countries, supporting 60% of the world population as well as one-third of the world GDP (Figure 1).

In the current study, there are three main perspectives that will be examined in understanding the rationale behind the BRI: (1) the influence and function of the BRI in China's foreign policy strategy,

(2) China's national security policy and (3) the BRI's economic impact and influence on current regional political conditions. To date, China has spent an estimated US\$200 billion on such efforts. Morgan Stanley has predicted that China's overall expenses throughout the BRI's entire course could reach US\$1.2 to 1.3 trillion by 2027, though estimates on total investments vary (Chatzky & McBride 2020).



FIGURE 1. Map of China's Belt and Road Initiative

Source: <https://www.futuredirections.org.au/publication/making-sense-of-five-years-of-chinas-belt-and-road-initiative/bri-map/>

China's huge cash reserves amounting to US\$12 trillion are used in BRI investments, allowing the government to obtain lucrative returns and convert cash reserves into assets. Most of the asset projects being carried out around the world are strategic assets of the countries in which they are working. Hence, with the ownership of strategic assets, such as port areas, railways, roads, airports, power stations and oil and natural gas mining areas, China is said to control the important pulses of its partner countries in the form of transportation systems and energy resources. Therefore, in the case of Malaysia, there are concerns and speculations regarding the possibility that the BRI is being used as a strategy to make Malaysia the 19th province of China (Farique 2018). Considering the obstacles presented by its geographical scale and the costs involved, many countries were initially sceptical of China's ability

to realize this vision, whose completion required one trillion yuan, or approximately US \$160 billion (Malaysiakini 2018).

In May 2017, President Xi organised a BRI forum in Beijing wherein he stated that the BRI belonged to the world, not just China. (Xinhuanet 2017). The international forum was attended by 29 world leaders, representatives from over 100 nations and heads of international organisations, including the United Nations and the World Bank. However, doubts remained amongst some members of civil and political communities regarding cooperation on the 21st Century Maritime Silk Road (MSR). In particular, they expressed concerns about whether the initiative would become 'a major international public good' or if it would only serve China as it seeks to dominate the global community. This attitude is closely linked to the issue of national

dependency in Malaysia, thus raising concerns among individuals and the industry on a domestic level. Mainly, such an attitude is related to issues of integrity associated with the existing leadership and the Malaysian government's management of assets and capital from China. However, the relationship between Malaysia and China is generally known to be harmonious, close-knit and trusting. Therefore, this article attempts to analyse BRI implementation in Malaysia and present general recommendations so that close cooperation and thorough solutions can be applied during the completion of BRI projects in the country. This work aims to clarify certain vague and incoherent aspects of BRI implementation in Malaysia due to the ever-changing policies amongst stakeholders, which may have resulted from the change of national leadership in 2018. By identifying the potential challenges, this study proposes more comprehensive measures to address and forestall the setbacks that affect the implementation of the BRI between China and Malaysia.

#### LITERATURE REVIEW AND METHODOLOGY

The first thing most people recall when referring to the 'Silk Road' is a network of historical trade routes across the Asian continent connecting East, South and West Asia with the Mediterranean region as well as Europe and North and Northeast Africa. The phrase was coined in 1877 by the German geographer Ferdinand von Richthofen in reference to the extensive silk trade in China, which utilised one of the earliest trade routes linked throughout a network of vast continents. The Silk Road was used for trading silk and a variety of other goods, becoming a catalyst for cultural and technological exchange connecting merchants, pilgrims, missionaries, soldiers, nomads and urban dwellers throughout China, India, Persia and the Mediterranean for over three millennia. Several studies, such as Liu (2010), Kwa (2016), and Yan (2020) have argued that the classic Silk Road is an interaction of China's early civilisation and globalisation with the outside world.

This 6,400-kilometre network allowed people to transport slaves; merchandise (especially luxury items, such as silk, satin and many other fine fabrics); muskets; fragrances, spices and medicines; and gems and glassware. It was also the main channel for the spread of knowledge, philosophy, culture and even worldwide pandemics. Trade activities along the Silk Road were the most important factors driving

the development of the great civilisations in China, India, Egypt, Persia, Arabia and Rome, facilitating the establishment of the foundations of the modern world (Sagi & Eugelberth 2018). By the end of the Middle Ages, trade between continents through the Silk Road declined due to the increased volume of maritime trade. Indeed, not many were aware of the maritime Silk Route, even though, historically, trading with Chinese merchants was largely carried out in a maritime context. Ibn Battuta, a Muslim explorer from Morocco, travelled 120,000 kilometres across 44 countries and arrived in Quanzhou, China in 1346. In his notes, he mentioned that the Chinese community had advanced civilisation and culture and operated the largest port he had ever seen. This suggests that Chinese traders of the time also dominated trade routes to the global market within the Malay Peninsula (Yan 2020).

