

MALAYSIAN JOURNAL OF HUMAN ECOLOGY

Journal Homepage:

https://eco1.upm.edu.my/malaysian_journal_of_human_ecology_mjhe-3740

ASSESSING THE IMPACT OF THE BELT AND ROAD INITIATIVE (BRI) ON CHINA-MALAYSIAN ECONOMIC AND TRADE RELATIONS

Niu Huayan¹, Zatul Himmah Adnan², Mohd Sabri Md. Nor³ and Mohd Izani Mohd Zain⁴

1,2,3,4, Department of Government and Civilization Studies, Faculty of Human Ecology, Universiti Putra Malaysia, 43400 Serdang, Selangor, Malaysia

ABSTRACT

This article briefly assesses the effects of the 'Belt and Road Initiative' (BRI) on the economic and trade relations between China and Malaysia. This study utilized the qualitative method by reviewing selected literature and employing content analysis. The literature review examines various documents and articles on the economic and trade cooperation between Malaysia and China, specifically focusing on the 'BRI.' Using a SWOT-PEST analysis, this paper offers an understanding of the impact of the relations through the strengths and weaknesses from the political, economic, social, and technological dimensions. It is hoped to make a scholarly contribution towards the sustained expansion of economic and trade ties between China and Malaysia within the BRI framework. The analysis shows that, within the context of the "BRI," China and Malaysia exhibit robust political trust, stable economic relations, extensive societal exchanges, and substantial technological collaboration, creating an environment conducive to cooperation. However, challenges like trade imbalances, non-tariff barriers, domestic political shifts, international competitive interference, ecological repercussions, and data security threats require coordinated responses. However, with some comprehensive strategy and constructive measures, China and Malaysia can work well together for a better and more progressive achievement of the BRI in the future.

Keywords: *China, Malaysia, The Belt and Road Initiative, China and Malaysia relations, Economic and Trade Relations*

Corresponding author:

Name : Niu Huayan

Email: gs66401@student.upm.edu.my

INTRODUCTION

Since its establishment in 2013, the Belt and Road Initiative (BRI) has undergone substantial progress and attained noteworthy outcomes. Among the participating nations, Malaysia has obtained advantageous results from the collaborative development of the BRI. The endeavour, which encompasses the Silk Road Economic Belt and the 21st Century Maritime Silk Road, is designed to advance China's economic progress while considering the developmental requirements of Silk Road nations. This strategy aims to foster reciprocal advantages and shared progress among China and the countries along the Silk Road (Ku Boon Dar, 2021). Utilizing personnel exchanges, infrastructure development, and trade facilitation, BRI has generated fresh prospects for enhancing economic and trade collaboration between Malaysia and China (Tuan Yuen K, 2017). Despite active development, economic and trade cooperation between China and Malaysia faces obstacles within the BRI framework that must be resolved. The challenges mentioned above are resolving economic conflicts that emerge due to divergent policies, market rivalries, and the potential attrition of economic professionals or talents (Ku Boon Dar, 2021; Huda, 2022). Comprehending and efficiently confronting these obstacles is vital in formulating a

successful strategy. By utilizing a literature review and content analysis, this study seeks an assessment of the economic and trade cooperation between China and Malaysia. Undoubtedly, much literature focusing on the economic relations between China and Malaysia has been published within the framework of the BRI. However, this article aims to briefly evaluate the impact of the BRI implementation experienced by both countries using the SWOT-PEST analysis.

The study has focused on prior research and pertinent literature concerning economic and trade cooperation between China and Malaysia within the BRI framework. It is hoped to make a scholarly contribution towards the sustained expansion of economic and trade ties between China and Malaysia within the BRI framework. Despite notable advancements, it is imperative to confront the obstacles to foresee the continued growth of collaboration in a mutually advantageous and sustainable manner. This article will focus on the analysis based on the SWOT-PEST framework by examining the strengths, weaknesses, challenges and threats before providing some recommendations and resolutions to facilitate enhanced collaboration between Malaysia and China.

METHODOLOGY

This research aims to briefly evaluate the BRI on economic and trade collaboration between Malaysia and China. In order to accomplish this aim, the study utilizes qualitative research approaches,

predominantly literature review and content analysis. Literature analysis entails the extraction of valuable insights and information through the evaluation of pertinent literature. The analysis covers

documents, academic literature, and research reports about economic and trade cooperation between Malaysia and China, the BRI. Besides expanding upon the conclusions drawn from the literature review, the content analysis provides meaning to the gathered data, thus corroborating the findings and showcasing the researcher's perspectives. The materials utilized as data sources for this research are diverse and pertain to the "Belt and Road Initiative".

Professor Heinz Weihrich developed the SWOT analysis approach in the 1980s, allowing for a methodical assessment of competing internal conditions and external environmental elements aligned with the business's goals (Houben et al., 1999). The method can be applied in politics to make it easier to assess political forces, entities, and policies and the effects of internal and external variables that may impact political acts, forces, or policies (Zhu. PEST analysis is a strategy tool that evaluates how an organization is affected by the Political, Economic, Social, and Technological (PEST) elements, which are the four main external influences. The macroeconomic environment is one aspect of the political component, government policies and regulations are part of the economic element, population and cultural trends are part of the social factor, and technology

innovation is part of the technological factor. Organizations can better comprehend the external environment and develop competitive strategies using this study. It is usually used in conjunction with SWOT analysis to assess the impact of both internal and external forces fully.

Through the process of selecting, reading, summarizing, and applying the SWOT-PEST model analysis method to the chosen articles, the following issues and focal points were employed, "within the framework of the "Belt and Road Initiative", what challenges does economic and trade cooperation between China and Malaysia face?. Difficulties and issues encountered in the political, economic, social, and technological spheres are assessed using the SWOT-PEST model, and recommendations and countermeasures are constructed accordingly. However, when considering the matter holistically, the SWOT-PEST model systematically analyses the current strengths, weaknesses, opportunities, and threats within politics, economics, society, and technology. Therefore, it can facilitate the identification of crucial aspects that strategically contribute to decision-making. For the framework of analysis, this study used Zhu et al. 's (2014) SWOT-PEST analysis matrix, as shown in Table 1, as the guide.

