



CESDAsia
CENTER FOR ECONOMIC AND SUSTAINABLE DEVELOPMENT

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»»» NEWSLETTER «««

AN ASIAN PERSPECTIVE

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PROSPECTS & CHALLENGES***

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WELCOME ADDRESS



Datuk Lim Sue Beng

(Introductory remarks from CESDAsia & RIS's India-Malaysia 2024 KL Trade Conference)

Good morning and a warm welcome to all distinguished speakers, guests, and participants. His Excellency Mr. B.N. Reddy Indian High Commissioner to Malaysia, Mr. Shah Nizam Ahmad representing MATRADE Chairman YB Dato' Sri Reezal Merican Naina Merican, Tan Sri Ong Tee Keat, President of Herald Vision Foundation and former Malaysian Minister of Transport. Dr Seshadri Ramanujan Chari, Executive Member of Governing Council of Research & Information Systems for developing countries (RIS).

CESDAsia was set up by our late Chairman Dr Sathya Moorthy to promote Asian Connectivity, having its inaugural conference last June with the theme "Building An Asia Common Market of Shared Prosperity". This event was attended by many returning speakers including Tan Sri Ong, Dr Chari, and Dato' Ramesh. Since then, we have had our second roundtable conference in July 2024, and have now collaborated with RIS, our event partner, for this third conference. Our Guest of Honour, YB Dato' Sri Reezal Merican Naina Merican, the Chairman of Malaysia External Trade Development Cooperation (MATRADE), who is represented by Mr. Shah Nizam Ahmad, Deputy Director of MATRADE, being formerly based in India. Dato' Sri Reezal Merican, who is a personal friend of mine, was our former Minister of Youth & Sports, former Minister of Housing & Local Government, former Deputy Foreign Minister and former Deputy Finance Minister. CESDAsia looks forward to working closely with the Chairman of MATRADE for his guidance in the future.

Our new speakers include Professor Pankaj Vashisht, Mr. Nivas Ragavan, Mr. Sai Hemanth Manchella, my friend Professor Patrick Kee Peng Kong, Datuk Alan See, Mr. Arif Mohammad and Mr. Mahendrarajah Selvaraja. I welcome all the speakers who have come with a vast amount of knowledge and experience as highlighted in our panellists' information. I would like to thank the members of the Press, attendees and the organizing committee, lead by CESDAsia, who have worked tirelessly in making this conference a success. Thank you, and I hope everyone finds our event insightful and rewarding.

Datuk Lim Sue Beng

Acting Chairman,

Center for Economic and Sustainable Development Asia



TAPPING GREATER POTENTIAL IN THE THRIVING ASEAN

Tan Sri Dato' Sri Ong Tee Keat

*(Written version of the speech disseminated during CESDAsia & RIS's India-Malaysia 2024
KL Trade Conference)*

To begin with, may I congratulate the organizers on hosting such a forum event in the interest of enhancing the Track 2 diplomacy between India and Southeast Asia, including Malaysia.

In this occasion, I am tempted to unpack several dimensions of India's engagement with ASEAN from the Southeast Asian perspective, rather than limiting my scope of discussion to Malaysia-India bilateral trade per se. By and large, India's engagement with ASEAN has been progressing steadily since 1990's. In retrospect, it all began with a "Sectoral Dialogue Partnership" in 1992, which evolved into a full "Dialogue Partnership" in 1996 and a summit level Partnership in 2002. The relation was further elevated to Strategic Partnership in 2012, and Comprehensive Strategic Partnership in 2022.

In parallel to this, on the economic front, signing of the ASEAN-India Framework Agreement on Comprehensive Economic Cooperation laid the foundation for the establishment of an ASEAN-India Free Trade Area (FTA). The coming into fruition of the ASEAN-India Trade In Goods Agreement (AITIGA) in 2009 witnessed the creation of one of the world's largest free trade areas with more than 1.9 billion people and a combined GDP of US\$ 5.36 trillion. The subsequent entry into force of both the ASEAN-India Trade in Services Agreement and the ASEAN-India Investment Agreement in 2015 further brought the economic ties to a new level.

To-date, as Prime Minister Narendra Modi's "Act East" policy has come of age after a decade, ASEAN - which is profiled by Modi as the "central pillar of India's Act East Policy" - is now India's 4th largest trading partner, while India ranks 6th to the regional bloc. Trade between the most populous nation and the Southeast Asian bloc has reached a new height of US\$131 billion in 2023, a significant leap from USD 77.0 billion in 2019.

