

China's one belt, one road initiative; Strengthening economic linkages for mutual benefit

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CHINA has committed itself to a long-term strategy to grow its influence in the Asia-Pacific region and rise as a major power. An important plank in this policy is her Silk Road Economic Belt and the 21st Century Maritime Silk Road (MSR), otherwise known as the Belt Road Initiative (BRI), or One Belt, One Road (OBOR). The BRI is China's response to the need for more and improved infrastructure, such as transport routes connecting major sea ports in the Southeast Asia region, and towards creating an efficient network of land and air passages in Asia, Europe and Africa. OBOR will be implemented through "joint consultation" with partners and will focus on projects that are implementable within the short to medium term.

China will be leveraging existing multilateral cooperation mechanisms to implement BRI. Among the mechanisms are the Shanghai Cooperation Organisation, AseanPlus China (10+1), Asia-Pacific Economic Cooperation, Asia-Europe Meeting, Asia Cooperation Dialogue, Conference on Interaction and Confidence-Building Measures in Asia, China-Arab States Cooperation Forum, China-Gulf Cooperation Council Strategic Dialogue, Greater Mekong Sub-region Economic Cooperation, and Central Asia Regional Economic Cooperation. Working with existing mechanisms is also expected to attract more countries and regions to participate in BRI.

The economic importance of participating in OBOR cannot be understated as it could provide business and new investments opportunities for countries eyeing foreign investments. According to a report by the Asian Development Bank (ADB), Asia will require approximately US\$8.2 trillion (RM35.6 trillion) to finance infrastructure development from 2010 to 2020.

The World Bank and ADB are two major financial institutions involved in the race to finance infrastructure development. Economic growth in Asia is accelerating, in tandem with the increase in population that will translate to greater markets and employment, and this expands the scope for realising infrastructure projects. In this regard, the Asian Infrastructure Investment Bank based in Beijing may become a third platform to provide infrastructure development financing, especially for investments under OBOR.

At the regional level, most Southeast Asian countries have included OBOR and MSR as important components in their international trade and development strategies. Malaysia's participation and cooperation with China on OBOR projects are based on several considerations. Among others, Malaysia values the peaceful coexistence between the two nations and efforts at strengthening economic relations. Malaysia's geographical location, status as an influential middle power and its substantial coordination and implementation structures are plus points for enhancing such a relationship. Malaysia has been positive on OBOR with the expectation that it could be a partner in achieving its economic goals of being a competitive nation by 2020.

Prime Minister Datuk Seri Najib Razaki is expected to attend the OBOR Summit in Beijing from May 14-15 to further strengthen cooperation with China. Malaysia has been supportive of any regional, sub-regional and global policies that will promote economic growth. Malaysia's total trade for 2015 stood at RM1.47 trillion, with almost 90 per cent, or about RM1.32 trillion, seaborne and channelled through Malaysia's ports.

Malaysia is strategically located along the Belt and Road link. To benefit from economic opportunities under BRI, Malaysia should coordinate its economic development strategies and

policies, and develop plans at the national and regional level to facilitate implementation of large-scale infrastructure projects with China. This is more so as BRI may be a viable alternative to the originally structured Trans-Pacific Partnership initiative. Major areas under OBOR that Malaysia should focus on include port infrastructure construction, land-water transportation channels, port-to-port cooperation and increasing capacity in information technology in maritime logistics.

Currently, there is cooperation between Malaysia and China on ports through a port alliance arrangement estimated to involve 11 Chinese and six Malaysian ports. China is keen to invest in Malaysia's infrastructure projects for several reasons. Malaysia is viewed as politically stable, has favourable economic growth prospects, is highly ranked in trade competitiveness and has both traditional as well as emerging areas for development in which to invest. Although BRI envisions major economic benefits, some fundamental challenges remain, such as geographical mistrust and economic constraints on China's side.

To address such concerns, the Maritime Institute of Malaysia and China Institute of International and Strategic Studies will jointly organise an International Conference on OBOR from May 25-26 to examine OBOR and MSR issues and development and assess how countries, including Malaysia, can best reap the benefits of this initiative.

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