SWOT-PEST Model	Internal factor		External factor	
	Strength (S)	Weakness (W)	Opportunity (O)	Threat (T)
<i>Politics (P)</i>	SP	WP	OP	TP
<i>Economic (E)</i>	SE	WE	OE	TE
<i>Society (S)</i>	SS	WS	OS	TS
<i>Technology (T)</i>	ST	WT	OT	TT

Table 1. SWOT-PEST model

(Source: Zhu et al. 2014, pp 554)

ANALYSIS AND DISCUSSION

This part will provide the analysis result based on the SWOT-PEST framework. It consists of two main divisions, internal

strengths and weaknesses, based on four dimensions: political, economic, social and technological.

Internal Strengths

Strengths are intrinsic attributes and resources that benefit an organization, initiative, or individual. These traits can be utilized strategically to attain a competitive edge and may involve distinct skills, expertise, resources, market dominance,

innovation capacities, and other relevant factors. The explicit identification of these qualities enables businesses to effectively leverage their innate potential to tackle obstacles and seize opportunities.

Political

Malaysia's economic policy towards China underwent a transformative period under the tenure of the fourth Prime Minister of Malaysia, Mahathir Mohamed, as such a leader underscored the importance of economic relations within the context of bilateral relations (Nambiar, 2021). Early diplomatic relations between the two countries resulted in limited economic cooperation, primarily attributable to policies implemented by the Malaysian government that were instrumental in fostering economic growth for both countries (Nambiar, 2021; Zhao, 2011; Chohan, 2021; Berridge, 2012). Malaysia implemented a more proactive approach to bolster its economic relations with China between 1986 and 2018. A new era of close economic cooperation and frequent interaction between the two nations began. Malaysia surpassed Singapore in 2002 to become China's most important trading partner in ASEAN, thereby bolstering the

economic relations between the two countries (Shee, 2004; Zheng, 2009). Bilateral trade expanded substantially.

The BRI agreements and initiatives between Malaysia and China encompass various sectors, including railways, ports, energy, technology, and finance. The collaborations between Malaysia and the mentioned nation have resulted in several advantages for Malaysia, such as investment, technology transfer, and employment prospects. Additionally, these collaborations have played a significant role in enhancing political trust and bilateral relations between the two countries (Abd Rahman, 2022). Based on the perspectives expressed by the authors, it becomes apparent that leadership changes often involve alterations in policy and priorities. Moreover, the shift in Malaysia's economic strategy towards China signifies

a deliberate intention to strengthen economic ties with the Chinese nation. In the larger framework of bilateral relations, political leaders have increasingly recognized the importance of economic diplomacy to enhance the bond between the

two countries. The bilateral cooperation between China and Malaysia has been strengthened through the BRI, contributing to the healthy political connection between the two countries.

Economic

Economic stability has prevailed in the relationship between Malaysia and China, with Malaysia placing considerable emphasis on preserving and expanding economic relations with China. The visit of Malaysian Prime Minister Abdul Razak to Beijing in 1974 signified the formalization of diplomatic ties between the two nations. Malaysia is presently China's third-largest trading partner in the Southeast Asian region, whereas China has emerged as Malaysia's preeminent economic and trading partner. The volume of bilateral trade between China and Malaysia has increased substantially (Huda, 2022). To stimulate bilateral trade growth, the Malaysian government and three key Chinese state-owned enterprises entered into agreements on palm oil for 2019-2023, the East Coast Railway Line (ECRL), and the revitalization of Malaysia City. This development shows that the Malaysia-China relationship has consistent economic stability and has witnessed substantial growth in bilateral trade volume. The economic stability and collaboration between these two nations have noteworthy significance as they contribute to advancing their economic growth and regional influence within the context of the BRI.

Furthermore, China and Malaysia signed a Memorandum of Understanding (MoU) in

November 2015 regarding seaport alliances involving ten Chinese and six Malaysian ports. The purpose of the alliances was to improve trade relations and the exchange of information. Prior to the execution of this memorandum of understanding, Port Klang of Malaysia had already forged sister port alliances with the majority of the ten Chinese ports to promote the logistics, commerce, and tourism sectors. This progression reflects a pronounced inclination towards collaboration between China and Malaysia in the domains of marine and trade, with a specific emphasis on fostering cooperative efforts. The primary objective of the BRI is to enhance commerce and promote infrastructural connections between the regions of Asia and Europe, thereby establishing a significant platform for collaboration between China and Malaysia. This collaboration aims at attaining reciprocal advantages to foster the economic development of both parties involved. In addition, a memorandum of understanding (MoU) was signed between the Malaysian city of Malacca and the province of Guangdong in China regarding the exchange of urban infrastructure construction projects between the two countries. The proposed development involves establishing the Guangdong Malacca Electrical Manufacturing

Industrial Estate and constructing a deep-water harbour in the region of Malacca. The Memorandum of Understanding (MoU) signifies the participation of the relevant countries and regions, wherein the signatories possess the power to make decisions and pledges on behalf of their respective governments and regions. During the implementation phase of the projects, various obstacles may be encountered. Hence, the achievement of the projects and their mutually advantageous execution hinges upon the combined endeavours of the signatories to effectively tackle any problems that may arise throughout the implementation process. The ultimate achievement of success in this context will rely on the signatories' ability to effectively collaborate, resolve issues, and implement constructive measures throughout the implementation phase.

Moreover, the Guangdong government conveyed considerable enthusiasm for constructing an artificial island in Malacca

Social

As the BRI approaches its tenth anniversary in 2023, China and Malaysia emphasize enhancing collaboration via the BRI (Abd Rahman, 2022). This initiative allows Malaysian students to acquire a superior education from renowned Chinese universities within their country of residence. Academic and cultural exchanges are encouraged, in addition to strengthening educational cooperation between the two nations through the establishment of the Xiamen University Malaysia Campus. In this context, the Malaysian-Chinese community plays a

to foster the growth of the maritime and tourism sectors. Meanwhile, in Penang (Malaysia), Chinese construction firms are additionally engaged in endeavours, including bridge construction and land reclamation (Yuen, 2016). This development proves that Malaysia and China have established a significant and stable economic relationship and are committed to preserving and expanding these ties. Both nations have recognized their mutual economic interests, resulting in the continuous growth of bilateral trade. The formalization of diplomatic relations between Malaysia and China, marked by diplomatic visits and signing various agreements and Memoranda of Understanding (MoUs), demonstrates the political stability and commitment underpinning their diplomatic and economic cooperation. These relationships not only receive backing in terms of economic collaboration but also play a crucial role in guaranteeing ongoing economic cooperation and diplomatic ties.

significant role in enhancing this kind of bilateral relations. The education sector presents ample scope and opportunity for Malaysia and China to enhance their collaboration, particularly in Islamic education (Hassan et al., 2020).