But beyond the galloping bilateral trade figures of USD 131 billion lies an alarming deficit of US\$43 billion on the part of India. The asymmetry of ASEAN-India trade relations was attributed to the purportedly "ill-conceived" ASEAN-India Trade In Goods Agreement " which is said to be unfair to the Indian industries, under the lenses of New Delhi. In contrast, from the Southeast Asian entrepreneurial perspective, India's trade policy still appears relatively protectionist, thus restricting its market access to its trade partners. The 11th hour withdrawal from the Regional Comprehensive Economic Partnership (RCEP) further bolsters the perception that India prioritises its domestic economic interests more than enhancing collective aspirations through multilateral economic cooperation.

Through the prisms of business community across the region, arguably the ASEAN-India Trade In Goods Agreement (AITIGA) is seen as one with the lowest level of trade liberalization and the most restrictive rules of origin requirements. On top of that, it is perceived that India's low integration with the East Asia-centric global value chain (GVC), alongside its relatively under-developed manufacturing base, inhibit the most populous nation from becoming a preferred destination for the GVC diversification and an alternative manufacturing hub.



India and ASEAN flags (India News Network, 2024)

This is particularly so when more industries were seeking to relocate their production bases out of China amid the escalating Sino-US tension. In this context, certain ASEAN member states with manufacturing prowess may stand to rival against India as the choice of destination for GVC diversification. None-the-less, as globalisation is becoming increasingly decentralised, coexistence and partnering of multiple destinations for GVC restructuring is no longer a myth. The entrenched China-ASEAN partnership in the East Asia-centric GVC shouldn't be the reason to alienate India from partnering with ASEAN in harnessing economic opportunities arising from the GVC shift.

This resonates with what the Indian External Affairs Minister S. Jaishankar reckoned, “ A better-connected India and ASEAN would be well-positioned to promote decentralised globalisation and resilient and reliable supply chains”. Indeed, given the prevailing scenario of multi-polar order shift, deeper participation in the global value chain amid decentralised globalisation would only enhance India's real and perceived geopolitical and economic influence in the region. This is absolutely relevant and crucial to New Delhi in its relentless quest for global stature through championing the Global South's cause.

In reaching out to ASEAN, India should be well aware that it is the economic well being of the region that matters most to the bloc. Despite that the overlapping territorial claims between China and a few claimant states from among ASEAN member states over some parts of South China Sea remain real and inconclusive, ASEAN as an entity, perhaps with the only exception of the Philippines, generally rule out the possibility of courting external intervention from the major powers, notably the US-led West.

ASEAN, having pronounced its centrality in addressing its security concerns and development priorities, remains steadfast in observing its non-aligned commitment to the Sino-US geopolitical rivalry. This reminds the world of its consistency in endeavouring to make the region a zone of peace, freedom and neutrality (ZOPFAN) , as was underscored in the 1971 ZOPFAN Declaration in Kuala Lumpur. The Declaration publicly stated the bloc's collective intent to keep Southeast Asia "free from any form or manner of interference by outside powers" , alongside "broadening the areas of cooperation." New Delhi might have placed ASEAN at the heart of its Indo-Pacific vision for regional security and growth as was referenced in SAGAR – Security and Growth for All in the Region, but ASEAN's bet is visibly focused on economic growth in pursuit of common prosperity for the region.

Under the framework of ASEAN Outlook on the Indo-Pacific (AOIP) - the bloc's initial strategic response to the US' Indo Pacific Strategy in 2019 - the ASEAN Indo Pacific Forum's emphasis on economic cooperation and sustainability said it all. The Forum was made part of the ASEAN Business and Investment Summit, instead of addressing the controversial regional security concerns since its inaugural event in 2023. At the same time, defense ties between India and ASEAN through joint military exercises such as the ASEAN-India Maritime Exercise and India's participation in the ASEAN Defense Ministers' Meeting Plus (ADMM+) do not make India an ideal bet for the bloc to hedge against a rising China in the region as was trumpeted by some political pundits from the West. After all, ASEAN's collaborative outreach under the ASEAN-led mechanism has never been intended to target any third party.

