# Fostering Economic Expansion through Strategic Regional Partnerships: A Perspective on Anwar Ibrahim's Recent International Visits

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## SUMMARY

Prime Minister Anwar Ibrahim's (PMX) recent international visits to Egypt, Saudi Arabia, Brazil, Peru, Qatar, Russia, China, and South Korea is aimed at revitalizing Malaysia's diplomatic engagements and fostering strategic economic partnerships. PMX's trips to these countries underscore Malaysia's ambition to strengthen trade relations, attract foreign direct investment (FDI), and expand export markets. These efforts aim to mitigate Malaysia's reliance on traditional markets like China, the United States, and the European Union, enhancing economic resilience and diversification. The article highlights Malaysia's participation in trade blocs like the ASEAN-China Free Trade Area (ACFTA), ASEAN-South Korea Free Trade Area (ASKFTA), and Regional Comprehensive Economic Partnership (RCEP). These frameworks, alongside the Look East Policy (LEP), facilitate economic integration through reduced tariffs, technology transfers, and innovation-driven investment. PMX's initiatives emphasize leveraging South Korea's technological expertise and fostering collaboration with countries like China to boost Malaysia's industrial growth and digital transformation. Additionally, visits to less integrated markets in Latin America and the Middle East aim to open new trade and investment avenues, fostering bilateral agreements in renewable energy, manufacturing, and high-tech industries. Through these engagements, Malaysia seeks to secure long-term economic gains, reduce unemployment, and position itself as a competitive global economy, paving the way toward high-income nation status.

### Working Visit to Strengthen Malaysia's Economic Ties

In November 2024, Prime Minister DS Anwar Ibrahim, commonly referred to as PMX, embarked on a series of working visits to Shanghai, Cairo, Riyadh, Rio de Janeiro, Lima, and Doha. Earlier, in September 2024, PMX also visited Russia. His most recent visit was to South Korea, marking the seventh country on his November itinerary.

PMX's recent visit to Egypt, Saudi Arabia, Brazil, Peru, and Qatar with government-linked and private companies has raised questions about funding for travel expenses. The government has disclosed trip details transparently (Norman, 2024). It is crucial to consider the potential trade and investment opportunities from the visit while maintaining good governance.

The potential economic spill-over from job creation and business opportunities in the domestic economy could significantly offset the costs incurred during working visits to Egypt, Saudi Arabia, Brazil, Peru, Qatar, Russia, China, and South Korea. These visits aim to strengthen trade relations, attract foreign direct investment (FDI), and foster bilateral cooperation, which are key drivers of economic growth.

The long-term benefits of these engagements can manifest through increased exports, enhanced market access, and technology transfers, creating a ripple effect across multiple industries. The creation of new jobs, both directly and indirectly, could boost household incomes, improve living standards, and contribute to reducing unemployment rates. In turn, the expansion of businesses, particularly small and medium enterprises, could strengthen the country's economic resilience by fostering innovation, competitiveness, and market diversification.

**The Visits and their Return of Investment: Beyond Economic Benefits**

While the initial monetary costs of official visits may raise concerns, the strategic partnerships formed through these interactions could yield substantial economic returns. By fostering international cooperation and securing FDI, Malaysia can position itself as a competitive player in the global economy, paving the way for sustainable development and long-term prosperity.

From a geopolitical standpoint, Egypt, Saudi Arabia, and Qatar represent the Middle East bloc, a region currently affected by the ongoing Israeli-Palestinian conflict. Brazil and Peru symbolize the Latin American region, while Russia exerts considerable influence in Europe. Meanwhile, China and South Korea embody East and Central Asia. This reflects Malaysia's broad geopolitical outreach and its commitment to maintaining a neutral stance in international relations. Moreover, these countries serve as strategic gateways for expanding Malaysia's export market access across the Middle East, Latin America, Europe, and East-Central Asia.

The working visit aims to revitalize Malaysia's diplomatic engagements and address unresolved conflicts through constructive dialogue and mutual understanding. Diplomatic relations with certain countries have become strained or stagnant due to geopolitical tensions, trade disputes, or shifting international priorities. Such visit provides a timely platform for Malaysia to reaffirm its commitment to fostering peaceful international relations while advancing its economic and strategic interests.

By emphasizing a spirit of solidarity on pressing geopolitical issues, the visit seeks to build consensus on shared challenges, including trade imbalances, regional security concerns, and investment cooperation. Malaysia's approach centres on promoting win-win conflict resolution, where all parties find mutually beneficial solutions that balance economic, political, and security interests.

Strengthening diplomatic ties through high-level engagements can lead to formal agreements, trade deals, and investment commitments that would otherwise remain out of reach. It also signals Malaysia's readiness to play a more proactive role in international diplomacy by positioning itself as a neutral mediator and reliable trade partner.

