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Off to score on the Belt and Road

Barely six months after his last visit to China, Datuk Seri Najib Tun Razak will make another trip to the country in which a number of major events are in the line-up. *The Star 7/5/2017*

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IT will be another significant trip when Datuk Seri Najib Tun Razak visits the Middle Kingdom this week.

This came on the heels of his trip in March to India, where he inked 31 deals worth US\$36bil (RM156bil).

The Prime Minister, whose last visit to China was as recent as November last year, has a number of events that are no less prominent this time.

Besides meeting President Xi Jinping, among other top Chinese leaders, he will visit the home base of Alibaba Group in Hangzhou, Zhejiang province.

Then he will head north to Beijing to attend the Belt and Road Forum for International Cooperation on May 14 and 15.

There will be signing of memorandums of understanding (MoU) on cooperation in Belt and Road projects.

The Belt and Road initiative, with projects reportedly worth US\$1 trillion (RM4.3 trillion), was first announced by President Xi Jinping in 2013.

It is aimed at building up economic connectivity between China and 64 other nations, along its ancient silk road and maritime routes.

Transport Minister Datuk Seri Liow Tiong Lai said Tuesday his ministry would sign an MoU with China's National Development and Reform Committee on development of basic infrastructure like ports, highways and railways.

According to Deputy International Trade and Industry Minister Datuk Chua Tee Yong, key projects in Malaysia that are jointly developed by the two countries would be formally linked with the Belt and Road initiative, including the Malaysia-China Kuantan Industrial Park (KIP), Xiamen University Malaysia, Malacca Gateway and East Coast Railway Link (ECRL).

These projects, with the Belt and Road tag, could mean easier access to the Belt and Road funds – the Silk Road Fund, the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank.

These financial institutions have a total initial capital base of US\$240bil (RM1 trillion).

Malaysia, as one of the founder members of the AIIB, has yet to be granted a loan from the Beijing-based multilateral development bank.

ECRL

Najib's previous visit to Beijing led to 14 deals worth RM144bil. One of the major projects was the RM55bil ECRL and the US\$7.4bil (RM32bil) Malacca Gateway.

Construction for phase one of the 600.3km ECRL will begin in July.

Essentially, the ECRL will link Port Klang and Kuantan Port, cutting down 30 hours of



Close ties: Besides meeting President Xi Jinping, among other top Chinese leaders, Najib will visit the home base of Alibaba Group in Hangzhou, Zhejiang province.

travel time for cargo shipping through the Port of Singapore, albeit at a slightly higher cost.

Universiti Malaya's Institute of China Studies research fellow Dr Zhang Miao said in a recent forum that the ECRL could alter the traditional trade routes that go through Singapore, since China's uncertain diplomatic relation with the island republic forces it to explore other alternatives.

Describing the ECRL as a "game changer", Najib said in Pekan last month that the gross domestic product of Pahang is set to grow by 1.5% because of this project.

The financing for ECRL is expected to be discussed during Najib's round of visit to Beijing this time.

While Belt and Road investments are mostly long term, Institute of Strategic and International Studies (ISIS) deputy chief executive Datuk Steven Wong said there are already payouts.

"When you look at the components of Belt and Road, you will see 20 or 30 projects to make a particular investment viable.

"For Malaysia, the Chinese are building up support and supply internally when they invest in the ECRL. Things have to come from somewhere; there have to be movement of goods," he told *Sunday Star*.

Ports

The Belt and Road covers the Silk Road Economic Belt and the 21st century Maritime Silk Road.

For the seafaring section, an important component is ports.

Six ports in Malaysia have forged an alli-

ance with 10 ports in China.

China's interest was so great that it insisted to add in two more ports – Qingdao and Tianjin – into the pact, said Liow.

Malaysia was also considering to add two more state ports – Kuching and Sepanggar – into this alliance, he said.

Just last month, Xi told port operators at Beibu Gulf to play a more active role in Belt and Road.

This directive could spell more business opportunities for Malaysia, since Asean is an important trade partner for Guangxi due to geographic proximity.

The sister park of Kuantan Industrial Park – China-Malaysia Qinzhou Industrial Park – is also strategically located within the Beibu Gulf Economic Zone.

Forum

The Belt and Road Forum in Beijing will be attended by 28 heads of state and government and some 80 leaders of international organisations.

Besides Najib, other Asean leaders slated to be there are Indonesian President Joko Widodo, Philippine President Rodrigo Duterte, Vietnamese President Tran Dai Quang, Cambodian Prime Minister Hun Sen and Myanmar State Counsellor Aung San Suu Kyi.

China's official news agency *Xinhua* reported that China would sign documents with almost 20 countries and work on action plans with countries along the routes.

It also said that the roundtable leaders' summit on May 15 will issue a document defining their goals and refining cooperative

measures. All parties will identify major projects and sign financing agreements to support them.

Wong sees this event as a celebration of the initiative.

"As far as a diplomatic initiative and venture is concerned, it is extremely successful.

"A diplomatic success does not have to be an economic success. It means people align themselves with you, buy into your idea, see the benefits and want to participate," he said.

What's next

While China uses its financial clout to drive the process, ISIS Distinguished Fellow Datuk M. Supperamaniam said Malaysia could take up a leadership role in Asean.

"Global economy is fragile and unpredictable. We have to find new ways of generating growth and jobs and improving prosperity of our people. This Belt and Road can be a very important platform for us to sustain the growth trajectory," he said at a recent forum.

As for Wong, he said Malaysia had to be the showcase within South-East Asia.

"I don't think there is a single other country where this whole thing about Belt and Road has been as pronounced, simply because we are well situated and we have got friendly relations with China, open policies and whatnots."

With Chinese interests getting increasingly prominent in the country, doubts over China's motives and worries on sovereignty still linger.

What is important for Malaysia, Wong said, is to avoid having only Chinese investments.

"In economic matters, you need to have 'multiple marriages'. It's not 'one for life' because that is bad, both from sovereignty and economic points of view.

"It used to be 'the world catches a cold if the US sneezes,' but now if there are more than one source of engines of growth, that is better for us. Imagine – if China were not growing and the post-2008 US fell into a slump – we won't be better off," he said.

The way forward, according to Wong, is to strive for "balancing of benefits" – rather than balancing of power – on where Malaysia can manufacture, who to sell our goods to, where to invest in and who to invest in us.

"When you stray too far from the pragmatic, you actually do yourself no favours," Wong said.

With the US-led Trans Pacific Partnership Agreement likely not see the light of day, Malaysia has rightly courted other economic powerhouses.

Besides China and India, Malaysia has captured investments from Saudi Arabia, in particular the RM31bil share purchase agreement between its state-owned oil company Saudi Aramco and Petronas, making it the single largest investor in Malaysia.