As India is actively posturing itself as the voice of the Global South on the world stage, striking the delicate balance between the conflicting East and West, alongside bridging the North and South divides, the nation should be ready to focus more on the delivery of promised commitments in its capacity as a rising power from the Global South.



Global South Map (Civils Daily, 2023)

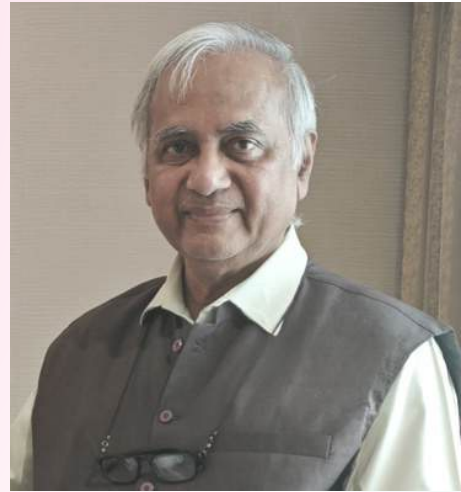
In this context, mammoth infrastructure projects in the pipeline like the India-Myanmar-Thailand (IMT) trilateral highway and the Kaladan Multimodal Transit Transport project are set to enhance logistical connectivity with ASEAN. In the same vein, the India-Middle East-Europe Economic Corridor (IMEC) - a mega transnational rail and shipping route connectivity project - spearheaded by India also promised the world with more ambitious economic integration through inter-modal connectivity between Asia, Arabian Gulf and Europe. This looks set to be a game changer that could ultimately reshape the global map of connectivity. It's a real test of India's potential as an emerging power. In return, the geopolitical dividend is equally rewarding as its delivery would certainly endear the biggest democracy to the entire humanity.

Tan Sri Dato' Sri Ong Tee Keat

President,

Herald Vision Foundation, Malaysia

INDIA MALAYSIA TRADE: POTENTIAL TO GROW



Dr. Seshadri Chari

One of the most significant gains of India-Malaysia relations in the last two decades has been bilateral trade, which has grown to 20 billion USD in 2023 from a mere 1.5 billion USD from the year 2000. Ranked as the 16th largest trading partner of India and accounting for 1.7 percent of India's total trade, Malaysia is a key nation for trade from the Indian perspective. India is also among the top ten trading partners for Malaysia. From beginning with a one product trade, India-Malaysia trade has diversified to several goods such as palm oil, mineral fuels, mineral oils, electrical machinery, and equipment; animal or vegetable fats and oils, machinery, and mechanical appliances; copper and copper products, wood; wood charcoal, aluminium, organic chemicals, iron and steel and some chemical products.

Value chain integration has been another important aspect of the bilateral trade as the intra-industry trade between the two countries has increased from 34% in 2009 to 43% in 2023. There are around 70 Malaysian companies operating in India, and more than 150 Indian corporates in Malaysia, where Indian-ethnic Malaysians comprise about 7% of the country's total population. This increase, is in spite of the pandemic-induced intervention and trade diversification by both countries.

Although both countries have signed a Free Trade Agreement, there was a need to go beyond trade and engage in multiple sectoral cooperation to consolidate this bilateral relationship. The visit of Malaysian Prime Minister Dato' Seri Anwar Ibrahim to India in August 2024, his first since he took office in 2022, set the ball rolling for a series of meetings at different levels and has paved the way for greater bilateral opportunities to expand business. During this visit, both countries signed several new agreements, ranging from digital technologies and tourism to traditional medicine. Prime Minister Anwar Ibrahim recalled the good relations that both countries have enjoyed for years and suggested that the next step should be to strengthen this relationship through business in "a multitude of areas," such as construction, agriculture, and military collaborations, to safeguard both nations' borders and enhance further deepening of bilateral ties.

Indian Prime Minister Narendra Modi, on his part responded that the discussions pertaining to cooperation in the defense sector, trade, and investment between the two countries, along with the collaboration on new industries such as the production of semiconductors, should increase. "Such a two-way trade and partnership between the two countries will result in "New Momentum and Energy" over the years to come", he had said.

After the visit of the Indian Defence delegation to Malaysia at the invitation of the Malaysian Defence Secretary in 2018, Malaysia-India Defence Cooperation Meeting (MIDCOM) was established as a bilateral institutional mechanism to hold meetings at the level of Secretary General of Defence.

