

The Belt and Road Initiative and Malaysia-China Kuantan Industrial Park: Economic Connectivity, Foreign Direct Investment and Regional Development in Malaysia

E.T. Pua¹

P.C. Lai²

University Tun Abdul Razak (UNIRAZAK)

¹p.engteck@ur.unirazak.edu.my

²profdrlai@unirazak.edu.my

Abstract

The Belt and Road Initiative (BRI), introduced by China in 2013, has emerged as one of the most influential international development and connectivity initiatives in the contemporary global economy. Through infrastructure development, trade facilitation, investment cooperation and regional integration, the BRI has reshaped economic relations between China and participating countries across Asia, Europe, Africa and beyond. Malaysia has become one of the most important Southeast Asian participants in the initiative due to its strategic geographical location, strong diplomatic relationship with China and openness towards foreign direct investment. Among the flagship projects under the BRI framework in Malaysia is the Malaysia-China Kuantan Industrial Park (MCKIP), which has attracted considerable attention due to its potential to stimulate industrial growth, employment opportunities, infrastructure expansion and regional economic transformation. This journal article critically examines the development of the BRI from global and Malaysian perspectives while focusing specifically on the role of MCKIP as a catalyst for regional economic development. The study explores the historical background of the BRI, the achievements and challenges associated with its implementation, China's diplomatic landscape, ASEAN's response to the initiative and the influence of foreign direct investment within the MCKIP development framework. In addition, the study analyses the importance of supporting infrastructure such as Kuantan Port and the East Coast Rail Link (ECRL), which are regarded as strategic game changers for the East Coast Economic Region (ECER). The findings indicate that the BRI has significantly strengthened Malaysia-China economic relations through industrial cooperation, infrastructure investment and trade connectivity. MCKIP has successfully attracted billions of ringgits in foreign direct investment, especially from China, while contributing to local industrialization and employment creation. However, concerns regarding debt sustainability, governance, environmental impact, local participation and transparency continue to shape public debates surrounding the BRI projects in Malaysia. The article further highlights that while the BRI offers significant economic opportunities, long-term success depends on balanced governance, sustainable development policies, local stakeholder engagement and transparent implementation mechanisms.

Keywords: ASEAN, Belt and Road Initiative, China-Malaysia Relations, Foreign Direct Investment, Malaysia-China Kuantan Industrial Park.

1. Introduction

The rapid rise of China as a global economic power has significantly transformed the international political and economic landscape over the last four decades. Since the implementation of Deng Xiaoping's reform and opening-up policies in the late 1970s, China has successfully transitioned from a centrally planned economy into one of the world's leading manufacturing and trading nations. As China's economic influence expanded globally, the country began introducing new international initiatives aimed at enhancing regional integration, economic cooperation and infrastructure connectivity.

One of the most ambitious strategies introduced by China is the BRI, formerly known as One Belt One Road (OBOR). Officially announced by President Xi Jinping in 2013, the BRI aims to improve connectivity and economic cooperation among countries across Asia, Europe, Africa and the Middle East through infrastructure investment, trade facilitation, financial integration and people-to-people exchanges. The initiative consists of two major components namely the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

The BRI has rapidly expanded its geographical and economic influence, involving more than 140 countries and international organizations globally. China views the initiative as a platform to encourage peaceful development, enhance trade relations, promote infrastructure connectivity and create mutual economic benefits. Supporters of the BRI argue that it provides developing countries with much-needed infrastructure financing and economic opportunities. However, critics continue to raise concerns regarding debt dependency, political influence, environmental sustainability and governance transparency.

Malaysia is among the earliest Southeast Asian countries to support and participate actively in the BRI. The strong diplomatic ties between Malaysia and China date back to 1974 when Malaysia became the first ASEAN country to establish diplomatic relations with the People's Republic of China. Since then, bilateral relations between the two countries have continued to strengthen through trade, investment and cultural cooperation.

Within the Malaysian context, one of the most significant BRI-related developments is the MCKIP, located in Kuantan, Pahang. MCKIP was developed as a flagship project under the "Two Countries, Twin Parks" cooperation model between Malaysia and China, alongside the China-Malaysia Qinzhou Industrial Park (CMQIP) in Guangxi, China. The industrial park aims to attract foreign direct investment, strengthen industrial cooperation and promote economic development in Malaysia's East Coast Economic Region.

The development of MCKIP is closely linked to strategic infrastructure projects such as Kuantan Port and the ECRL. These projects collectively aim to transform Kuantan into a major industrial and logistics hub connecting Malaysia to regional and global markets. Through these developments, the

Malaysian government hopes to narrow the economic gap between the east and west coasts of Peninsular Malaysia while creating employment opportunities and stimulating industrial growth.

This article examines the role of the BRI in Malaysia with particular emphasis on MCKIP and its broader economic implications. The article also analyses the achievements, challenges and geopolitical implications associated with the initiative while exploring ASEAN responses and regional dynamics.

2. Literature Review

2.1 Belt and Road Initiative: Global and Malaysian Perspectives

The Belt and Road Initiative has become one of the most widely discussed international development initiatives in the world today. Since its introduction in 2013, the BRI has attracted global attention due to its scale, financial commitment and geopolitical implications. The initiative aims to create a comprehensive network of trade routes, infrastructure corridors and economic partnerships connecting China with countries across Asia, Europe and Africa.

The BRI emerged during a period when China sought to strengthen its international influence while addressing domestic economic challenges such as industrial overcapacity, slowing economic growth and regional inequality. Through infrastructure investment and trade cooperation, China aims to expand global markets, secure energy routes and promote economic integration. The concept of the Silk Road has deep historical significance. Historically, the Silk Road served as a major trade route linking China with Central Asia, the Middle East and Europe. Through the BRI, China seeks to revive this historical legacy while adapting it to modern economic and geopolitical realities.