In the long term, this renewed diplomatic push can translate into closer economic cooperation, increased FDI, and expanded market access for Malaysian goods and services. Furthermore, it reinforces the country's standing in regional and global economic frameworks, contributing to sustained economic growth and enhanced international visibility. Through persistent diplomatic engagement, Malaysia can secure stronger alliances, ensuring its continued relevance and competitiveness in an increasingly interconnected world.

## Pushing for Stronger Economic Relations with East Asian Countries

In the context of Malaysia's visit to China and South Korea, it is important to consider the economic relationships within the ASEAN-China Free Trade Area (ACFTA) and the Regional Comprehensive Economic Partnership (RCEP). China is ranked as the world's second-largest economy in 2023, while Malaysia is ranked 38th. Both Malaysia and South Korea are part of the ASEAN-South Korea Free Trade Area (ASKFTA) and members of the RCEP. South Korea is ranked as the 14th largest economy in the world in 2023 (World Data, 2024).

The ACFTA, ASKFTA, and RCEP are key strategic free trade blocs aimed at fostering unrestricted trade and investment among member countries. These trade agreements play a critical role in enhancing economic integration by reducing tariffs, eliminating trade barriers, and promoting cross-border investment, enabling participating nations to strengthen their economic growth and competitiveness in the global market.

Dr. Mahathir's administration, the 4$^{th}$ Prime Minister, introduced the Look East Policy (LEP) in 1982 to foster relationships with Northeast Asian countries, particularly Japan and to a lesser extent, South Korea. The 6$^{th}$ Prime Minister, DS Najib, continued the LEP in 2013. In December 2023, PMX announced China's inclusion in the LEP, joining Japan and South Korea (Jamil, 2024). The East Coast Rail Link is a key project under the LEP, showcasing Malaysia's collaboration with China (Malaysia Rail Line, 2024). In June 2024, Malaysia and China signed a Memorandum of Understanding for a five-year economic (2024-2028) and trade cooperation plan (Bernama, 2024).

For emerging and rapidly developing economies, including Malaysia, participation in these trade blocs is integral to their long-term growth strategies as they strive to achieve high-income economic status. By leveraging these agreements, Malaysia can tap into broader regional markets, attract FDI, and increase its export potential. However, despite these advantages, Malaysia's economy continues to be categorized within the middle-income range, indicating significant structural challenges that hinder its progress toward becoming a high-income nation.

One of the key factors limiting Malaysia's upward economic mobility is its relatively low level of technological innovation and industrial diversification compared to more advanced economies. Overcoming this barrier requires establishing robust partnerships with technologically advanced countries and securing access to cutting-edge technologies and expertise. In this context, technology transfer and innovation-driven investment become essential.

Countries like South Korea, recognized in 2023 by Global Finance as the world’s most advanced high-tech nation, offer valuable opportunities for collaboration (Getzoff, 2023). Malaysia can benefit from South Korea’s expertise in high-tech industries such as semiconductors, artificial intelligence, and advanced manufacturing. Strategic partnerships, joint ventures, and knowledge-sharing initiatives with South Korean firms could accelerate Malaysia's digital transformation, foster the development of local tech ecosystems, and drive sustainable economic growth.

Meanwhile, as the country progresses towards becoming a high-income economy, the World Bank has projected that Malaysia could attain high-income nation status by 2027, which is seven years later than the Vision 2020 target set by the former 4th Prime Minister (Foong, 2021).

According to data from the Malaysia's Ministry of Investment, Trade and Industry (MITI), China and South Korea are key trading partners and significant investors in Malaysia's manufacturing sector. China and South Korea rank as the 2nd and 10th most important export markets for Malaysia, respectively. From January to September 2024, Malaysia's exports to China and South Korea reached RM137 billion and RM40 billion, respectively. Additionally, China is the primary source of imports for Malaysia, with imports totalling RM218 billion, while South Korea ranks 8th with imports amounting to RM42 billion during the same period. (Ministry of Investment, Trade and Industry Malaysia, 2024)

The Malaysian Investment Development Authority (MIDA) reported that in 2023, China was Malaysia's fifth-largest foreign investor, with total investments of RM11 billion, whereas South Korea ranked eighth, providing RM4 billion in FDI (Malaysian Investment Development Authority, 2024). The establishment of trading blocs such as ACFTA, ASKFTA, and RCEP, along with the LEP, has facilitated robust trade and investment ties between Malaysia and China and South Korea.

## Enhancing Bilateral Relations with Malaysia's Non-Major Trading Partners

Countries such as Egypt, Saudi Arabia, Brazil, Peru, Qatar, and Russia were not listed among Malaysia's top 10 major trading partners from January to September 2024. Malaysia's total exports to these six countries amounted to RM16 billion, with each contributing less than 1% to the country's overall export value (Department of Statistics Malaysia, 2024). This marginal export share highlights Malaysia's relatively limited trade relationships with these nations. Similarly, Malaysia's import patterns from these countries mirrored its export performance, reflecting low-volume trade flows. Moreover, investments from these countries were minimal and sporadic compared to major trading partners like China and South Korea, which demonstrated higher and more consistent growth, emphasizing stronger economic ties (Malaysian Investment Development Authority, 2024).