Trade with China was partly focused on the high worldwide demand for silk fabrics and porcelain or pottery (Barton 2015). One study (Liu 2010) used the perspective of Braudel's *longue duree* and argued that the classic Silk Road proved China's role as the initial trigger of globalisation in the world. At the same time, the author argued that China's classic Silk Road encouraged successful cooperation with other major civilisations through high-value strategic partnerships. Due to such partnerships, large civilisations around 2000 years ago, such as the Chinese empire, as well as the Roman, Arab, Indian and other provinces, were already used to the presence of merchants and government officials of the Chinese empire in their respective territories (Heng 2001).

The methodology employed in the current study is based on qualitative analysis, which provides empirical evidence related to the BRI, particularly its relationship with Malaysia. To forty the analysis, the data included scholarly works and articles on BRI implementation as well as perspectives from columnists and experts, as published in local and international newspapers.

#### IMPLEMENTATION OF BRI PROJECTS IN MALAYSIA

Today, the new Silk Road, known as the BRI, refers to the main routes on land and sea across continents. The BRI is a grand strategy. The 'One Belt' policy, officially known as the Silk Road Economic Belt (SREB), refers to the construction of railroads

connecting China and Europe via Kazakhstan, Turkey, Russia, Belarus and other countries all the way through to Rotterdam, the Netherlands. The ‘One Road’ policy, officially known as the 21st Century Maritime Silk Road (MSR), refers to the construction of ports along the sea route passing through Vietnam, Malaysia, Indonesia, Singapore, Sri Lanka and other countries and finally to Venice, Italy. President Xi viewed this strategy as a replication of the ancient Silk Road, which symbolised China’s powerful civilisation (Johnson 2016).

From China, the BRI routes extend across the globe to European, African and Arab countries through Southeast Asia. The BRI is a symbol of mutual trust, unity and cooperation that seeks to create a win-win situation for all countries involved. According to President Xi, these routes will benefit 65 countries, 4.4 billion people and 40% of the global economy (Johnson 2016). Malaysia, which is surrounded by oceans, is certainly one of the strategic stops in this sea route given that China continues to view Southeast Asia, especially Malaysia, as the key gateway for this maritime route, giving it the opportunity to share the economic benefits and prosperity that can be obtained from this ambitious plan. (Klemensits 2018).

Malacca was once an important centre and catalyst for trade in the historical Maritime Silk Route. Indeed, Admiral Zheng He sailed the route seven times and stopped in Malacca five times due to its strategic position in the Southeast Asian region. According to Azwan (2019), Azwan et al. (2008), this historical perspective helps strengthen the assumption as to the main purpose of why Malaysia positively accepted the idea of BRI. Another aspect of modern diplomatic historical ties

between Malaysia and China has to be considered. In fact, modern Malaysia–China diplomatic ties were established on May 31, 1974 and with this, the country became the first in Southeast Asia to establish political relations with China, followed soon by the Philippines and Thailand. Malaysia’s relations with China have since proceeded to varying degrees in different historical eras (Yow 2004).

As mentioned earlier, Malaysia’s strategic location between the South China Sea and the Indian Ocean makes it a key factor in the successful implementation of the BRI. Unsurprisingly, China is eager to finance maritime- and land-based infrastructure projects in Malaysia. By gaining control over the Straits of Malacca, China will be able to control trade movements in the South China Sea and the Indian Ocean, as well as expand its fleet across the globe. The Malaysia–China port in Kuantan may be the last port in the island’s defence network currently developed by China and could serve as the forward base in its marine defence. Therefore, some have expressed reservations and even suspicions regarding the initiative, noting that the BRI gives China apparent cause to export its political, economic and military power without alarming the world (BERNAMA 2017).

Amongst the ASEAN-10 members, Malaysia is presently the largest trading partner with China. In 2009, the Malaysia–China trade amounted to US\$59 billion, or about 18.9% of the former’s total global trading, surpassing the Malaysia–US trade share (10.9%). In comparison, the figure for Malaysia–China trade was only US\$4.7 billion in 1990, or about 8% of Malaysia’s total trade (Chan 2017). As of 2016, China has continued to be Malaysia’s largest trade partner for a few years now, as shown in the data below.