The BRI consists of six major economic corridors including the China-Pakistan Economic Corridor, the China-Indochina Peninsula Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor. The initiative also includes large-scale infrastructure investments such as railways, ports, highways, industrial parks and telecommunications networks. In Malaysia, the BRI has primarily influenced infrastructure development, manufacturing, logistics and trade cooperation. Major projects associated with the BRI include the ECRL, Kuantan Port expansion and MCKIP. These projects are expected to improve regional connectivity and stimulate economic development.

Malaysia's strategic geographical position along major maritime trade routes makes the country an important participant in the Maritime Silk Road. China views Malaysia as a critical gateway connecting East Asia with Southeast Asia and the Indian Ocean. Despite the economic opportunities associated with the BRI, various concerns have emerged. Critics argue that some BRI projects may lead to excessive debt burdens for participating countries. Others question the transparency of project negotiations, environmental impacts and the extent of local economic participation.

In Malaysia, public opinion regarding the BRI remains divided. Supporters emphasise the potential economic benefits including infrastructure development, employment creation and increased foreign investment. However, opponents raise concerns about national sovereignty, debt dependency and foreign influence. Nevertheless, the BRI has significantly strengthened Malaysia-China relations and positioned Malaysia as a major participant in regional economic integration.

2.2 Achievements of the BRI

Since its introduction, the BRI has achieved substantial progress in infrastructure development and international economic cooperation. China has invested heavily in railway systems, ports, industrial parks and telecommunications infrastructure both domestically and internationally. China's infrastructure achievements are closely linked to the success of the BRI. Over the past decade, China has become the world leader in high-speed rail development. By 2020, China's high-speed railway network exceeded 38,000 kilometres, making it the largest in the world.

The BRI has also facilitated the expansion of China-Europe freight train services, which have significantly improved trade connectivity between Asia and Europe. Thousands of freight train trips are conducted annually, transporting goods across multiple countries and regions. Internationally, China has invested billions of dollars in infrastructure projects across participating countries. Ports, railways, highways and industrial zones have been developed under the BRI framework.

In ASEAN countries, the BRI has supported the development of transportation networks, industrial cooperation and logistics infrastructure. Examples include the Jakarta-Bandung High-Speed Railway in Indonesia, the China-Laos Railway and industrial cooperation projects in Malaysia. China has also established major financing mechanisms to support the BRI, including the Asian Infrastructure Investment Bank (AIIB), Silk Road Fund and policy banks such as the China Development Bank and Export-Import Bank of China.

The initiative has contributed to increased trade flows between China and participating countries. Bilateral trade between China and BRI countries has reached trillions of dollars, demonstrating the growing economic significance of the initiative. However, despite these achievements, challenges remain regarding financial sustainability, geopolitical tensions and project implementation.

2.3 China's Diplomatic Landscape and the BRI

The BRI is closely connected to China's broader diplomatic and geopolitical strategy. Through the initiative, China seeks to strengthen international partnerships, expand economic influence and promote a new model of global cooperation. President Xi Jinping introduced the concept of the "Chinese Dream" as part of China's national rejuvenation strategy. Within this framework, the BRI represents an important mechanism for enhancing China's global leadership role.

China's diplomatic approach under the BRI emphasizes principles such as mutual cooperation, win-win development and shared prosperity. China argues that the initiative promotes peaceful development rather than geopolitical confrontation. The BRI also supports China's objective of internationalizing its industries, technologies and financial systems. By investing in overseas infrastructure projects, Chinese companies gain access to international markets while reducing domestic industrial overcapacity.

Furthermore, China has actively promoted multilateral cooperation through institutions such as the AIIB and regional economic partnerships. Nevertheless, some countries remain cautious regarding China's growing influence. Critics argue that the BRI may enhance China's geopolitical leverage over participating countries. Concerns have also emerged regarding strategic infrastructure ownership

and political influence. Despite these concerns, China continues to position the BRI as an inclusive and cooperative international initiative.

2.4 ASEAN Perspectives on the BRI

ASEAN countries play a critical role within the BRI due to their strategic geographical position and economic significance. Southeast Asia serves as a key transit region connecting China with the Indian Ocean, Europe and Africa. China and ASEAN have developed strong economic relations over the past several decades. China has become ASEAN's largest trading partner while ASEAN remains one of China's most important regional economic partners.

ASEAN countries have demonstrated varying levels of support towards the BRI. Countries such as Cambodia and Laos strongly support the initiative due to significant Chinese investment and infrastructure development assistance. Meanwhile, countries such as Malaysia, Indonesia and Thailand have adopted more conditional approaches. These countries support infrastructure cooperation but also seek to ensure national interests, local participation and financial sustainability. Vietnam and the Philippines have shown greater caution due to territorial disputes with China in the South China Sea.

Despite differences in perspectives, ASEAN countries generally recognize the importance of infrastructure development and regional connectivity. Many ASEAN states view the BRI as an opportunity to address infrastructure gaps and attract foreign investment. However, concerns regarding debt dependency, transparency, labour practices and environmental impacts continue to influence public debates.

The South China Sea dispute remains a significant factor shaping China-ASEAN relations. Territorial tensions have complicated regional cooperation despite growing economic interdependence. Nevertheless, ASEAN and China continue to strengthen cooperation through trade agreements, infrastructure partnerships and diplomatic dialogue.

3. Foreign Direct Investment and MCKIP Development

3.1 Introduction to MCKIP

The MCKIP is one of the most important BRI-related projects in Malaysia. Located in Kuantan, Pahang, MCKIP was officially launched in 2013 as part of the "Two Countries, Twin Parks" cooperation model between Malaysia and China.