Moreover, the Belt and Road Initiative is poised to stimulate cultural interchange and reciprocal knowledge-sharing among the populations of the involved nations, nurturing a more profound comprehension, acceptance, and amalgamation among them. This endeavour is crucial in

mitigating the prevalence of estrangement and misconceptions among diverse ethnic and religious groups (Huda, 2022). The cultural exchange activities between China and Malaysia encompass various disciplines, including education, culture, and healthcare. These activities involve sharing development chances and successes with other nations (Ku Boon Dar, 2021). The BRI clearly illustrates social cooperation, providing distinctive prospects for educational, cultural, and interpersonal exchanges.

Technological

Malaysia has capitalized on the prospects offered by the BRI to enhance its international market presence and stimulate economic expansion via enhanced railway infrastructure. Chinese corporations have invested in numerous Malaysian industries, including telecommunications, solar, steel, glass, locomotives, automobiles, and solar energy, facilitating the transfer of technology and knowledge and generating substantial employment opportunities (Chuin, 2019). Malaysia has gained access to additional trade prospects due to the One Belt and One Road Initiative (OBOR) (Woan-Lin, 2018). Sector-spanning China-Malaysia collaborative ventures are established as part of the BRI. The projects undertaken by China Nuclear obtained the free electric generator (IPP) of 1 Malaysia Development Berhad (1MDB), Geeley acquired 49.9% of the shares in Malaysian automaker Proton, and Malacca, Malacca, and East Coast Rail Link (ECRL), in addition to the proposed deep-sea port in Malacca, large-scale property development in Iskandar, and the sale of Chinese military equipment to Malaysia (Latiff & Shirouz, 2017). Under the auspices of the BRI, there has been a notable advancement in

Moreover, it facilitates the development of shared cultural bonds, cultivating a strengthened rapport between China and Malaysia. This initiative fosters a deeper level of mutual comprehension and integration among the nations involved. It offers significant backing for the maintenance of political and economic stability as well as fostering growth.

economic integration between the two nations through the implementation of cross-sectoral joint endeavours. These qualities play a crucial role in facilitating the beneficial advancement of the BRI and achieving its anticipated results. Malaysia additionally gains advantages from the technology transfer that China facilitates via the BRI.

As an illustration, a Memorandum of Understanding (MoU) was established between University Technology Malaysia and China regarding the transmission of the "Moving Bed Bio Reactor" technology, which aims to produce treated water of superior quality while minimizing sludge and odour. Chinese corporations have also invested in a production-based centre in the Malaysia-China Kuantan Industrial Park, aiming to foster collaborative development of renewable energy technology. Although infrastructure development is the primary focus of economic relations between China and Malaysia, China also engages in various sectors of Malaysia's economy, such as tourism, education, and logistics. Private sector involvement is permissible,

specifically in collaboration between private and state-owned enterprises (Latiff & Shirouz, 2017). In brief, the BRI (BRI) has provided diverse opportunities and impetus for China and Malaysia to collaborate technologically. This collaboration includes the international transmission of technology and knowledge,

the emergence of new employment opportunities, and the launch of interdisciplinary collaborative projects. China and Malaysia's bilateral cooperation has been strengthened by technological collaboration, which has also contributed to Malaysia's economic growth.

Internal Weakness

Weaknesses are internal factors, referring to the unfavourable qualities, limitations, and problems within an organization, initiative, or individual. Identifying

weaknesses facilitates the identification of enhancement areas and the implementation of corrective measures.

Political

At the regional level, BRI may trigger competition and confrontation between China and other major powers, particularly India and the United States, which could impact regional stability and security. At the same time, countries like India may seek collaborations with other major powers to counterbalance China's influence in South Asia and the Indian Ocean (Papatheologou, 2019). On the other hand, the political systems of certain Southeast Asian nations remain plagued by corruption, nepotism, and power abuse, which present obstacles to the effectiveness of their domestic regulatory frameworks (Pieterse, 2015). For example, the BRI projects have been affected by domestic political changes in Malaysia, particularly after the 2018 general election, when the Mahathir government reviewed and renegotiated some large-scale projects involving Chinese funds and technology, resulting in the delay or cancellation of some projects. In addition, China and Malaysia confront interference and competition from Western nations like the

United States in the Belt and Road cooperation. Through some factors, such as trade conflicts, security alliances, and freedom of navigation, the United States attempts to contain China's influence in the Asia-Pacific region by opposing the BRI. A trade and investment imbalance exists between China and Malaysia in the BRI. Since 2013, however, the trade deficit between China and Malaysia has continued to grow. China's investment in Malaysia has surpassed Malaysia's investment in China, causing concerns about Chinese investment penetration and control in Malaysia (Abd Rahman, 2022).

In China-Malaysia relations, the BRI has raised several political issues and challenges. These include national security concerns, domestic political complexities, the impact of political transitions, international competition and interference, and imbalances in trade and investment. These political factors and obstacles can influence the political dynamics between

China and BRI partner nations, such as Malaysia. In addition, they influence the results and efficacy of BRI projects,

exerting tangible effects on the success and dynamics of BRI initiatives.

Economic

The data presented in Table 2, obtained from the National Bureau of Statistics of the People's Republic of China, indicates a consistent upward trajectory in the aggregate import-export value between China and Malaysia, spanning from 2015 to 2021. Nevertheless, a trade imbalance is evident, as imports substantially surpass exports value. From 2015 to 2021, China's exports to Malaysia rose from USD 439.80 billion to USD 786.54 billion, representing a moderate increase in export value. A considerable increase in import value was observed in China's Malaysian imports, which rose from USD 532.77 billion in 2015 to USD 983.05 billion in 2021. The trade deficit underscores the trade imbalance between China and Malaysia, as China's import requirements from Malaysia exceed its export requirements.

The trade imbalance between the two nations could be attributed to Malaysia's robust export competitiveness in specific sectors and China's substantial demand for Malaysian resources. However, trade imbalances persist or become excessive. In that case, they can lead to discontent and responses from other nations, resulting in trade frictions and disputes that affect bilateral or multilateral economic cooperation and political relationships. When trade imbalances are concentrated in particular goods or services, they can lead to an overreliance on suppliers, reducing a country's autonomy and security while increasing its risks and costs (Papatheologou, 2019).