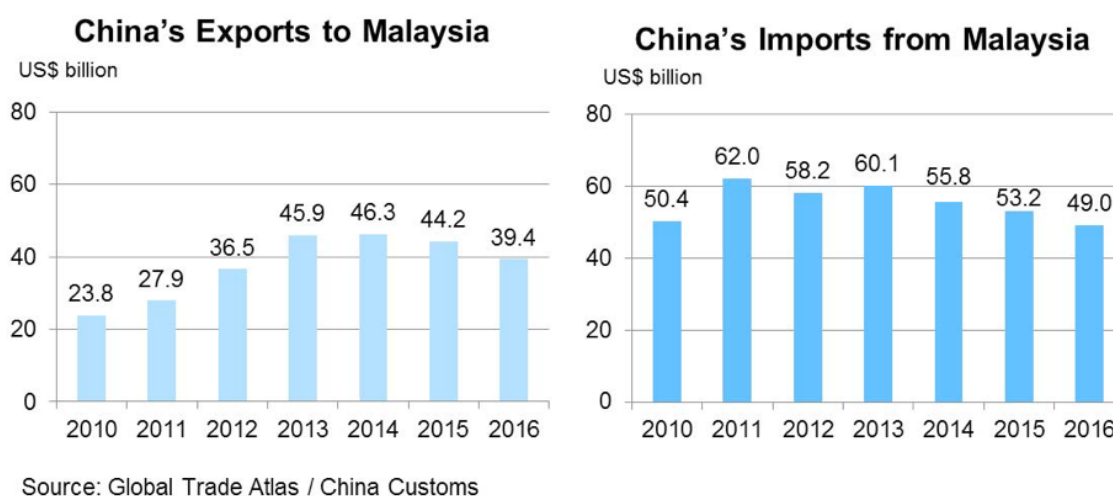


FIGURE 2. China–Malaysia Trading Data from 2010 to 2016

According to data provided by the outgoing ambassador to Malaysia, Bai Tian, Malaysia's total exports to China in the first half of 2020 increased despite the overall downward pressure in the world economy. In 2019, China remained its largest trading partner for the 11th consecutive year, accounting for 17.2% of Malaysia's total trade (RM315.19 billion) and marking a 0.2% growth compared to 2018. Furthermore, Malaysia's exports to China amounted to RM139.61 billion in 2019, with higher exports of broad-based products, particularly iron and steel; liquefied natural gas (LNG); paper and pulp products; palm oil and palm oil-based agriculture products; manufactured metal, optical and scientific equipment; and processed food, compared to the previous years. Exports of palm oil and palm oil-based agriculture

products to China have also rebounded by 17.8% in 2019 after declining for seven consecutive years. Meanwhile, imports from China increased by 0.1% in 2019 (RM175.59 billion), aided by higher imports of petroleum products, transport equipment and manufactured plastics (*BERNAMA* 2020). In the span of less than 10 years, Malaysia–China trading rates have increased by almost 100%, from RM130 billion in 2009 to RM240 billion in 2016. On November 2016, Malaysia signed 14 agreements worth RM144 billion. The following year, in Beijing, Malaysia signed nine other projects worth RM31.3 billion, for a total Chinese FDI in Malaysia of over RM175 billion—a historic achievement for the latter. It has been estimated that China's investments in Malaysia could reach a total of RM400 billion (Chan 2017).

### China's FDI in Malaysia



Source: 2015 Statistical Bulletin of China's Outward FDI

FIGURE 3. China's Total FDI in Malaysia as of 2015

The joint ventures of Malaysia under the BRI include Chinese firm Geeley's acquisition of 49.9% of the shares in Malaysian automaker Proton, the acquisition of 1 Malaysia Development Berhad's (1MDB) free electric generator (IPP) by China Nuclear, the construction of deep-sea ports and a Chinese industrial zone in Kuantan, the proposed deep-sea port in Malacca, the East Coast Rail Link (ECRL), a giant property project in Iskandar and the sale of Chinese military equipment to Malaysia (Latiff & Shirouz 2017). To ensure the success of this project, China is using its capital and technological strengths to invest in the countries involved.

In particular, the ECRL project is one of the BRI rail routes that aims to connect Malaysia with routes from other countries. As China's largest project in Malaysia, the former is slated to spend up to RM65

billion to complete the entire project. To date, the ECRL has been identified on Malaysia's official website as a high-impact infrastructure project that will form the backbone of the East Coast Economic Region (ECER)'s multimodal transport infrastructure (APAD 2020). The BRI also encourages Malaysia to design a fast railway system in collaboration with Singapore, thus opening up the possibility of rail trips from China to Singapore. This would be part of the proposed Pan-Asia Railway Network, which would comprise three components: The Middle Line, the Eastern Route and the Western Route (Embong et al. 2017a).

