



Institute of Strategic and
International Studies
(ISIS) Malaysia

The Belt & Road Initiative

Perspectives from Malaysia and
beyond

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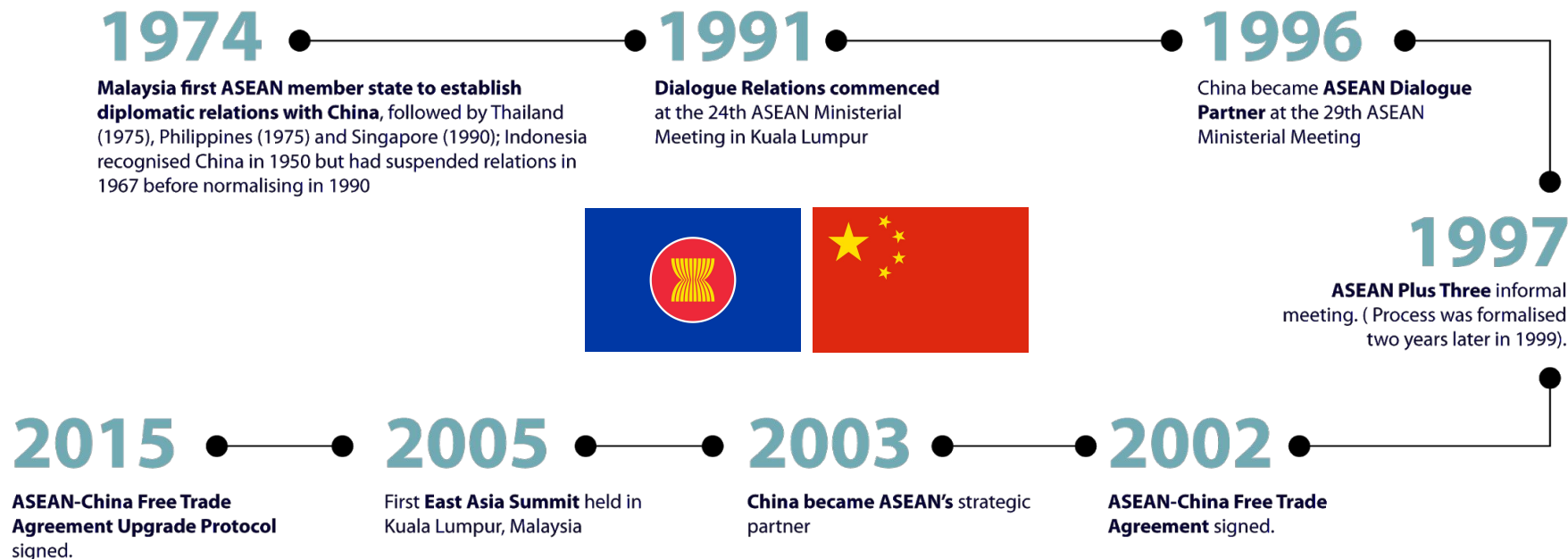
Seminar of Asia Pacific Young Scholars, Beijing