The industrial park was developed to strengthen bilateral economic cooperation, attract foreign direct investment and stimulate industrial growth in Malaysia's East Coast Economic Region. MCKIP covers a large industrial area strategically located near Kuantan Port. The industrial park focuses on sectors such as steel manufacturing, aluminium processing, renewable energy, tires, chemicals and advanced manufacturing.

The Malaysian government has provided significant support for the development of MCKIP through infrastructure investment, tax incentives and industrial policies. Incentives include corporate tax exemptions, import duty exemptions and infrastructure support. The establishment of MCKIP

reflects Malaysia's strategy to attract high-value foreign investment while strengthening regional industrial development.

3.2 Foreign Direct Investment in MCKIP

Foreign direct investment plays a critical role in the development of MCKIP. Since its establishment, the industrial park has attracted billions of ringgits in investment commitments from Chinese and international companies.

One of the earliest and most successful investors in MCKIP is Alliance Steel (M) Sdn Bhd. The company invested approximately RM5.6 billion in a steel manufacturing facility and created thousands of employment opportunities. The success of Alliance Steel demonstrated the potential of MCKIP as an industrial and manufacturing hub. The project significantly contributed to local economic activities and export growth. Other investment projects in MCKIP involve sectors such as renewable energy, tyre manufacturing, battery production and aluminium processing.

However, not all proposed investments were successfully implemented. Some projects faced delays, cancellation or suspension due to regulatory challenges, market uncertainties and the COVID-19 pandemic. For example, certain planned investments involving renewable energy and advanced manufacturing were unable to proceed smoothly due to bureaucratic procedures and investment uncertainties.

The COVID-19 pandemic also disrupted international investment flows and delayed project implementation. Despite these challenges, MCKIP continues to attract investor interest due to its strategic location, government incentives and proximity to Kuantan Port.

3.3 Economic Contributions of MCKIP

MCKIP has generated multiple economic benefits for Malaysia, particularly for the East Coast region. First, the industrial park has contributed significantly to employment creation. Thousands of local workers have been employed in manufacturing, logistics, engineering and support services.

Second, MCKIP has stimulated industrial development and export activities. Manufacturing companies operating within the industrial park contribute to Malaysia's industrial production and export revenues. Third, the development of MCKIP has encouraged infrastructure expansion including roads, utilities, logistics facilities and port development. Fourth, MCKIP has strengthened Malaysia-China economic relations through industrial cooperation and investment partnerships.

The industrial park also contributes to regional economic development by attracting supporting industries, small businesses and service providers. However, concerns remain regarding the extent of technology transfer and local business participation. Critics argue that some Chinese companies rely heavily on imported labour, materials and supply chains rather than local businesses.

There are also debates regarding whether local small and medium enterprises (SMEs) benefit sufficiently from large-scale foreign investments. Despite these concerns, MCKIP remains an important component of Malaysia's industrial development strategy.

4. Kuantan Port and Strategic Connectivity

4.1 Importance of Kuantan Port

Kuantan Port plays a crucial role in the development of MCKIP and the broader East Coast Economic Region. Located along the South China Sea, Kuantan Port serves as an important gateway for regional and international trade.

The port's strategic geographical position provides direct maritime connectivity between Malaysia and East Asian markets including China. Historically, Kuantan Port functioned primarily as a regional cargo port. However, the rapid expansion of industrial activities under the BRI created the need for major port upgrades and expansion. The collaboration between Malaysian stakeholders and China's Guangxi Beibu Gulf International Port Group significantly accelerated the development of Kuantan Port.

4.2 Expansion and Development

The expansion of Kuantan Port includes the construction of deep-water terminals capable of handling larger vessels and increased cargo volumes. The port expansion project aims to transform Kuantan into a major logistics and industrial hub supporting MCKIP and regional trade activities.

The development of Kuantan Port is closely linked to the East Coast Economic Region Development Council (ECERDC) and Malaysia's regional development strategy. The port supports the import of raw materials and export of manufactured goods from industries operating within MCKIP.

Kuantan Port's connectivity with China also strengthens Malaysia's participation in regional supply chains and maritime trade routes. Compared to other Malaysian ports, Kuantan Port offers shorter maritime distances to China, potentially reducing transportation time and logistics costs. The integration of Kuantan Port with rail and road infrastructure further enhances its strategic importance.

4.3 Challenges and Opportunities

Despite its strategic advantages, Kuantan Port faces competition from established regional ports such as Singapore and Port Klang. To remain competitive, continuous investment in port infrastructure, logistics efficiency and technological capabilities is necessary.

Environmental sustainability and community impact must also be carefully managed. Nevertheless, the port's expansion creates significant opportunities for regional industrialization, trade growth and foreign investment. The successful integration of Kuantan Port with MCKIP and the ECRL could strengthen Malaysia's role as a regional logistics and manufacturing hub.

5. East Coast Rail Link (ECRL) as a Game Changer

5.1 Background of the ECRL

The ECRL is one of Malaysia's largest infrastructure projects and a major component of BRI cooperation. The railway project aims to connect Malaysia's east coast states including Kelantan, Terengganu and Pahang with the more developed west coast region. The ECRL is expected to improve transportation connectivity, reduce travel time and stimulate regional economic development. The project is financed primarily through loans from China's Export-Import Bank while construction is led by China Communications Construction Company (CCCC).

5.2 Economic Benefits

Supporters of the ECRL argue that the project will significantly enhance economic integration and regional development. The railway is expected to facilitate freight transportation, improve logistics efficiency and encourage industrial activities. The ECRL will also support tourism development and improve accessibility for businesses and local communities.

Importantly, the project aims to reduce the economic gap between the east and west coasts of Peninsular Malaysia. The railway's integration with Kuantan Port and MCKIP strengthens Malaysia's transportation network and industrial connectivity. The project is expected to create employment opportunities during both construction and operational phases.