Also included in this BRI plan is a three-part railway link called the Pan-Asia Railway Network wherein the Middle Line includes rail services from Kunming (China) to the south towards

Bangkok (Thailand) and then to Kuala Lumpur and Singapore. The Eastern Route involves train services from Kunming to Hanoi, Ho Chi Minh, Phnom Penh and Bangkok. The Western Route includes rail services from Kunming to Baoshan, Yangon and finally Bangkok. Apart from being a component of the Middle Line in the Pan-Asia Railway Network, Malaysia would also be included in the Fourth Economic Corridor, one of the six economic corridors to be developed by China with its neighbouring countries. Thus, the BRI is an integral part of a future scenario that would yield increased efficiency of conventional railways and the transition to faster train services throughout the region.

Meanwhile, the construction of the Chinese industrial zone in Kuantan, officially launched on February 5, 2013, is another collaborative project between Malaysia and China. Construction is currently ongoing, with about 1,200 acres of land already cleared to provide access to the development, known as Phase One of the Malaysia–China Kuantan Industrial Park (MCKIP). The Chinese state-owned firm Guangxi Beibu Gulf International Port Group owns 49% of MCKIP holdings, whilst 51% of the shares are held by the Malaysia–Kuantan consortium, Pahang Holding Company Limited. The consortium is a government and private partnership involving IJM Land Limited (40%), Sime Darby Property Limited (30%) and the Pahang state government through the Government Secretariat Corporation and Pahang State Development Corporation (30%). Divided into three phases, the current project will be followed by the development of 1,000 acres for Phase Two and 800 acres for Phase Three. According to a statement from the Pahang State Legislative Assembly on September 14, 2017, 710 acres of the first phase site were sold to Alliance Steel (M) Company Limited, a joint venture between two Chinese entities, namely, Guangxi Beibu Gulf International Group Co. Ltd and Guangxi Shenglong Metallurgical Co. Ltd. Thus far, construction of the MCKIP is already 80% complete, and it is expected to commence phase three operations by the end of 2020. The first investment project in the MCKIP, a modern integrated steel mill, was completed one year ahead of schedule and is currently in operation. The second investment project is the concrete spun-pile manufacturing plant, which has recently commenced operations as well. To date, the MCKIP has 10 committed projects, with a total investment of over RM18 billion (RMB 30 billion). These projects are expected to create 20,000 jobs for

locals in the area. Among those mentioned, Alliance Steel is the largest investor in the MCKIP, bringing total investments amounting to RM12 billion and employing 3,000 local personnel as part of its 5,000-strong workforce (*BERNAMA* 2019).

All the above transactions and projects are part of the BRI, the core of which is the development of infrastructure and transportation facilities. According to some Malaysian political party leaders, China has no choice but to expand its political, economic and military influence abroad, as it can no longer stand independently, especially after the Malaysian government changed again by the end of February 2020. With the UMNO back in power, it will be interesting to observe how China's approach in Malaysia will be adjusted. China considers Southeast Asian countries, particularly Malaysia, as a gateway to the MSR. Thus, Malaysia stands to gain economic benefits and prosperity from the implementation of the BRI.

#### CHALLENGES AND ISSUES IN IMPLEMENTATION

Prior to being inaugurated as the seventh Prime Minister of Malaysia, Dr. Mahathir often criticised China's investment agreements in his nationwide talks, because a year prior to the presentation of the 2017 budget, there were already a series of debates amongst the members of parliament regarding management issues and the outflow of national strategy assets and public funds. One central issue that attracted domestic and international attention was the status of 1MDB. The mismanagement of the RM2.6 billion public fund was exposed by the *Wall Street Journal*, a US-based online portal, prompting the US Department of Justice (DOJ) to conduct further investigation and declare on July 30, 2016 that 1MDB's case was a result of the mismanagement of funds (CNA, 2018). Thus, the agreements entered into in connection to the BRI are seen as opportunities for China, given that the Malaysian leadership has been confronted with a crisis of governance, integrity and political instability. Others viewed China as an opportunist taking advantage of Malaysia's growing weakness as part of its strategy of challenging US dominance in Southeast Asia. At the same time, Malaysian national stakeholders during this period were said to have used the opportunity to strengthen relations with China to deflect domestic and international criticism away from the ongoing 1MDB scandal.