Year	Total Import-Export (USD, billions)	Year-on-Year Growth Rate	Total Export (USD, billions)	Export Growth Rate	Total Import (USD, billions)	Import Growth Rate
2015	972.57	N/A	439.80	N/A	532.77	N/A
2016	869.41	-10.6%	376.71	-14.3%	492.69	-7.5%
2017	961.38	10.6%	417.12	10.7%	544.26	10.5%
2018	1085.81	13.0%	453.75	8.8%	632.05	16.2%
2019	1240.51	14.3%	521.41	14.9%	719.09	13.8%
2020	1314.75	6.0%	563.01	7.9%	751.74	4.5%
2021	1769.59	34.5%	786.54	39.6%	983.05	30.9%

Table 2: Bilateral trade statistics between China and Malaysia from 2015 to 2021
(Data Source: National Bureau of Statistics, 2021)

Social

Some Chinese projects could spark social opposition and protests in Malaysia, such as the Forest City project, which is being questioned by environmental groups and locals (Liu & Lim, 2018). In the meantime, the construction of large-scale infrastructure may harm Malaysia's natural ecology, including its forests, fauna, and river systems. Chinese investors may import labour, technology, and materials from China instead of utilizing Malaysian resources, hurting Malaysia's employment and industrial development (Tat et al., 2018). Moreover, the BRI may exacerbate the social inequality phenomenon in Malaysia, such as Chinese investors purchasing high-end properties and strategic assets in Malaysia, resulting in

rising house prices and land loss, and Chinese workers engaging in infrastructure construction in Malaysia, displacing local employment opportunities and resources (Ku Boon Dar, 2021).

In summary, the deficiencies in the social aspects of the BRI's implementation in Malaysia potentially exacerbate ethnic division, environmental impact, resource consumption, and social inequality. These obstacles can affect the efficacy and social acceptability of BRI projects in the country and the China-Malaysia relationship as a whole. It is crucial for the success of BRI in Malaysia to address these vulnerabilities and find ways to mitigate their effects.

Technological

China's technological initiatives and equipment provisions frequently involve patent rights and intellectual property, making technology transfer more difficult and expensive. The compatibility of Chinese technological products and services with Malaysia's market requirements and environmental conditions may take time, compromising their efficacy and dependability. More reliance on China's technological support within the BRI may lead to a decline in Malaysia's technological innovation capabilities and competitiveness and an increase in Malaysia's political and economic sway over China (Rabeya, 2022). In addition, Malaysia faces political, environmental, and social difficulties, making it challenging to ensure the smooth implementation and sustainable development of technological projects.

Malaysia's digital economic development needs to be improved by lagging infrastructure development, talent constraints, and digital divides, which make it challenging to align with China's digital transformation and innovation initiatives. Malaysia's investments in China in energy, metals, and transportation sectors are primarily motivated by resource-seeking and market-seeking and need more technology-seeking and strategic-seeking investments, making technological cooperation and upgrading hard to achieve (Yeoh et al., 2018).

Briefly, the technical deficiencies encountered by both China and Malaysia in the context of the BRI have significant implications for their relationship. These technical deficiencies include intellectual property and technology transfer

challenges, the mismatch between Chinese technological products and Malaysian market demands and environmental conditions, and an excessive reliance on Chinese technological assistance. These obstacles pose multiple obstacles to the technological cooperation and innovation between the two countries. These technical

Opportunities

Opportunities are external environmental factors that may benefit an organization or endeavour. Opportunities can include market expansion, emerging technologies,

Political

Malaysia was the first ASEAN country to establish diplomatic relations with China after the Second World War, and it continues to be one of China's most important ASEAN trading partners. The two nations have a long history of cooperation in many areas, including trade, investment, and infrastructure, and they share similar interests and goals. By leveraging its geographical location and infrastructural advantages, Malaysia can serve as a gateway for China's entry into the ASEAN Economic Community (AEC), ASEAN Plus and Organization of Islamic Cooperation (OIC) member states. Together, they can foster peace and prosperity by promoting regional connectivity and trade facilitation. Both countries can play more active roles in international affairs by upholding multilateralism and free trade, addressing challenges such as climate change and pandemics, and amplifying developing nations' voices and influences (Nee, 2020).

obstacles significantly impact collaborative efforts within the framework of the BRI, limiting technological advancements. For the advancement of bilateral technological collaboration and innovation and maximizing the potential of the BRI, it is essential to address these issues and obstacles.

regulatory changes, and other factors. Organizations can expand operations, increase profits, and obtain market share by seizing opportunities.

Both countries need to cultivate cooperation growth areas such as the digital economy, green development, and new energy to enhance the high-quality development of the BRI and advance critical projects. Initiating collaborations in these fields would be beneficial for both nations. Moreover, fostering people-centred cooperation will ensure that the China-Malaysia relationship benefits the citizens of both nations. In order to reduce China's reliance on the Malacca Strait, the East Coast Rail Link provides a new trade route between Kuantan Port and Port Klang. Simultaneously, it helps Malaysia attract more indirect trade and reduces transportation costs and time, threatening Singapore's leadership position in Southeast Asia (Liu & Lim, 2018). Therefore, these political opportunities create favourable conditions for China and Malaysia to deepen their political ties, strengthen their positions in regional and global affairs, and resolve common challenges through collaborative efforts within the context of the BRI. These possibilities could strengthen the BRI and

China-Malaysia relations, resulting in mutual gains.

Economic

China and Malaysia have signed an agreement to establish sister port relationships between Qinzhou Port and Kuantan Port, thereby reviving the ancient Silk Road maritime trade routes. This initiative seeks to facilitate cooperation in various areas, including services, logistics, information exchange, and workforce development. China has recently become Malaysia's most significant trading partner, with bilateral trade exceeding USD 100 billion. Chinese investments in Malaysia encompass multiple industries, including rail transport equipment, steel production, textiles, photovoltaic equipment, information communication, rubber cultivation, and real estate. (Yeoh, Chang, & Zhang, 2018) The China-Malaysia Kuantan Industrial Park is a crucial collaborative initiative between the two governments and provides special investment incentives and tax relief policies.