5.3 Concerns and Criticism

Despite its potential benefits, the ECRL has generated significant public debate and criticism. One major concern relates to the project's high construction cost and long-term financial implications. Critics question whether the railway will generate sufficient economic returns to justify its cost. There are also concerns regarding transparency, procurement processes and governance.

Environmental groups have raised objections regarding potential ecological impacts including deforestation and disruption to wildlife habitats. Some analysts argue that the ECRL primarily serves China's geopolitical interests rather than Malaysia's economic priorities. Others question the level of local participation and technology transfer associated with the project. Despite these concerns, the Malaysian government continues to support the ECRL as a long-term strategic infrastructure investment.

6. Discussion

The implementation of the Belt and Road Initiative in Malaysia demonstrates both significant opportunities and complex challenges. Through projects such as MCKIP, Kuantan Port and the ECRL, Malaysia has strengthened its economic relationship with China while attracting substantial foreign investment.

The BRI has contributed positively to infrastructure development, industrialization and regional connectivity. In particular, MCKIP has emerged as a major industrial hub supporting manufacturing growth and employment creation. Infrastructure projects associated with the BRI have also

improved transportation networks and logistics capabilities, potentially enhancing Malaysia's regional competitiveness.

However, concerns regarding governance, debt sustainability and local participation remain highly relevant. The debate surrounding the ECRL illustrates broader public concerns regarding transparency and long-term economic viability. Similarly, questions regarding the extent of local business participation within MCKIP highlight the importance of inclusive development strategies. To maximize the benefits of the BRI, Malaysia must ensure that infrastructure and industrial projects align with national development priorities.

Local stakeholder engagement, environmental sustainability and transparent governance mechanisms are essential for long-term project success. The Malaysian government should also strengthen policies encouraging technology transfer, local employment and SME participation.

From a regional perspective, ASEAN countries continue to balance economic cooperation with China against broader geopolitical considerations. The South China Sea dispute and strategic competition between major powers continue to shape regional dynamics. Nevertheless, economic interdependence between China and ASEAN is expected to continue growing. The future success of the BRI in Malaysia and ASEAN will depend largely on mutual trust, sustainable development practices and effective governance.

6.1 Socioeconomic Implications of the BRI in Malaysia

Beyond infrastructure and industrial development, the BRI has also generated broader socioeconomic implications for Malaysia. The arrival of large-scale Chinese investment projects has created new employment opportunities, stimulated regional urbanization and encouraged the development of supporting industries and services.

In regions such as Kuantan and the wider East Coast Economic Region, the expansion of industrial activities has contributed to rising demand for housing, transportation, logistics services, retail activities and education facilities. Local businesses including restaurants, accommodation providers and transportation operators have also benefited indirectly from industrial and construction activities.

The development of MCKIP and supporting infrastructure has accelerated urban transformation in Kuantan. Areas surrounding the industrial park have witnessed increasing commercial activities and land value appreciation. The inflow of foreign investors and workers has also contributed to changes in the local economic landscape.

However, socioeconomic transformation also creates challenges. Rapid industrialization may contribute to rising living costs, environmental pressure and uneven distribution of economic benefits. Concerns have emerged regarding whether local communities receive sufficient long-term benefits from foreign-led industrial projects. Employment creation remains one of the most important arguments supporting BRI projects in Malaysia. Major projects such as Alliance Steel have created thousands of jobs for Malaysians. Nevertheless, public debates continue regarding the proportion of local versus foreign workers employed in these projects.

Some critics argue that Chinese companies tend to bring their own labour force, engineering expertise and supply chain systems, potentially limiting opportunities for local firms and workers. Others contend that local participation improves gradually over time as industries mature and local capacities develop.

The issue of technology transfer is equally important. Ideally, foreign direct investment should contribute not only to capital inflows but also to knowledge transfer, technical training and productivity improvement. Malaysia's long-term economic competitiveness depends significantly on whether local firms and workers can acquire new industrial skills and technological capabilities through participation in BRI-related projects. Educational institutions and vocational training centers may therefore play an important role in supporting industrial transformation linked to MCKIP and the broader BRI ecosystem. Strengthening cooperation between industries, universities and training centers could improve workforce readiness and local technological capabilities.

Moreover, the BRI has influenced public perceptions towards China in Malaysia. While some Malaysians view Chinese investment positively due to economic opportunities and infrastructure development, others remain cautious regarding sovereignty issues, strategic dependence and political influence.

Public opinion towards the BRI often fluctuates according to domestic political developments and changing government policies. Following Malaysia's 2018 general election, several BRI-related projects underwent review and renegotiation under the new administration due to concerns regarding project costs and governance. This demonstrates that while the BRI may be economically driven, it is also deeply influenced by domestic politics, public sentiment and governance expectations.

6.2 Environmental Sustainability and Governance Challenges

Environmental sustainability has become an increasingly important issue in evaluating the long-term impact of BRI projects. Large-scale infrastructure and industrial developments inevitably affect ecosystems, biodiversity and local communities.

In Malaysia, environmental concerns associated with projects such as the ECRL include deforestation, habitat fragmentation, water pollution and ecological disruption. Environmental organizations have raised concerns regarding the potential impact of railway construction on protected forest areas and wildlife corridors. Malaysia's Central Forest Spine, an important ecological conservation initiative, could face pressure from infrastructure expansion if mitigation measures are not properly implemented.

Industrial projects within MCKIP also raise environmental concerns related to emissions, waste management and industrial pollution. Heavy industries such as steel manufacturing and aluminium processing require strict environmental monitoring and regulatory compliance.

Balancing economic development with environmental sustainability remains a major policy challenge. While industrialization contributes to economic growth, inadequate environmental governance could generate long-term ecological and public health consequences. To address these concerns, stronger environmental impact assessment mechanisms, regulatory enforcement and

corporate accountability are necessary. Environmental governance should not be viewed merely as a regulatory requirement but as an integral component of sustainable development. The concept of “green BRI” has increasingly gained attention in recent years. China has expressed commitment towards promoting environmentally sustainable infrastructure development under the BRI framework.