However, in May 2018, Malaysia surprised the Chinese government and the rest of the world with its first change of power in 60 years. The then newly elected Pakatan Harapan (PH) government insisted on receiving more technology and knowledge transfers from Beijing and sought to end the huge infrastructure projects and the exportation of Chinese excess industrial capacities. After a democratically legitimised government replaced Malaysia's authoritarian system, BRI investments had to readjust from a power holder to a stakeholder approach in the last 22 months. In this spirit, Chinese foreign policymakers have made huge efforts to revise their use of soft power in Malaysia (Grassi 2020).

After becoming prime minister, Dr. Mahathir reviewed all implemented China-related projects in Malaysia, which caused analysts and economists to make premature assumptions. He was seen campaigning against overpriced BRI initiatives, which he claimed were partially redirected to funds controlled by his predecessor (Chatzky & McBride 2020). Amongst the major Chinese investments that caught his attention was Forest City in Johor. He expressed disappointment in the fact that previous administrations granted permanent property ownership to foreigners, especially for luxury projects, as this raised concerns regarding territorial sovereignty and economic equality (Meyer 2018). The prime minister also touched on the plan by the Chinese company Country Garden Holdings Limited to invest US\$100 billion in Johor to build an apartment complex worth over RM1 million per unit, although the annual median income in Malaysia in 2016 was RM62,736. According to Dr. Mahathir, 'There are not many Malaysians who will be able to afford a luxury apartment. Thus, they will bring in foreigners', adding that 'there is no country that would want to accept the massive influx of foreigners'. Further, he emphasised the following:

The residents of Forest City can stay permanently in Forest City according to Malaysian law. After 12 years, they have the right to become citizens of Malaysia, including the right to vote. There is no guarantee that it will not happen, and furthermore, with the support of powerful influential people, it can be hastened.

(NST 2018)

Others fear that this is an example of a neo-colonialist policy on the part of the China. Dr. Mahathir used Sri Lanka as an example of a country that 'lost a lot of land' for failing to pay its debt to China. In 2017, the Sri Lankan government gave a

joint venture company, led by a Chinese firm, a 99-year lease on the port of Hambantota in the south of the country in return for debt relief. Dr. Mahathir firmly believes that Malaysians should fight for Malaysia and defend the rights of Malaysians: 'We do not want to sell the land to foreign companies who want to develop towns' (*Star Online*, 2018). As Pieterse (2016) and Azrul (2018) pointed out, especially with the rise of China, Southeast Asian countries, including Malaysia, have become more dependent on port capital than those in East Asia in the 21st century.

This uprising and gap are expected to occur as Southeast Asian countries still suffer from issues in their political institutions, such as those related to corruption, cronyism, abuse of power and others. In accordance with Pieterse's (2016) view, the discourse discussed in the current article tries to present a new paradigm in unravelling the problems of the implementation of the BRI between Malaysia and China.

During a press conference held after the PH won in the 14th general elections, Dr. Mahathir responded to a reporter's question: 'We need to study everything that the previous government has done. It is not only about China but also everything else. China has extensive experience in signing unequal treaties'. Of the 11 high-profile and controversial projects signed during Najib Razak's administration, a total of US\$134 billion in Chinese investments is facing scrutiny from the new government. These projects involve 13 Chinese corporations and financial institutions involved in property development, infrastructure construction and large-scale industrial plants. Though the agreements for most of these were signed five years ago, the projects remain in their construction stages. These projects include the RM55 billion ECRL (scheduled for completion in 2024), for which 85% of the loan (US\$13 billion) is prepared by the China Export-Import Bank (Exim Bank). 'A loan can be a great burden to the country', noted Dr. Mahathir, who affirmed that the new government would renegotiate the project (including access to the South China Sea) and attempt to reduce the original rail distance of 688 kilometres unless there is enough demand. Malaysia has claims over several disputed areas in the South China Sea, along with China and other Southeast Asian countries, such as the Philippines and Vietnam. 'We want to make sure our voice is heard, because Malaysia has the rights to some islands in the region, and we want to defend it', he claimed. He also wants to re-

negotiate rights and access to the South China Sea whilst maintaining a 'good' relationship with all other countries in the region (Meyer 2018).