Prime Minister PMX's official visits to Egypt, Saudi Arabia, Brazil, Peru, Qatar, and Russia however offer a valuable opportunity to strengthen bilateral trade and investment ties. By promoting Malaysia's key export sectors like electronics, palm oil, and manufactured goods, these visits can open new avenues for economic collaboration. Encouraging local businesses to explore these markets through trade missions and investment forums could significantly boost Malaysia's trade volume with these nations. To increase FDI from these countries, Malaysia could implement targeted investment promotion strategies, offer sector-specific incentives, and enhance bilateral investment treaties. Establishing joint ventures in sectors like renewable energy, oil and gas, and high-tech manufacturing could create mutually beneficial partnerships. Deepening economic engagement with these countries will help Malaysia diversify its trade portfolio, reduce reliance on traditional markets, and enhance its resilience against global economic uncertainties. Expanding trade and investment networks will also support Malaysia's goal of achieving high-income economic status through greater market access, technology transfer, and investment-driven industrial development.

Malaysia's relationships with Saudi Arabia, Egypt, and Qatar were influenced by their membership in the Organisation of Islamic Cooperation (OIC), which comprises 57 Muslim countries (Organisation of Islamic Cooperation, 2024). Unlike trade blocs like ACFTA, ASKFTA, and RCEP, the OIC focuses on economic collaboration among Islamic nations. While the impact of institutions like the OIC on trade and investment flows is weaker compared to free trade areas, the OIC has taken steps towards creating a free trading bloc through the TPS-OIC Preferential Trade Agreement introduced in 2022 (COMCEC, 2024). This agreement allows for trade preferences on agreed-upon products without being subjected to trade restrictions on exports or imports. Additionally, the D8 PTA formed in 2011 by eight OIC member countries, including Malaysia and Egypt, also contributes to the goal of a fully free trade region for Islamic countries in the future (Ministry of Investment, Trade and Industry Malaysia, 2024a).

Malaysia has the potential to lead this Islamic free trade area, positioning the bloc as a counter-balance to NAFTA and the EU in shaping the global economic landscape. In today's geopolitical environment, there is a conflict between the Islamic bloc and the West, similar to the past conflicts between the Communists and the West prior to the fall of the Berlin Wall, as well as the Cold War between Russia and the United States.

### Navigating Geopolitics: Malaysia’s Dual Membership in BRICS and APEC

Malaysia recently became a member of the BRICS group, which was formed in 2009 by Brazil, Russia, India, China, and South Africa to foster cooperation and economic development among its member countries, particularly those experiencing rapid growth. BRICS now has 22 member nations (BRICS, 2024). Following discussions between PMX and Russian President Putin during PMX's visit in September 2024, there are plans to strengthen trade relations and economic collaboration in aerospace, advanced technologies, energy transition, and modern agriculture. This development indirectly renews the Russia-Malaysia Joint Commission on Economic, Scientific, Technical, and Cultural Cooperation, established in October 2019 (Embassy of Malaysia, Moscow, 2015). Russia is currently in a conflict with Ukraine, and the situation remains unresolved.

In addition to being part of BRICS, Malaysia is also a member of the Asia-Pacific Economic Cooperation (APEC), which includes China, South Korea, Peru, and Russia. Established in 1989 and led by the United States, APEC aims to promote regional economic integration. However, ongoing geopolitical tensions among the United States, China, and Russia have impeded APEC's progress. Unlike formal free trade blocs that require member states to comply with legally binding agreements, APEC operates as a voluntary economic cooperation forum, with no legal obligation for members to implement agreed-upon initiatives.

**CONCLUSION**

In conclusion, PMX's visits to Russia, Brazil, Egypt, Saudi Arabia, Peru, and Qatar play a critical role in strengthening Malaysia's trade and investment ties through the potential negotiation of bilateral free trade agreements (FTAs). Expanding these relationships would diversify Malaysia's trade portfolio, reducing over-reliance on traditional markets such as China, the United States, and the European Union. This diversification would enhance Malaysia's economic resilience by opening access to emerging markets, creating new export opportunities, and attracting FDI. Additionally, Malaysia could leverage its growing international presence to advocate for the transformation of BRICS into a fully integrated trade bloc. Such a development would enable BRICS to function similarly to major economic alliances like NAFTA and the EU, fostering deeper trade cooperation, economic integration, and shared prosperity among member countries. This strategic move would enhance Malaysia's influence within the global trade system, positioning it as a key player in shaping future economic policies and trade standards on a multilateral scale.

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