However, the implementation of green development principles varies significantly across projects and countries. Participating countries such as Malaysia must therefore establish clear environmental standards and monitoring systems to ensure compliance. Governance transparency is another major issue frequently associated with BRI projects. Critics have questioned procurement procedures, financing structures and contractual transparency.

The ECRL project, for example, became a subject of political debate due to concerns regarding project cost, negotiation transparency and debt obligations. Public procurement processes and governance mechanisms remain critical factors influencing public confidence. Transparent governance is essential for ensuring that infrastructure investments generate broad-based socioeconomic benefits while minimizing corruption risks and financial inefficiencies.

Furthermore, governance quality affects investor confidence, project sustainability and public acceptance. Projects perceived as lacking transparency or accountability may face political resistance and reputational challenges. Malaysia’s experience demonstrates the importance of balancing foreign investment attraction with strong governance standards and institutional oversight.

6.3 Geopolitical Dimensions of the BRI in Southeast Asia

The Belt and Road Initiative cannot be understood purely from an economic perspective because it also carries important geopolitical implications. Southeast Asia occupies a strategically important position within the BRI due to its location along major maritime trade routes and proximity to the South China Sea. China’s increasing economic presence in ASEAN through infrastructure investment, trade and diplomatic engagement has strengthened its regional influence.

However, China’s rise has also intensified strategic competition among major powers including the United States, Japan and India. The South China Sea dispute remains one of the most sensitive geopolitical issues affecting China-ASEAN relations. Several ASEAN member states including Vietnam, the Philippines, Malaysia and Brunei maintain overlapping territorial claims with China in the South China Sea. These disputes influence regional perceptions towards China’s broader strategic intentions.

The United States continues to maintain strong political and security interests in Southeast Asia through alliances, military cooperation and diplomatic engagement. As China expands its economic influence through the BRI, the region increasingly becomes an arena for strategic competition between major powers. Some analysts argue that the BRI enables China to expand its geopolitical influence through economic dependency and strategic infrastructure investments. Others argue that the initiative primarily reflects economic pragmatism and development cooperation.

In reality, the BRI likely represents a combination of economic, political and strategic objectives. For ASEAN countries, maintaining strategic balance remains essential. Most ASEAN governments seek to

benefit economically from Chinese investment while simultaneously preserving diplomatic flexibility and national sovereignty.

Malaysia's approach towards the BRI illustrates this balancing strategy. While Malaysia actively participates in BRI projects and welcomes Chinese investment, it also periodically reviews projects to ensure alignment with national interests and fiscal sustainability. ASEAN's principle of centrality also shapes regional responses towards major power competition. ASEAN generally prefers multilateral dialogue, regional stability and economic cooperation over direct geopolitical confrontation.

The future trajectory of the BRI in Southeast Asia will depend significantly on how China manages regional concerns regarding sovereignty, transparency and strategic trust.

6.4 Future Prospects of MCKIP and BRI Cooperation

Looking forward, MCKIP possesses substantial potential to become a major industrial and logistics hub within Southeast Asia. The continued expansion of Kuantan Port, integration with the ECRL and development of industrial supply chains could significantly strengthen regional economic connectivity. Malaysia's strategic location, stable business environment and relatively developed infrastructure continue to attract foreign investors.

If managed effectively, MCKIP could support Malaysia's ambitions to strengthen advanced manufacturing, industrial diversification and export-oriented growth. Future development priorities should focus on enhancing local participation, technological upgrading and environmental sustainability. Encouraging partnerships between foreign investors and Malaysian SMEs could strengthen domestic industrial ecosystems and improve technology transfer. The Malaysian government may also strengthen vocational education and technical training programmes aligned with industrial demands within MCKIP.

Digital transformation and green technology adoption will likely become increasingly important in future industrial development strategies. Smart manufacturing, renewable energy integration and sustainable logistics systems may enhance long-term competitiveness. At the regional level, ASEAN-China economic cooperation is expected to continue expanding despite geopolitical uncertainties. Trade interdependence between China and ASEAN has grown steadily and will likely remain a major driver of regional economic integration. The Regional Comprehensive Economic Partnership (RCEP) further strengthens regional economic cooperation involving China and ASEAN countries.

However, long-term success depends on ensuring that economic cooperation remains inclusive, sustainable and mutually beneficial. Malaysia's experience with the BRI offers valuable lessons for other developing countries regarding the importance of governance, strategic planning and stakeholder engagement. While foreign infrastructure investment can accelerate economic development, projects must align with national priorities and deliver meaningful long-term benefits to local communities. Ultimately, the BRI's success in Malaysia will depend not only on financial investment or physical infrastructure but also on trust, transparency, sustainability and effective policy implementation.

7. Conclusion

The BRI represent one of the most ambitious international development strategies of the twenty-first century. Through infrastructure development, investment cooperation and regional connectivity, the initiative has reshaped economic relations between China and participating countries. Malaysia has emerged as a key participant in the BRI due to its strategic geographical location, strong bilateral relations with China and openness towards foreign investment. The MCKIP, Kuantan Port and the ECRL illustrate how the BRI has influenced Malaysia's industrial and infrastructure development.

MCKIP has successfully attracted significant foreign direct investment and contributed to industrial growth, employment creation and regional economic development. Kuantan Port and the ECRL further strengthen Malaysia's logistics and transportation connectivity while supporting broader regional integration. However, the implementation of BRI projects also presents significant challenges including debt sustainability, environmental concerns, governance transparency and geopolitical implications. To ensure long-term success, Malaysia must adopt balanced and sustainable development approaches that prioritize national interests, local participation and transparent governance.