Nevertheless, Dr. Mahathir has reportedly said he had no problems with the BRI and even supported it by personally writing to President Xi to affirm the idea that the region needs land links with Europe and to request that China build a good railway route for transporting goods. Although there is a desire to receive help from China, concerns about Chinese investments remain. According to Peter Hays, an analyst with Global Risk Insights in London, 'Dr. Mahathir may be trying to make sure that the investment is solid, but ultimately he will hesitate to set aside any agreement in a way that will not benefit Malaysia's future investment'. Tan Siew Mun, Senior Fellow of the Yusof Ishak Institute in Singapore, said the new Malaysian government did not want to undermine economic relations with Beijing:

For Dr. Mahathir, reviewing all Chinese investments in Malaysia does not mean that the new government does not welcome China's participation in the Malaysian economy. Malaysia's new government priority is to rectify the abnormal situation in the agreement involving outsiders and to ensure that a mega project, such as the ECRL, is beneficial to Malaysians.

(John 2017)

Still, the need to be vigilant towards China remains. Both Malaysia and China must follow regulations so that long-term investment projects do not pose any harm to either party. As reiterated by President Xi, the BRI may have originated in China, but it is owned by the global community. To date, the implementation of this initiative has been a huge success, but there remain issues that need to be resolved, such as unclear interpretation, poor legal support, delayed development capability, unsustainable projects and current projects in several countries becoming a 'debt trap'.

First, the concept of the BRI is still vague. Following its launch, the response from the international community was highly encouraging, but many of those in the bottom-up community had a vague idea about its implementation. Some politicians and strategic stakeholders have remained sceptical and have taken a cautious stance, predicting the worst. Some leaders and portals continue to demonise the BRI as a new form of colonialism by China over the countries that will supposedly benefit from it (Hussin 2017). Racial concerns have also been cited with the perceived

infiltration of Chinese capital into Malaysia, with many pundits suggesting that the Chinese will gradually take over Malaysia. Furthermore, China is also increasingly being criticised by Western political analysts as an autocratic country that tends to put aside the rights of other countries, especially smaller ones, in disputes over the South China Sea. In relation to this, Arase (2015) critically argues that countries in the Southeast Asian region need to be careful and rational with the BRI project introduced by China. Similarly, Rahman (2017b) agrees with Arase by saying that negative implications are more significant than positive ones, especially when they involve geopolitics in the Southeast Asian region, such as territorial tensions and maritime activities in the South China Sea.

In fact, amongst China citizens themselves, prevailing views and public understanding of the BRI are uneven. In particular, the views of academics and the opinions of the ordinary Chinese regarding the BRI have been largely unsupportive. Some still believe that the BRI is the China's version of the Marshall Plan, first introduced by the US in 1947, and is considered one of the earliest movements towards European integration, abolishing tariff barriers and setting up various institutions to coordinate the economy at the grassroots level (Feng & Liang 2019). One of the desired outcomes of the Marshall Plan was the systematic adoption of US management techniques. The BRI is thus seen by observers as drawing energy from the countries involved to meet China's development needs and a form of transferring excess capacity from abroad into China. Others believe that the BRI is merely a vehicle for Chinese national strategy to confront the US and the Asia-Pacific region, with the aim of expanding China's influence in regional and global environments by balancing China's defence needs and strategies and restoring the implementation of China's historical tributary system. This could certainly threaten US hegemony on the global stage. Meanwhile, there are those who argue that the BRI is China's attempt to change the current world order status through increased political and economic involvement in Central Asia, the Middle East and Africa. The different views regarding the BRI have not yet reached consensus amongst countries, such as Russia, the United States and India as well as members of the European Union. Although the Chinese public continues to have a limited understanding of the BRI, its agenda continues to be at the forefront of China's efforts.



Furthermore, the rules are still not transparent enough. The BRI is a transnational development initiative that touches upon sensitive issues, such as economics, politics, security and socio-cultural issues. To stimulate the implementation of the BRI, many projects are being implemented without bidding, and the operating rules are unclear to the outside world, especially those regarding complex issues related to human rights, the environment, labour and intellectual property standards. A complete and coherent legal system tied to BRI implementation has yet to be formed. Indeed, Malaysia's cooperation with China through BRI projects under the administration of Najib Razak has often been characterised by a lack of a clear policy framework and distribution of real benefits and well-being amongst various stakeholders in the country. For example, current and former Ministers of Transport, Dr. Wee Ka Siong and Anthony Loke, respectively, continue to argue over the re-alignment of the ECRL project, although this project is expected to commence as early as January 1, 2027 and is widely believed to be a catalyst to the economic growth of the region, in general, and Malaysia, in particular, for the next few decades. This is because the entire ECRL alignment is designed to provide a better network throughout the East Coast Areas, such as Kelantan, Terengganu and Pahang, and serve as a link it with the West Coast Areas, such as Negeri Sembilan, the Federal Territory of Putrajaya and the Klang Valley (Wee 2020).