The Royal Malaysian Navy and the Indian Navy conducted the first-ever field training exercise (FTX), Exercise Samudra Laksmana, in the Malacca Straits in December 2017, while Exercise Harimau Shakti was upgraded to a company level bilateral Army FTX in May 2024. Further, the two Air forces, which share several common platforms, also conducted the inaugural FTX in August 2018, and witnessed Su-30 pilots of the Royal Malaysian Air Force and the Indian Air Force rubbed shoulders with each other and practised manoeuvres. Malaysia also participated in a multilateral naval exercise (MILAN-2018), conducted by India. Malaysia upgraded its participation as a full member in the Indian Ocean Naval Symposium (IONS), an initiative of the Indian Navy.

While defence cooperation can include training of pilots and fighter jets, and joint naval exercises, areas such as traditional medicine, educational cooperation, scholarship arrangements and research in industrial products and technology can be improved. Ship building is another area where the two countries can have joint ventures and emerge as the largest ship building and ship repair conglomerates in South Asia. While India offers a vast scope for medical tourism, Malaysia provides excellent infrastructure to attract Indian tourists.

India's vibrant "Look East Policy", currently, the "Act East Policy" can add significant new features in our bilateral engagements, building of infrastructure and increasing connectivity. The contiguity in the geography of South Asia offers immense potential for greater road, air, and sea connectivity. There is no reason why the two countries should not seriously consider linking Jorhat in Assam to Johor Bahru in Malaysia by road, thus laying the foundations for a robust multimodal trade corridor for the entire region.

India has made significant strides in the area of fintech facilitation, with fast and easy payment modes at no cost to the consumers. This game changing system of UPI coupled with local currency trade will lay the foundations for a greater financial settlement system, which can be safely insulated from international currency exchange fluctuations.

In the area of digital cooperation, as envisaged in the Joint Statement on the India–Malaysia Comprehensive Strategic Partnership, that was agreed upon by the two Prime Ministers in August 2024, both Prime Ministers welcomed the signing of the MoU on Digital Technologies and encouraged the early convening of Malaysia-India Digital Council. This mechanism will guide engagement in the digital realm and accelerate collaboration in areas such as Digital Public Infrastructure (DPI), Digital B2B Partnership, Digital Capacity Building, Cybersecurity, emerging technologies such as 5G, Quantum Computing, Cloud Computing, Internet of Things, among others, between the two countries.

Malaysia's Chairmanship of ASEAN in 2025 will surely pave the way for greater opportunities for India-Malaysia-ASEAN cooperation, by further consolidating the existing Comprehensive Strategic Partnership. In the background of the importance of India's Comprehensive Strategic Partnership with ASEAN and considering our commitment to ASEAN centrality, India has assured unbridled support to Malaysia for its successful tenure as the ASEAN Chair in 2025.

India-Malaysia diplomatic engagement, which started in 1957, has witnessed several opportunities and challenges, and withstood the test of time. There is no looking back now. The two democracies will surely work towards peace, progress, and stability not only in their respective countries, but in the entire region.

*Dr. Seshadri Chari (Member, Governing Council),
Research and Information System for Developing countries (RIS),
New Delhi, India*



"STRENGTHENING MALAYSIA-INDIA TRADE TIES: UNLOCKING OPPORTUNITIES FOR SHARED PROSPERITY"

YB Dato' Sri Reezal Merican Naina Merican

(Written version of the speech disseminated during CESDAsia & RIS's India-Malaysia 2024 KL Trade Conference)

Distinguished speakers, Distinguished guests, Ladies and gentlemen, A very good morning, Salam Sejahtera and Salam Malaysia Madani. First and foremost, I would like to extend my heartfelt gratitude to the co-organizers, the Centre for Economic & Sustainable Development (CESDAsia) and the Research & Information System for Developing Countries (RIS), for their kind invitation and for organizing such a meaningful event. Your commitment to fostering dialogue and collaboration between nations is truly commendable. It is an honor and a privilege to be here today at this esteemed platform.

This gathering is a testament to the shared vision of Malaysia and India in addressing key economic, trade, and geopolitical challenges. It provides us with an invaluable opportunity to engage in discussions that will undoubtedly strengthen our bilateral ties and contribute to the prosperity of our nations. I am also delighted to see such a distinguished assembly of policymakers, business leaders, academic experts, and officials from non-governmental organizations. Your presence underscores the importance of this platform in fostering dialogue and collaboration. Together, your insights, suggestions, and recommendations on current affairs will undoubtedly help shape the future of Malaysia India relations.