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ASEAN & China

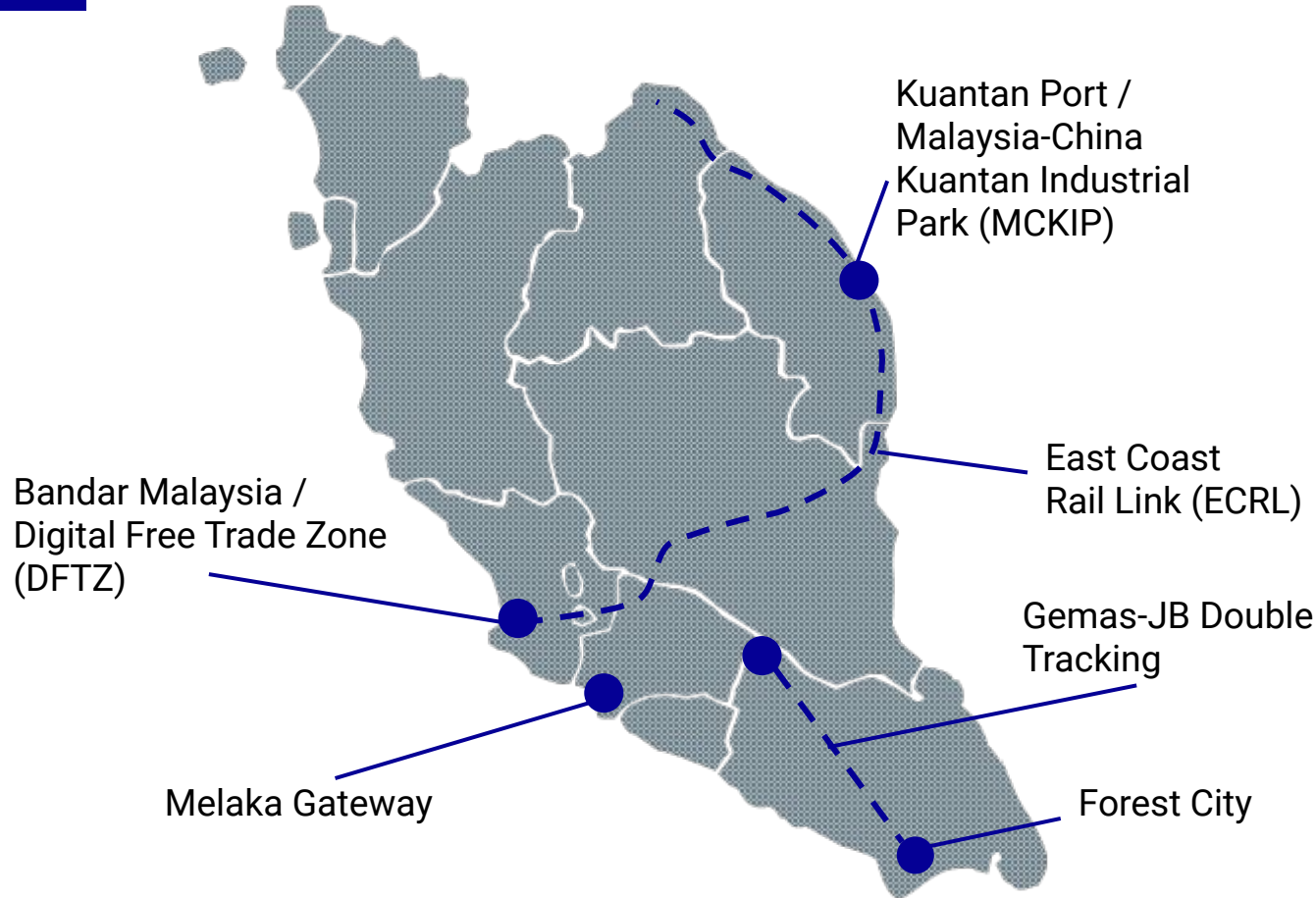
A brief overview



Source: ISIS Malaysia. "China's Rise and Its Impact on East Asia" (2019).

Main BRI-linked projects in Peninsular Malaysia

An overview



BRI in Malaysia kicked off momentum in 2016, after then-PM Dato' Seri Najib Razak made an official visit to China and signed 14 MoUs, cumulatively worth RM144 billion/CNY 245 billion

Source: ISIS Malaysia, Malay Mail

The BRI1.0 in perspective

Issues & concerns in Malaysia

Some commonly-reported socioeconomic Issues with the Belt and Road Initiative

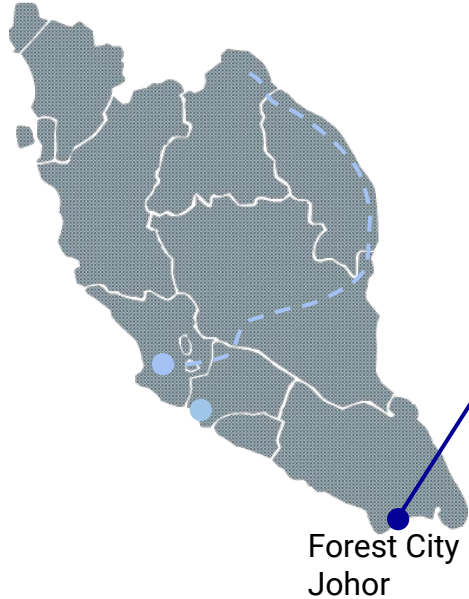
2017-2018

1. Lack of localisation & integration with local economy
2. Lack of understanding of local context & local socio-political/socio-economic issues
3. Concerns about debt sustainability/loan terms
4. Lack of transparency & governance
5. Concerns about environmental sustainability
6. Concerns about sovereignty/over-dependence