In addition, the methods of operating in the 21st century global system of rules for international trade, investment and dispute resolution are still incomplete where the BRI is concerned. Malaysia is geographically connected and possesses strong economic power in terms of cross-sea relations. Although it recently welcomed the benefits of cooperation with China through the BRI, Malaysia does not have its own maritime policy, and any relevant policy remains fragmented and not fully integrated into the BRI. Furthermore, the enactment of international economic laws has been a major factor limiting the implementation of the BRI. The drafting of a law is a very complex process involving amendments to existing laws and is interrelated with a country's law enforcement system. In formulating a law, attention must be paid to systems, regulations and unofficial and customary norms to ensure that the BRI can achieve sustainable long-term development.

## KEY STRATEGIES TO FORESTALL POSSIBLE SETBACKS

At present, the significant role played by China in almost every field has been widely recognised in many countries. Even the US has become increasingly dependent on China, which is not surprising, as China is now considered the second largest economic power in the world. However, the real question remains: Are we equal trade partners in every situation (which has always been our policy), or are we merely slaves to China? Can we really engage in fair trade without sacrificing our sovereignty and security? These concerns do not necessarily warrant Malaysia's rejection of Chinese FDI. To achieve the status of a developed nation, FDI is necessary in developing countries. Arguably, making China a strategic partner is far better than forging partnerships with Western and European powers because, aside from sharing similar cultures and values based on shared history and geographical location, China is more focused on economic agendas compared to Western powers, which mainly have political, acculturation and social agendas that they impose on their trading partners. In comparison, the BRI creates opportunities, although these may also have consequences as well. However, existing challenges, such as territorial disputes, political instability and the impacts of large investments on the domestic market between Southeast Asia and China, must be resolved, as new advantages provided to both parties may not be fully obtained.

On the other end of the spectrum, as we celebrate the vision of the BRI, it is also necessary to focus on a positive interpretation so that China's ambition will not be seen by other countries as a form of 'economic colonisation' in the 21st century. First of all, China needs to establish trust amongst neighbouring countries, as it implements its plans to restore the glory of the MSR. The establishment of the AIIB, as announced by President Xi, is seen as a positive move in helping countries that wish to join China's vision. Setbacks and challenges remain in terms of determining how trading policies that vary by country can be aligned. In the Malaysia-China relationship, for example, it has been suggested that the Islamic financial system be used, as China will be trading with Muslim countries, particularly in West Asia. Having a well-established Islamic banking system, Malaysia certainly has an advantage in this case. China must also create and expand halal

hubs in its industrial areas specialising in trade with Islamic countries around the world.

The root cause of Malaysia's problems is not the implementation of the BRI but the lack of experience and basic conditions that cannot be implemented. If the experiences and the lessons of the past are considered and the action plan is carefully crafted, the prospects of the BRI are very bright. However, recommendations for a high-quality BRI development policy are necessary. High-quality development is different from rapid growth, because quality development does not solely focus on the scale of growth or rapid and comprehensive development. Rather, it emphasises the achievement of development efficiency, structural optimisation and sustainable potential and not just improved GDP. Overall, quality development emphasises core competitiveness, social culture, ecological benefits and other comprehensive performance measures. Thus, in promoting BRI implementation, the quality of the development process should be highlighted. The BRI must shift its focus and extend its scale to drive innovation, optimise structures and improve governance and the ability to support projects within the BRI, especially Perikatan Nasional (PN), which includes defecting from the PH government as of March 1, 2020. In the following section, we present three specific suggestions to encourage this shift in emphasis.

The first suggestion is to promote innovation. At present, BRI enforcement is more concentrated in developing countries with less well-established legal systems. Such countries often suffer from lagging infrastructure development systems, poor governance, social conflicts and cultural shifts. They are also typically caught in the dilemma of having 'unkempt hair' (i.e., as more hair is cut off, the more it grows, and the more it is brushed up, the more out of control it becomes). Therefore, BRI implementation in these countries is likely to face many unexpected problems, whether due to the market or triggered by the government. Either way, it would be difficult for the BRI to overcome these greater pressures. Innovation-driven development is thus the key idea to encourage effective collaboration to ensure the success of BRI projects.