Moreover, the China-Malaysia Free Trade Zone has established a legal framework and cooperative mechanisms that can further expand the scope of service trade, lower investment barriers, and achieve mutual benefits. This objective can be achieved by adhering to pre-establishment national treatment and a negative list approach, among other principles. For example, Malaysia could improve its infrastructure in transportation, energy, and communication;

China can provide technological, financial, and human resource assistance. This effort can be seen in China's participation in constructing the China-Malaysia Qinzhou Industrial Park and the Kuantan Industrial Park (Lu, 2016).

In addition, on October 4, 2013, President Xi Jinping arrived in Malaysia to attend the Malaysia-China Economic Conference Summit at the Kuala Lumpur Convention Centre. During his speech, Xi Jinping emphasized the significance of a win-win collaboration to expand and strengthen the amicable and mutually beneficial relations between China and Malaysia (RCEP, 2021). This has confirmed that China-Malaysia cooperation presents significant economic opportunities within the context of the BRI. These prospects can strengthen economic collaboration, commerce, and infrastructure development, contributing to the BRI's goals and enhancing China-Malaysia relations. To support this, Malaysia needs to improve its infrastructure, particularly in transportation, energy, and communication, to fully capitalize on these opportunities. The amicable cooperation and win-win partnership between China and Malaysia, emphasized and supported by the Chinese President, strengthen the foundation for economic cooperation and expansion between the two countries.

Social

China and Malaysia's relations on education started long ago, yet through the BRI, the educational ties have been strengthened. An accord entered into in 2011 to foster educational connections has substantially amplified the movement of students between the two nations. The Malaysia-China Mutual Recognition Agreement has increased the number of tertiary institutions recognized by China from "five or six" before the agreement to 71. In 2015, Xiamen University established its inaugural overseas campus in Malaysia, fostering academic relations between China and Malaysia (Tat, 2018). In addition, The BRI has stimulated grassroots cooperation between China and Malaysia, particularly in the tourism and real estate sectors. The Forest City initiative, for instance, is a joint effort between China's Country Garden Group and the Sultan of Johor in Malaysia to establish an eco-friendly international community.

The BRI has promoted cultural exchanges between China and Malaysia and strengthened mutual trust (Liu & Lim, 2018). The BRI has afforded China and

Malaysia opportunities for talent development and technology transfer, enhancing innovation capabilities and competitiveness. For example, China's investment in industrial parks, high-speed rail projects, and automotive manufacturing, as well as collaborations between the two countries in areas such as Islamic finance and the digital economy. These initiatives have created opportunities for social development and quality of life enhancements, fostering economic growth and regional integration for both countries. It also highlights China and Malaysia's cooperation in infrastructure development, energy resource exploitation, trade, and investment and their involvement in ASEAN coordination (Ku Boon Dar, 2021). In conclusion, the BRI has strengthened China and Malaysia's cooperation and exchanges, which resulted in favourable effects on their education, society, and economy. It has increased mutual understanding and trust, provided opportunities for social development and enhanced quality of life, fostered economic growth and regional integration, and contributed to the growth and development of both parties.

Technological

After Mahathir's tenure as the fourth Prime Minister, his successors, Abdullah and Najib, maintained a constructive stance towards China and broadened collaboration across multiple domains. Najib, specifically, expressed unwavering endorsement of the BRI, initiating endeavours to foster collaboration between China and Malaysia under the framework of BRI. The BRI has substantially impacted the economic relations between China and

Malaysia by facilitating investments and technology transfers and bolstering Malaysia's infrastructure development, employment prospects, and income growth (Yu, 2017; Yean, 2018; Zhang et al., 2020). Moreover, these two countries have established strong economic relations since 2009; China has been Malaysia's leading trading partner. Numerous initiatives have been the subject of collaboration between the two nations, such as the China-Malaysia

Qinzhou Industrial Park and the Malaysia-China Kuantan Industrial Park. The sistering of the Kuantan and Qinzhou ports has resulted from their collaborative efforts in talent development, logistics, services, and information exchange.

For numerous years, Chinese corporations have maintained a presence in the infrastructure market in Malaysia, where they have executed substantial undertakings. An illustration of this can be seen in the Bakun hydropower plant, which China Hydropower Construction Group constructed; China Harbour Engineering built the second Penang Bridge; and the 1,000 MW coal-fired power plant in

Manjung was contracted to China National Machinery Import and Export Corporation. Prominent in Malaysia's communications market have been Chinese corporations such as ZTE and Huawei, which are renowned for their technological prowess, exemplary construction, and operational effectiveness (Yeoh et al., 2018). As a result, the BRI has significantly impacted technological opportunities in the China-Malaysia relationship, fostering collaborations across multiple sectors, promoting technology transfers, and supporting Malaysia's infrastructure development, economic growth, and employment prospects. It has strengthened the economic and technological connections between the two countries.

Threats

Threats are external environmental factors that have the potential to negatively affect an organization, an initiative, or an individual. Threats include heightened competition, market contraction, regulatory changes, economic downturns, and the

emergence of new competitors, among others. By comprehending these hazards, steps can be taken to mitigate potential negative effects and develop more competitive strategies.

Political

Although China and Malaysia are actively developing economic and trade cooperation, there are still obstacles to be resolved within the framework of the BRI. Comprehending and confronting these obstacles is imperative for a successful approach (Ku Boon Dar, 2021). Divergent economic policies, market competition, and the potential attrition of economic specialists or talents are all factors that can give rise to these conflicts (Huda, 2022). China's prioritization of exports over imports directly opposes the tenets of win-win cooperation. China's exclusive emphasis on product exports could only

deter their engagement in the initiative if they extend market access to ASEAN nations. As an illustration, Malaysia, which boasts a resilient infrastructure, aims to penetrate the Chinese market using its competitive service sectors: finance, telecommunications, and foreign trade. Malaysian investments made by China as part of the BRI should be regarded favourably. Malaysia must maintain a delicate equilibrium, refraining from an overabundance of protectionism that may impede its trajectory towards attaining developed status. Strategic management of prospective adverse factors and the ability

to convert threats into opportunities are paramount. China and Malaysia's newly formed government ought to work closely to cultivate pragmatic and mutually advantageous relations founded on equality, trust, and the joint pursuit of success (Ku Boon Dar, 2021). The BRI has significantly elevated cooperation and solidarity between China and Malaysia.