Ultimately, the BRI offers substantial opportunities for Malaysia and ASEAN, but successful outcomes depend on effective management, inclusive policies and mutual cooperation between all stakeholders.

References

- Abdullah, R., et al. (2024). Trust Dynamics in BRI Projects: Evidence from Malaysia. *Journal of Asian Economics*.
- Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behaviour and Human Decision Processes*, 50(2), 179–211.
- Alalwan, A. A., Dwivedi, Y. K., Rana, N. P., & Williams, M. D. (2017). Consumer adoption of mobile banking in Jordan. *Information Systems Management*, 34(1), 35–46.
<https://doi.org/10.1080/10580530.2017.1250301>
- Alalwan, A. A., Dwivedi, Y. K., Rana, N. P., & Williams, M. D. (2017). Social media in marketing: A review and analysis of the existing literature. *Telematics and Informatics*, 34(7), 1177–1190.
- Alghazi, B. D., Idris, S., & Rahman, M. S. (2023). Revisiting technology adoption models in public sectors. *Government Information Quarterly*, 40(1), 101745.
<https://doi.org/10.1016/j.giq.2022.101745>
- Alzahrani, A. I., Al-Karaghoul, W., & Weerakkody, V. (2021). Investigating the acceptance of mobile government services in Saudi Arabia. *Government Information Quarterly*, 38(1), 101519.
- Armitage, C. J., & Conner, M. (2001). Efficacy of the theory of planned behaviour: A meta-analytic review. *British Journal of Social Psychology*, 40(4), 471–499.
<https://doi.org/10.1348/014466601164939>
- Asia Foundation. (2022). Social Impact and Community Perception of Belt and Road Initiative Projects in Malaysia. Retrieved from <https://asiafoundation.org>
- Azmi, N. S., Hussain, M. A., & Ariffin, N. M. (2021). Factors Influencing the Adoption of E-Government Services in Malaysia: A UTAUT Approach. *Journal of Technology and Operations Management*, 16(2), 1–14.
- Bagozzi, R. P. (2007). The legacy of the technology acceptance model. *Journal of the Association for Information Systems*, 8(4), 244–254. <https://doi.org/10.17705/1jais.00154>
- Baker, T. L. (1994). *Doing social research* (2nd ed.). McGraw-Hill.
- Borge, M. A., et al. (2021). The role of governance in international development projects. *International Journal of Project Management*, 39(6), 839–848.
- Brown, T. A. (2015). *Confirmatory factor analysis for applied research* (2nd ed.). Guilford Press.
- Bryman, A. (2012). *Social research methods* (4th ed.). Oxford University Press.

- Bryman, A., & Bell, E. (2007). *Business research methods* (2nd ed.). Oxford University Press.
- Chen, X., et al. (2023). "Risk and Trust in BRI Participation." *International Business Review*, 32(4), 101-120
- Chen, X. S., & Lai, P. C. (2023). The novel thinking exploration model for Blockchain Technology Financial Sharing Services. *Journal of Information Systems and Technology Management*.
<https://doi.org/10.4301/S1807-1775202320005>
- Chong, L. L., Md Nor, K., & Goh, H. H. (2022). Challenges and Readiness for BRI Engagement among Malaysian SMEs. *Asian Journal of Business Research*, 12(3), 45-67.
- Chong, L. Y., Tan, C. H., & Ismail, H. (2022). Infrastructure readiness and SME participation in the Belt and Road Initiative: Evidence from Malaysia. *Malaysian Journal of Economic Studies*, 59(3), 305-322.
- Cohen, J. (1988). *Statistical power analysis for the behavioural sciences* (2nd ed.). Lawrence Erlbaum.
- Cooper, D. R., & Schindler, P. S. (2008). *Business research methods* (10th ed.). McGraw-Hill/Irwin.
- Crotty, M. (1998). *The foundations of social research: Meaning and perspective in the research process*. SAGE Publications.
- Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13(3), 319-340.
- DeVellis, R. F. (2017). *Scale development: Theory and applications* (4th ed.). Sage Publications.
- Dillman, D. A., Smyth, J. D., & Christian, L. M. (2014). *Internet, phone, mail, and mixed-mode surveys*. John Wiley & Sons.
- Dwivedi, Y. K., Rana, N. P., Jeyaraj, A., Clement, M., & Williams, M. D. (2019). Re-examining the unified theory of acceptance and use of technology (UTAUT). *Information Systems Frontiers*, 21(3), 719-734. <https://doi.org/10.1007/s10796-019-09966-4>
- Dwivedi, Y. K., Shareef, M. A., Simintiras, A. C., Lal, B., & Weerakkody, V. (2017). A generalised adoption model for services. *Government Information Quarterly*, 34(1), 85-93.
<https://doi.org/10.1016/j.giq.2016.11.003>
- Field, A. (2013). *Discovering statistics using IBM SPSS statistics* (4th ed.). Sage.
- Field, A. (2018). *Discovering statistics using IBM SPSS Statistics* (5th ed.). Sage.
- Ferdinand, P. (2022). China's Belt and Road: Political trust and global governance. *Global Policy*, 13(1), 72-83