Source: ISIS Malaysia's Analysis, Stakeholder engagement; DBS Research

Forest City

Case Study



Forest City
Johor



Type: Mixed-used commercial & residential development

Malaysian entities: Esplanade Danga 88 (40%)

Chinese entities: Country Garden 碧桂园 (60%)

Issues:

- Socio-cultural and socio-economic impacts on surrounding communities
- Environmental/sustainability impacts
- Lack of stakeholder consultation/management

Source: ISIS Malaysia, Forest City,
S Rahman (2017) ISEAS-Yusof Ishak

Melaka Gateway

Case Study



Source: ISIS Malaysia,
KAJ Development



Type: Mixed-used commercial & residential development

Malaysian entities: KAJ Development

Chinese entities: PowerChina International (中国电建), Shenzhen Yantian Port Group, Rizhao Port

Issues:

- Lack of transparency/information
- No integration with local/state development plans

Bandar Malaysia

Case Study



Bandar
Malaysia



Type: Mixed-used transit-oriented development (TOD)

Malaysian entities: 1MDB, Iskandar Waterfront Holdings (IWH) (40%)

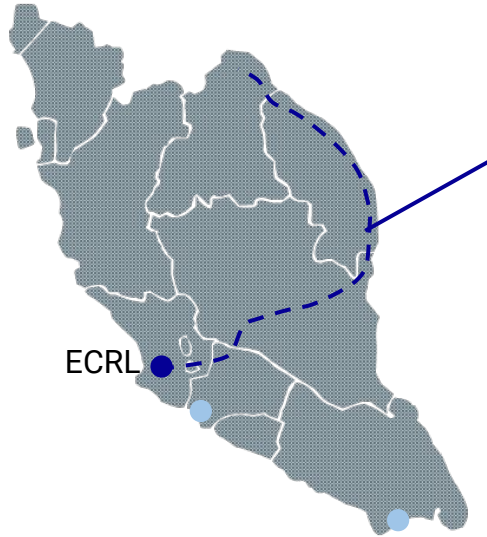
Chinese entities: CREC/Wanda Dalian (60%)

Issues:

- Lack of transparency, good governance
- Affected by political forces
- Lack of stakeholder consultation/management

East Coast Rail Link

Case Study



Type: Rail, Transport

Malaysian entities: ERL/Malaysian Government

Chinese entities: CCCC (中国交通), China Exim Bank

Financing: 85% by soft loan from China Exim bank @ 3.5% interest rate

ECRL Comparisons	2018	2019
Cost/km	RM65.5 bil (US\$16 bil)	RM44 bil (US\$10 bil)
No of states involved	4	6
No. of stations	26	20

- 33% reduction in total construction cost
- New track alignment, with greater inter-state connectivity

Source: ISIS Malaysia, Malay Mail Cheng (2019) "Infrastructure Brief"

BRI2.0 in 2019

Updates after the BRI Summit

Belt and Road Forum

April 2019

A New BRI 2.0?

China commits to....

Increase
multilateral
cooperation &
Integrate

BRI Debt
Sustainability
Framework

More
environmental/
green
initiatives

Focus on governance &
transparency

Focus on “quality”
infrastructure

BRI2.0 in 2019

Prospects in the ASEAN region

Number of top ASEAN leaders attending the BRF

7

BRF 2017

9

out of 10

BRF 2017

Huge potential for BRI to integrate into MPAC 2025...

5 strategic focus areas of MPAC2025

- Investment restrictions in the services sectors
- Mobility of skilled labour
- **Energy**
- **Rail connectivity**

Source: ISIS Malaysia. "China's Rise and Its Impact on East Asia" (2019).

Concluding Remarks

BRI in Malaysia

- **China increasingly cognisant that country-specific factors--including sociopolitical and sociocultural considerations--matter a lot to the success of the BRI**
- **BRI2.0 includes many promising commitments that solves many of the issues and concerns raised regarding BRI1.0**
- **Yet, internal and external challenges abound.**
- **External challenges: a challenging global economic environment, international trade tensions (including the US-China trade conflict), heightened political and economic uncertainty**
- **Internal challenges: will China be able to meet its BRI2.0 commitments in reality? How will these commitments be measured?**



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