However, a few obstacles could hinder economic cooperation within the BRI. These obstacles are examples of political and economic instability in Malaysia and China's economic decline. Geopolitical factors, including the geopolitics of the South China Sea, will partially impede the progress of economic cooperation between China and Malaysia and the need to maintain balance in relations with the United States and other ASEAN nations. Malaysian leaders must resolve these challenges while preserving a delicate equilibrium in their interactions with

Economic

As a result of the China-ASEAN Free Trade Area coming into effect, tariff barriers between Malaysia and China have been substantially diminished. Nevertheless, non-tariff barriers have surfaced as a significant concern, presenting obstacles to advancing bilateral trade cooperation. The difficulty of surmounting these obstacles—which manifest in diverse ways—impedes the advancement of trade relations between China and Malaysia to a significant degree. An illustrative instance pertains to the import limitations imposed by China on specific varieties of fresh fruits. In contrast to Malaysia, Thailand is authorized to export an almost threefold greater variety of fresh fruits. However, this disparity has

various stakeholders (Huda, 2022). Even though China and Malaysia are actively advancing economic and trade cooperation within the framework of the BRI, challenges remain. Divergent economic policies, market competition, and the potential loss of economic experts and talents are among these obstacles. These elements can contribute to conflict and impede cooperation. Establishing efficient mechanisms for cooperation, mitigating instability, enhancing political dialogue, and ensuring the sustained stability of economic and trade relations are crucial to addressing these political concerns. In the meantime, Malaysia might need to carefully balance its policies to avoid excessive protectionism while remaining adaptable to challenges and transforming them into opportunities. The political leadership shall collaborate to ensure that cooperation is founded on equality and mutual trust principles, with the common goal of achieving success.

rendered it impossible for Malaysian tropical fruits to penetrate the Chinese market. Non-tariff barriers impede the progress of bilateral trade relations and obstruct their expansion (Li & Qin, 2022). In addition, since 2013, Malaysia's exports and income have been negatively impacted by a trade deficit favouring China (Abd Rahman, 2022). Chinese investments in Malaysia could lead to discontent and demonstrations from the general public and opposition groups, resulting in political unrest and social divisions that could impact economic stability and growth. Malaysia may encounter difficulties repaying China's high-value loans, which could result in losing control over vital

projects and strategic assets (Nambiar, 2021). As a result, these economic concerns highlight the complications and difficulty of China-Malaysia relations within the context of the BRI. Both parties must address non-tariff barriers, trade imbalances, and socio-political issues

Social

An analysis of the potential adverse effects of the BRI on biodiversity in Southeast Asia was conducted by Ng et al. (2020). According to the article, BRI transportation infrastructure projects will traverse several of the region's most valuable and imperilled ecosystems, including protected areas, critical biodiversity areas, forests, coral reefs, mangroves, and seagrass beds. The article evaluates the impact range of BRI routes on these ecosystems by employing various buffer distances. It reveals that numerous endangered species, ecological zones, and undeveloped natural landscapes intersect with BRI routes. According to the article, BRI may have adverse effects on Southeast Asian biodiversity through the facilitation of habitat degradation, fragmentation, and loss, as well as the proliferation of illicit activities and invasive species.

Technological

Malaysia may have concerns regarding preserving and using sensitive data and information in infrastructure projects involving Chinese companies and potential cyber threats and espionage activities. In addition, they may need help communicating and coordinating with Chinese companies in the context of technology collaborations and disparities

threatening economic stability and long-term development to ensure successful cooperation. Both countries should also provide proactive measures to correct trade imbalances and ensure that investments generate long-term returns to facilitate mutual development.

In Malaysia, there are some instances of inequality and injustice in society, such as racial discrimination, wealth disparities, and corruption, which can lead to social discontent and protests, potentially hurting China-Malaysia cooperation (Rabeya, 2022). In addition, some opposition parties and media outlets attempt to stir anti-China sentiments, questioning the impact of Chinese investments on Malaysia's sovereignty and interests and even demanding the cancellation of some infrastructure contracts with China (Hassan et al., 2020). In short, the BRI holds significant importance for both China and Malaysia. However, these social threats may challenge the stability and continued cooperation of the BRI and the China-Malaysia relationship. It is essential to address these threats, ensuring that the collaboration between both parties can achieve political and economic sustainability.

and incompatibilities in technical standards and regulations (Russel & Berger, 2019). In addition, China's digital projects in Malaysia, such as smart cities and industrial internet initiatives, could increase Malaysia's exposure to cyberattacks and data breach risks, thereby influencing Malaysia's cyber sovereignty and privacy protection (Kuik, 2021). China's

construction projects in Malaysia may have led to ineffective technology transfer and knowledge diffusion. They have instead increased the competitive pressure on local construction firms (Chin et al., 2023). These technological concerns may negatively affect both the political and economic spheres. On the political front, they could provoke disputes, exacerbate tensions, and even harm the political relations between the two countries. On the

economic front, these issues may result in economic instability, impede sustainable cooperation, or impact domestic industries. Addressing these technological threats is of the utmost importance to ensure the successful implementation of the BRI and attain political and economic sustainability. This effort may necessitate close cooperation and concerted efforts from both parties to overcome these obstacles.

RECOMMENDATIONS

Based on the SWOT-PEST analysis, the following recommendations are made regarding the economic and trade bilateral relations between China and Malaysia. The recommendations in this study distinguish themselves by providing tailored strategies to address specific challenges and

opportunities within the 'BRI,' to foster continued growth and enhance the quality and sustainability of Malaysia-China economic and trade relations, as informed by a comprehensive SWOT-PEST analysis of political, economic, social, and technological dimensions.

Political

China and Malaysia should foster constructive political dialogue and mutual respect for sovereignty and interests, deftly address sensitive issues, engage in international cooperation, and uphold multilateralism and free trade to build mutual trust and stability, thereby fostering the harmonious development of both societies. It is necessary to increase the transparency and fairness of bilateral cooperation, thereby preventing any imbalances or unfairness in the BRI projects to safeguard Malaysia's sovereignty and interests. The disputes over the South China Sea should be managed appropriately through dialogue and negotiation while respecting the legitimate

rights of all parties and preserving regional peace and stability (Abd Rahman, 2021). Malaysia should pursue an equilibrium between China and the United States, avoiding geopolitical rivalries between great powers and pursuing multilateral cooperation partners. In order to preserve regional stability, Malaysia should also maintain an open and cordial dialogue with China (Huda, 2022). China must establish mutual trust with its neighbours, particularly in sensitive matters, and partake in the governance and oversight of the BRI via multilateral mechanisms and international regulations, thereby increasing transparency and accountability (Ku Boon Dar, 2021).