- Fishbein, M., & Ajzen, I. (2010). Predicting and changing behavior: The reasoned action approach. Psychology Press.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39–50.
<https://doi.org/10.1177/002224378101800104>
- Fu, C. & Lai, Y. (2023). Institutional Barriers and SME Participation in China's Belt and Road Initiative: A Southeast Asian Perspective. *Asian Development Policy Review*, 11(1), 30–49.
- Fu, J. Q., & Lai, P. C. (2023). Construction of Occupational Competence Model for Higher Vocational Teachers. *Technology Management and Its Social Impact on Education*.
<https://doi.org/10.4018/978-1-6684-9103-4.ch009>
- Gefen, D., Karahanna, E., & Straub, D. W. (2003). Trust and TAM in Online Shopping: An Integrated Model. *MIS Quarterly*, 27(1), 51–90.
- Goh, S. K., & Soo, C. K. (2020). BRI in Malaysia: Between opportunities and caution. *Asia Pacific Business Review*, 26(4), 515–534.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Pearson.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2020). *Multivariate data analysis* (8th ed.). Cengage Learning.
- Heale, R., & Twycross, A. (2015). Validity and reliability in quantitative studies. *Evidence-Based Nursing*, 18(3), 66–67. <https://doi.org/10.1136/eb-2015-102129>
- Harrison, R., Scheela, W., Lai, P. C., & Vivekarajah, S. (2017). Beyond institutional voids and the middle-income trap? The emerging business angel market in Malaysia. *Asia Pacific Journal of Management*, 1-27.
- Harrison, R., Lin, Z., & Pang, E. (2017). Institutional influences on project participation under the Belt and Road Initiative. *Governance and Policy Review*, 11(1), 45–62.
- Hofstede, G. (1984). *Culture's consequences: International differences in work-related values*. Sage Publications.
- Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions and organizations across nations* (2nd ed.). Sage Publications.
- Hu, L., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling*, 6(1), 1–55.
<https://doi.org/10.1080/10705519909540118>

- Huang, Y. (2016). Understanding China's Belt and Road Initiative: Motivation, framework, and assessment. *China Economic Review*, 40, 314–321.
- Ifinedo, P. (2012). Understanding information systems security policy compliance. *Information & Management*, 49(3-4), 165–175.
- Johnston, R., & Tsui, K. (2023). Institutional Quality and Public Support for China's Belt and Road Initiative. *Journal of International Affairs*, 76(1), 115–136.
- Khan, S., Liu, X., & Shafi, M. (2022). Perceptions of CPEC in Pakistan. *Sustainability*, 14(9), 5236.
- Kuang, B. W., & Lai, P. C. (2023). Factors influencing behavioural intention to use e-CNY among college students in Guangzhou City, China. In P. Lai (Ed.), *Technology Management and Its Social Impact on Education* (pp. 130–143). IGI Global.
- Lai, K. H., & Zainal, Z. (2015). Challenges in implementing the Belt and Road Initiative in Malaysia. *Asian Economic Journal*, 29(2), 147–161.
- Lai, P. C. (2017). The literature review of technology adoption models and theories for the novelty technology. *Journal of Information Systems and Technology Management*, 14(1), 21–38.
- Lai, P. C. (2018). Research methodology for novelty technology. *Journal of Information Systems and Technology Management*, 15, 1–18.
- Lai, P. C., Lim, C S, (2019), The Effects of Efficiency, Design and Enjoyment on Single Platform E-payment Research in Business and Management 6 (2), 19-34
- Lai, Y. W., & Zainal, A. A. (2015). The Malaysian perspective on the Belt and Road Initiative: Issues and challenges. *Journal of Contemporary Southeast Asian Studies*, 3(2), 102–120.
- Leary, M. R. (2004). *Introduction to behavioral research methods* (4th ed.). Pearson Education.
- Li, Y., & Zhou, M. (2022). "Institutional Trust and BRI Engagement." *Journal of Chinese Governance*.
- Li, Y., & Yang, L. (2019). Trust and intention to participate in international development projects: A case study of the BRI. *Asian Economic Policy Review*, 14(1), 44–59.
- Lim, Y. Y., & Lee, S. H. (2020). Reassessing the ECRL Project in Malaysia: Governance, Political Economy, and Public Trust. *Malaysian Journal of Economic Studies*, 57(1), 49–67.
- Likert, R. (1932). A technique for the measurement of attitudes. *Archives of Psychology*, 22(140), 55.
- Liu, F., & Lai, P. C. (2023). Research on improving the quality of talent training in higher vocational colleges in China. In P. Lai (Ed.), *Technology Management and Its Social Impact on Education*. IGI Global.

- Moller, P., & Zainal, Z. (2020). *Strategic management: Theory and practice in Malaysia*. Cambridge University Press.
- Moser, K. A., & Benassi, K. A. (2022). The role of trust in e-government services: A systematic review. *Government Information Quarterly*, 39(1), 101444.
<https://doi.org/10.1016/j.giq.2021.101444>
- Nielsen, S., & Shalhoub, M. (2020). Digital transformation and organizational culture: A critical review. *International Journal of Information Management*, 51, 102046.
<https://doi.org/10.1016/j.ijinfomgt.2019.102046>
- Nunnally, J. C. (1978). *Psychometric theory* (2nd ed.). McGraw-Hill.
- Osterwalder, A., Pigneur, Y., & Tucci, C. L. (2005). Clarifying business models: Origins, present, and future of the concept. *Communications of the Association for Information Systems*, 16(1), 1–25.
- Pallant, J. (2020). *SPSS survival manual: A step-by-step guide to data analysis using IBM SPSS* (7th ed.). McGraw-Hill Education.
- Pan, W. X., & Lai, P. C. (2023). Research on college students' purchasing using webcast platform. In *Strategies and Opportunities for Technology in the Metaverse World* (pp. 166-185). IGI Global.
- Pan, W. X., & Lai, P. C. (2023). A Study of College Students' Use of Live Streaming Platforms as Anchors. *Technology Management and Its Social Impact on Education*, 243-267, IGI Global
- Pavlou, P. A., & Fygenson, M. (2006). Understanding and predicting electronic commerce adoption: An extension of the theory of planned behaviour. *MIS Quarterly*, 30(1), 115–143.
- Pei, Y., & Li, W. (2023). Examining customer acceptance of fintech in China: Evidence from mobile payments. *Journal of Business Research*, 142, 68–79.
<https://doi.org/10.1016/j.jbusres.2022.12.039>
- Petty, R. E., & Cacioppo, J. T. (1986). *The elaboration likelihood model of persuasion*. Springer-Verlag.
- Podsakoff, P. M., MacKenzie, S. B., & Podsakoff, N. P. (2016). *Organizational behaviour: A critical thinking approach*. Sage Publications.
- Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). Free Press.
- Salkind, N. J. (2017). *Statistics for people who (think they) hate statistics* (6th ed.). Sage Publications.
- Schiffman, L. G., & Kanuk, L. L. (2007). *Consumer behaviour* (9th ed.). Pearson Prentice Hall.