In addition, more developed countries must focus on high-tech projects to support innovative ideas, as the major advantages of developing countries lie in their lower costs for labour and land. In line with the major technological innovations brought about by the four industrial revolutions,

BRI projects must develop a country's development strategies and diversified market capital to reduce the high cost of spending. The cost of investments in R&D and area preparation seem to be a key factor in development: success stories, such as the China–Belarus Industrial Park in Belarus, the Rayong Industrial Area in Thailand and the Sihanouk Special Economic Zone in Cambodia, all demonstrate that innovation-based development can be included in the successful implementation of the BRI. The BRI investments made in Malaysia should be in line with the proposal made by President Xi during the Opening Ceremony of the Second BRI Forum for International Cooperation in Beijing: Innovation produces productivity, which makes companies competitive and countries strong. Likewise, he stressed the significance of exploring new technologies as well as new forms and models of development, hoping to build a digital and innovative silk road by fostering new growth drivers and development pathways (CGTN 2019).

The second suggestion is to optimise the existing structure. The effectiveness of the BRI depends entirely on the economic circles of Central Europe and the Asian mainland. Looking at history, most countries on the three continents (Europe, Asia and Africa) have suffered setbacks since the occupation of the countries within them. Although they are rich in natural and human resources and have plenty of room for development, they remain constrained by internal and external factors, rendering them unable to eradicate the long-term spectre of underdevelopment. US-endorsed ideas, such as the Washington Consensus and Output Democracy, Europe's regional integration proposals or international development assistance by the World Bank and other international organisations, all emphasise system design and the principle of improving governance. In some countries, these recommendations did not lead to economic growth or social development but rather to endless wars and disputes. Indeed, rural countries face the most important institutional issues and structural problems arising from imbalances in terms of globalisation, urban–rural dichotomy and imports and exports, amongst others. The problem of structural imbalance can only be solved by structural reform. Thus, China's recommendations through the BRI should be able to help resolve a country's internal structural issues, including development strategy and resource integration, project design, attention to complementary factors, emphasis on

resource sharing and optimisation for sustainable development.

The third suggestion is to improve the quality. The BRI implementation is a systematic project that involves everyone in the community. It is not just about development issues, but governance issues, including interconnected infrastructure, international capacity development cooperation and transnational cultural exchange. If China focuses only on development and neglects the aspect of governance, the potential for BRI development will be limited. The countries involved in the BRI have complex historical backgrounds and diverse cultures. Thus, towards the successful implementation of BRI projects, the intricate relationships amongst these countries must be considered. Such projects should encourage social responsibility programmes and foster effective public-private partnerships, public diplomacy and cultural exchange to attract community involvement. Furthermore, in a world suffering from the COVID-19 pandemic, which has tremendously impacted the global economy (Buckley 2020), the BRI will be profoundly affected by its aftermath. Indeed, the BRI's success depends on the involvement of all parties, as though it were a symphony involving multiple artists and not just a solo act.

In addition, to drive the BRI towards quality development, attention should be given to the formation of human capital. The BRI requires communication liaison professionals, economists and experts who are proficient in government policies and are sensitive to the state of the country in which a project is implemented. This powerful team must also include high-calibre leaders from trade and other professional groups. These ideas emphasise the empowerment of human resources. The group also needs to go through comprehensive training programmes to produce well-balanced professionals. China may also need to help other countries train professionals whilst maintaining understanding amongst people from both countries through the process of raising awareness. At the same time, continuous and large-scale efforts are needed to advance the fields of education, science and technology, culture, cleanliness, sports and tourism and to encourage interaction in various fields of the humanities. Finally, it is also necessary to strengthen friendships and build relationships based on understanding and trustworthiness to gather and revive the community's treasures and ultimately advance the destiny of humanity through the BRI.

## CONCLUSION

In conclusion, China's investments in Malaysia through the BRI should be seen in a positive light. The BRI has captured the opportunities emerging in the 21st century global economy. From this perspective, Malaysia has certainly read the developments correctly and has positioned itself well vis-à-vis these opportunities. Yet, it must have the foresight to anticipate what might happen in the future and make the right move at the appropriate time. Likewise, Malaysia cannot be too protective, as long as this caution does not affect the country's opportunity to achieve the status of a developed nation. All negative elements must be handled wisely so that all possible threats can be turned into opportunities. In the meantime, China should work harder with the new government of Malaysia to boost pragmatic relations between Beijing and Kuala Lumpur, based on a spirit of trust and equality, to achieve mutual benefit and success. China should consider Malaysia an important partner for the MSR and take the appropriate measures to promote the BRI together with Malaysia. In this way, they can achieve the mutual prosperity and development of both countries and the entire Asian community as a whole.

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