Economic

China and Malaysia should actively promote trade and investment liberalization, eliminate non-tariff barriers, ensure transparent and equitable investment oversight, strengthen financial and debt cooperation for mutual benefit, stabilize the financial system, and mitigate potential social unrest, political risks, and debt crises. China and Malaysia should continue advancing bilateral free trade agreement negotiations, lowering tariff barriers, expanding market access, protecting intellectual property rights, and boosting both parties' competitiveness and efficiency. Moreover, China and Malaysia should exercise restraint and dialogue on South China Sea issues, avoiding conflicts and tensions and pursuing solutions for shared development and balanced interests to preserve regional peace and stability (Yeoh et al., 2018). The Malaysian government must increase communication and coordination with China to ensure project transparency, sustainability, fairness, and the preservation of Malaysia's sovereignty and security (Liu & Lim, 2018). In the meantime, strengthen

financial regulation to mitigate debt risks and security concerns related to Chinese investments, thereby preventing a "debt trap" scenario. Optimize financial cooperation mechanisms by establishing additional bilateral or multilateral financial agreements and platforms with China, fostering regional financial integration and connectivity (Nambiar, 2021).

In short, China-Malaysian economic and trade relations have undergone complex transformations in the context of the BRI. These include promoting trade and investment liberalization, strengthening financial cooperation, resolving disputes in the South China Sea, ensuring the transparency and sustainability of projects, and bolstering financial regulation and risk management. In pursuit of their respective interests, both parties actively engage with these challenges to foster mutually beneficial cooperation, preserve regional peace and stability, and ensure economic collaboration's sustainability.

Social

China-Malaysia relations should strengthen social responsibility, environmental protection, human resource development, social welfare, people's skills, quality of life, diversity promotion, and inequality elimination to achieve social sustainability and harmony. It is crucial to improve the social impact assessment of the BRI projects, considering their effects on the environment, culture, human rights, and social justice and implementing the necessary mitigation measures. Increasing the social inclusivity of the BRI projects is

essential for ensuring that the projects benefit a variety of groups, particularly vulnerable populations such as indigenous people, women, and low-income individuals, without aggravating social inequality and conflicts. Promoting social collaboration in the BRI projects encourages project stakeholders to establish cooperative relationships with, among others, local governments, civil society organizations, academic institutions, and the media in order to collectively advance

the projects' sustainable development (Hassan et al., 2020).

Technological

China and Malaysia should strengthen technological cooperation, cybersecurity, and coordination of technological standards to promote technological innovation, data protection, and technological interoperability and to ensure mutual trust in the technological field. Malaysia can leverage Chinese technological standards to improve its capabilities and levels in infrastructure development, digital economy, and other areas by enhancing its technological cooperation with China.

CONCLUSION

This study has shown multifaced strengths, weaknesses, opportunities, and threats in the political, economic, social, and technological dimensions of economic and trade relations between China and Malaysia under the BRI. Overall, China and Malaysia have established mutual political trust, stable economic relations, diverse social interactions, and extensive technological collaboration, providing favourable conditions and a solid foundation for cooperation. However, the study also identifies several obstacles and issues that both countries face in their "Belt and Road" cooperation, such as trade imbalances, non-tariff barriers, domestic political changes, disruptions in international competition, environmental impacts, and data security risks. These obstacles necessitate collaborative efforts and solutions from shifts, international competitive interference, ecological repercussions, and data security threats require coordinated responses. This study proposes targeted

Increasing cooperation with China in network data security protection and technology development and implementation facilitates the opening and sharing of public data resources, thereby enhancing the efficacy and quality of data governance. Promoting technological and cultural exchanges with China increases mutual understanding and friendship between the two nations (Abd Rahman, 2021).

both parties. The study provides specific recommendations and strategies, such as improving strategic alignment, establishing effective cooperation mechanisms, promoting investment facilitation, expanding cooperation areas, and assuring the sustainability of collaboration. These measures are intended to elevate China-Malaysia economic and trade cooperation within the "Belt and Road" framework. This study also indicates that, within the context of the "BRI," China and Malaysia exhibit robust political trust, stable economic relations, extensive societal exchanges, and substantial technological collaboration, creating an environment conducive to cooperation. However, challenges like trade imbalances, non-tariff barriers, domestic political

recommendations and strategies, such as strengthening strategic alignment, establishing efficient cooperation mechanisms, facilitating investment,

expanding the scope of collaboration, and ensuring its sustainability, which is required in order to enhance the economic

and trade cooperation between China and Malaysia within the "Belt and Road" framework.

ACKNOWLEDGEMENT

An appreciation goes to the Department of Government and Civilization Studies, Faculty of Human Ecology, Universiti Putra Malaysia, for the support provided during the research process.

REFERENCES

- Abd Rahman, M. A. (2022). China's belt and road initiative progress towards Malaysia development: Where are we heading after the first decade?. *Journal of International Studies*, 18, 219-248. <https://doi.org/10.32890/jis2022.18.8>
- Chin, Mui-Yin & Kon, Yee Qin & Wang, Hong & Puah, Chin-Hong & Abierta, Sección. (2023). The Impact of China's Belt and Road Initiative on Malaysia's Construction Sector El Impacto de la Iniciativa China "Belt and Road" en el Sector de la Construcción de Malasia. *Studies of Applied Economics*. 40. 1. 10.25115/eea.v40i2.6769.
- Chohan, Usman W., *Economic Diplomacy: A Review* (January 7, 2021). CASS Working Papers on Economics & National Affairs, Working Paper ID: EC007UC, 2021, Available at SSRN: <https://ssrn.com/abstract=3762042> or <http://dx.doi.org/10.2139/ssrn.3762042>.
- Chuin, T. P. (2019). Belt and Road Initiative: The case of Malaysia. In *The Belt and Road strategy in international business and administration* (pp. 176–199). IGI Global.
- Ku, B. D., & Tan, C. S. (2021). The Road and Belt Initiative in Malaysia: Challenges and Recommendations. *Akademika*, 91(3), 79-91. <https://doi.org/10.17576/akad-2021-9103-0723>
- Kuik, C. C. (2021). Irresistible inducement? Assessing China's belt and road initiative in Southeast Asia. *Council on Foreign Relations*, p. 15.
- Hassan, N. A., Ismail, M. M., Abdullah, A., Yunus, M. M., & Mak Din, H. A. (2020). Public perceptions towards Belt and Road Initiative (BRI) in Malaysia. *International Journal of Psychosocial Rehabilitation*, 24(8), 9201-9211. <https://doi.org/10.37200/IJPR/2418/PR280910>
- Hiltunen, Erkki & Antila, Erkki & Huang, F. & Song, L.. (2014). Investigation of China's bio-energy industry development modes based on a SWOT–PEST model. *International Journal of Sustainable Energy*. 34. 1-8. 10.1080/14786451.2014.884096.
- Hong, M., Sun, S., Beg, R., & Zhou, Z. (2019). Malaysia's exports to China: Does diplomatic relationship matter? *The Economic Society of Australia*, pp. 1–17. <https://doi.org/10.1111/17593441.12270>
- Huda, M. I. M., & Xinlei, Z. (2022). The Development of Malaysian Economic Policy towards China, 1974-2018. *International Journal of Academic Research in Business and Social Sciences*, 12(9), 967-980.
- Jianren, L. (2016). The 21st century maritime Silk Road and China-ASEAN