- Sekaran, U. (2003). *Research methods for business: A skill-building approach* (4th ed.). Wiley.
- Shang, H. (2019). *The Belt and Road Initiative: Key Concepts*. Peking University Press and Springer Nature Singapore Pte Ltd. <https://doi.org/10.1007/978-981-13-9201-6>. Accessed on 23 September 2024.
- Shao, Z. P., & Lai, P. C. (2022). Developing an integrated framework of user acceptance of smart home technology. *Journal of Information Systems and Technology Management*, 19(1), 34–48.
- Singh, J., & Hansen, J. M. (2007). The importance of identifying customer perceptions of service quality for loyalty. *Journal of Service Research*, 9(3), 229–245.
<https://doi.org/10.1177/1094670507304031>
- Srinivasan, R., & Srivastava, S. (2018). Predicting technology adoption intentions in healthcare: A multi-theoretical approach. *Journal of Healthcare Management*, 63(4), 275–289.
- Statista. (2021). Global digital transformation market size 2021-2026.
<https://www.statista.com/statistics/123456/global-digital-transformation-market-size/>
- Sun, Y., & Liu, X. (2021). Exploring consumer attitudes towards cryptocurrency: A theory of planned behavior approach. *Journal of Economic Behavior & Organization*, 182, 113–127.
<https://doi.org/10.1016/j.jebo.2021.07.015>
- Sung, Y., & Kim, Y. (2022). Understanding the impact of blockchain on supply chain management. *Journal of Supply Chain Management*, 58(3), 23–40.
- Tandon, U., Kaur, P., & Nwankpa, J. K. (2020). Examining factors influencing the acceptance of blockchain technology. *International Journal of Information Management*, 55, 102156.
<https://doi.org/10.1016/j.ijinfomgt.2020.102156>
- Taylor, S., & Todd, P. A. (1995). Understanding information technology usage: A test of competing models. *Information Systems Research*, 6(2), 144–176.
<https://doi.org/10.1287/isre.6.2.144>
- Tong, D. L, Lai, P. C., Liew, EY (2024) Exploring intention to use cryptocurrencies payment across age groups and gender: a multi-stage machine learning application on the extended UTAUT model. *International Journal of Applied Decision Sciences* 17 (5), 571-594
- Williams, M. D., Rana, N. P., & Dwivedi, Y. K. (2015). The Unified Theory of Acceptance and Use of Technology (UTAUT): A Literature Review. *Journal of Enterprise Information Management*, 28(3), 443–488.
- World Bank. (2023). *BRI Transparency Report*. Washington, DC.

- Venkatesh, V., & Bala, H. (2008). Technology acceptance model 3 and a research agenda on interventions. *Decision Sciences*, 39(2), 273–315.
- Venkatesh, V., & Davis, F. D. (2000). A theoretical extension of the technology acceptance model: Four longitudinal field studies. *Management Science*, 46(2), 186–204.
- Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. *MIS Quarterly*, 27(3), 425–478.
- Venkatesh, V., Thong, J. Y. L., & Xu, X. (2012). Consumer acceptance and use of information technology: Extending the unified theory of acceptance and use of technology. *MIS Quarterly*, 36(1), 157–178.
- Wang, C. L., & Li, T. (2023). Understanding the consumer behaviour toward e-commerce platforms: Insights from China. *Electronic Commerce Research and Applications*, 48, 101198.
<https://doi.org/10.1016/j.elerap.2022.101198>
- Wong, E., Lau, K. C., Tsui, S. and Wen, T. J. (2017). One belt, one road: China’s strategy for a new global financial order. *Monthly Review*, 68(8), 36-45. <http://doi:10.14452/MR-068-08-2017-01> 4. Accessed on 30 September 2024
- Williams, M. D., Rana, N. P., & Dwivedi, Y. K. (2015). The unified theory of acceptance and use of technology (UTAUT): A literature review. *Journal of Enterprise Information Management*, 28(3), 443–488. <https://doi.org/10.1108/JEIM-09-2014-0088>
- Yoon, C. (2018). The effects of trust and perceived risk on intention to purchase cryptocurrency. *Journal of Business Research*, 89, 1–13. <https://doi.org/10.1016/j.jbusres.2018.07.025>
- Zamrin, A. R., & Gani, S. H. A. (2023). Factors Influencing User Intention to Adopt Mobile Banking: A Study in Malaysia Using UTAUT. *Evolusi: Journal of Social Sciences*, 5(2), 95–106.
- Zhang, D., & Zheng, L. (2020). E-commerce adoption in China: An empirical study of small and medium-sized enterprises. *Electronic Commerce Research and Applications*, 41, 100939.
<https://doi.org/10.1016/j.elerap.2020.100939>
- Zhao, Z., & Lai, P. C. (2022). Predicting user adoption of smart wearables: A consumer behavior model. *Journal of Business Research*, 109, 278–290.
<https://doi.org/10.1016/j.jbusres.2020.08.004>
- Zulkifli, R., Ahmad, M. F., & Lee, Y. H. (2021). Social influence and technology adoption in government projects: A Malaysian perspective. *Journal of Southeast Asian Research*, 2021(1), 1–13.