industry cooperation. *International Journal of China Studies*, 7(3), 375.

Li, H. Y. & Qin, S. F.. (2019). Problems and countermeasures of bilateral trade between China and Malaysia. *China Economic and Trade Journal (C)*(01), p.12–14.

Liu, Hong & Lim, Guan. (2018). The Political Economy of a Rising China in Southeast Asia: Malaysia's Response to the Belt and Road Initiative. *Journal of Contemporary China*. 28. 1-16. <https://doi.org/10.1080/10670564.2018.1511393>.

Loh, F. (2017). BRI and Spike in Chinese Investments in Malaysia: What Are the Implications for Malaysia's Politics and Sovereignty? *Aliran*, September, 7. Latiff, R., & Shirouzu, N. 2017. China's Geely buys 49.9 per cent of Malaysian Automaker Proton. 24, May. <https://www.reuters.com/article/us-proton-m-a-geelyidUSKBN18K0HE>. Accessed on: January 15 2021.

Nambiar, S. (2021). Malaysia's economic engagement with China: A consideration of the economics and security nexus. *East Asian Bureau of Economic Research*, p. 7. <https://doi.org/10.22459/NPSEA.2023.07>

Ngeow, C. B. (2021). China–Malaysia Port Alliance: A Case Study of Soft Infrastructure Connectivity. In *ASEAN-China cooperation on regional connectivity and sustainability* (pp. 73–88). https://doi.org/10.1142/9789811234316_0006

Nee, A. Y. H. (2020, October). The Belt and Road Initiative From A Supply-Chain Trade and Trade Facilitation Perspectives in Malaysia. In *1st Africa-Asia Dialogue Network (AADN) International Conference (AADNIC 2019)* (pp. 1–3). Atlantis Press.

<https://www.atlantispress.com/proceedings/aadnic-19/125944948>

Ng, L. S., Campos-Arceiz, A., Sloan, S., Hughes, A. C., Tiang, D. C. F., Li, B. V., & Lechner, A. M. (2020). The scale of biodiversity impacts of the Belt and Road Initiative in Southeast Asia. *Biological Conservation*, p. 248, 108691.

Papatheologou, V. (2019). The Impact of the Belt and Road Initiative in South and Southeast Asia. *Journal of Social and Political Sciences*, 2(4). Vol.2, p. 899–905.

Pieterse, J. N. (2015). *Goodbye Miracle Eight*. Penerbit Universiti Kebangsaan Malaysia.

Rabeya, S. (2022). The Implementation of the Belt and Road Initiative (BRI): China's Risks and Challenges. https://www.researchgate.net/publication/364387374_The_Implementation_of_the_Belt_and_Road_Initiative_BRI_China's_Risks_and_Challenges (Accessed: October 31 2023).

Shee, P. K. (2004). The Political Economy of Mahathir's China Policy: Economic Cooperation, Political and Strategic Ambivalence. *Ritsumeikan Annual Review of International Studies*, 3, p.59-79

Tat, H. H., Chew, D. J., & Chin, T. A. (2018). Does The Belt and Road Initiative in the East Coast of Peninsular Malaysia Create Win-win Partnership with China. *Journal of Arts & Social Sciences*, 1(2), 98–105.

Tuan Yuen, K. O. N. G. (2017). Belt and Road Initiative: A new impetus to strengthen China-Malaysia relations. *East Asian Policy*, 9(02), p.5-14.

Teo, C. S., Tan, P. M., Shu, C. S. I., Choo, Z. X., & Te, K. K. (2021). Challenges and strategies for implementing Chinese medicine during COVID-19 in

- Malaysia. *Integrative Medicine Research*, 10, 100783. <https://doi.org/10.1080/10971475.2018.1457318>.
- Woan-Lin, B., Wai-Mun, H., Shyue-Chuan, C., & Sim-Kuen, L. (2018). The Future of Malaysia Trade in One Belt One Road. *International Journal of Supply Chain Management*, 7, 265-271. <https://doi.org/10.59160/ijscm.v7i4.2418>
- Wang, M., Liu, J., Rahman, S., Sun, X., & Sriboonchitta, S. (2023). The effect of China's outward foreign direct investment on carbon intensity of Belt and Road Initiative countries: A double-edged sword. *Economic Analysis and Policy*, 77, p. 792–808.
- Yeoh, E., Chang, L. & Zhang, Y. (2018). China–Malaysia Trade, Investment, and Cooperation in the Contexts of China–ASEAN Integration and the 21st Century Maritime Silk Road Construction. *The Chinese Economy*, 51, 298–317.
- Yu, H. (2017). China's Belt and Road Initiative and its implications for Southeast Asia. *Asia Policy*, 24(1), p. 117–122.
- Yuen, K. T. (2016). China's 21st century maritime silk road: Malaysian perspectives. *China's One Belt One Road Initiative*, p. 289.
- Zhang, Y., Wang, J., Deng, H., Zhang, D., & Wang, Y. (2023). Developing a multidimensional assessment framework for clean technology transfer potential and its application on the Belt and Road Initiative countries. *Journal of Cleaner Production*, p. 401, 136769.
- Zhang, X., Song, W., & Peng, L. (2020). Investment by Chinese enterprise in infrastructure construction in Malaysia. *Pacific Focus*, 35(1), 109–140.