Malaysia's Trade Performance

Ladies and gentlemen, allow me to start with the backdrop of Malaysia's trade performance last year. Malaysia's trade reached RM2.637 trillion, which is the third consecutive year that it surpassed the RM2 trillion mark. Our exports too for the third time running exceeded the RM1 trillion mark, touching RM1.426 trillion. Likewise imports demonstrated substantial growth, crossing the RM1 trillion threshold for the second time. The total import value reached RM1.212 trillion, highlighting Malaysia's openness to global trade and its role as a vital player in supply chains.

In the face of challenging global economic landscape, Malaysia maintained a trade surplus of RM214.06 billion, marking the 26th successive year of surplus since 1998. Malaysia's trade remained resilient and posted the highest periodic value ever, expanding by 9.3% to RM2.383 trillion during the first 10 months of 2024 compared to the same period in 2023. Our main export markets – ASEAN, the United States, China, the European Union, and Taiwan – together make up nearly 70% of our exports. Malaysia remains an essential part of both regional and global supply chains, making us a strategic hub for various industries. MATRADE remains optimistic about maintaining our trade growth momentum this year, despite the global economic challenges currently affecting international trade.

Malaysia-India Bilateral Trade Relation

Ladies and gentlemen, Malaysia and India established diplomatic relations in 1957, a milestone that laid the foundation for a long-standing and traditionally friendly relationship. Over the decades, our ties have grown stronger, characterized by mutual respect, shared cultural values, and a commitment to fostering economic and strategic partnerships.



Image of Malaysia - India Bilateral partnership (ASEAN Briefing, 2024)

This enduring friendship has been marked by regular high-level exchanges between the leaders of our nations, serving as a testament to our dedication to deepening bilateral ties. The recent visit by the YAB Prime Minister of Malaysia to India in August this year is yet another significant step in this journey. This visit not only reinforced our shared history of collaboration but also set the stage for enhanced cooperation in key areas such as trade, technology, and regional integration.

Ladies and gentlemen, today, trade between Malaysia and India stands at an impressive US\$16.5 billion, supported by a compounded annual growth rate of 8.5% over the past two decades. This growth trajectory is not merely a statistic but a testament to the strengthening economic ties between our nations. Frameworks such as the Malaysia-India Comprehensive Economic Cooperation Agreement (CECA) and the ASEAN-India Free Trade Agreement (AIFTA) have played a pivotal role in reducing trade barriers, fostering economic collaboration, and enabling this robust growth.

Moreover, the composition of trade between Malaysia and India reflects the broader economic transformations within our countries. Two decades ago, Malaysia's exports to India were predominantly comprised of palm oil and petroleum products, accounting for nearly two-thirds of total exports. However, as Malaysia's economy has diversified, so has its trade portfolio. Today, electrical and electronics products have emerged as key export items, while the share of primary commodities has decreased to just one-third. This shift underscores Malaysia's transition toward higher-value-added industries, a testament to its dynamic and forward-looking economic policies.

The Global South

Ladies and gentlemen, the Global South today represents a reclaiming of its rightful voice in the emerging international order—a voice that can no longer be ignored. As a driver of global prosperity, the Global South accounts for approximately 40% of the world's GDP and a staggering 85% of the global population. By 2030, three of the four largest economies will emerge from the Global South, with India among them.

The empowerment of the Global South is not only inevitable but also timely. We now have real opportunities to address pressing global challenges on terms that reflect our collective vision and priorities. From tackling climate change to enhancing supply chain resilience, ensuring food security, and shaping the governance of emerging technologies like Artificial Intelligence, our united efforts will lead to solutions that benefit all.

For Malaysia, the rise of the Global South is a unifying force that brings together our diversity, differences, and discretions. Contrary to the perspectives of detractors, the Global South is not a movement of exclusion but one of inclusion. Its purpose is not to isolate the Global North but to advocate for a more balanced and equitable global system. Our mobilization is grounded in the recognition of our growing agency and the desire to collaborate as equals, navigating complex strategic contexts together.

Ladies and gentlemen, regional and sub-regional mechanisms will play a crucial role in defining and advancing the Global South agenda. As the upcoming ASEAN Chair, Malaysia is committed to strengthening existing ASEAN mechanisms and institutions, ensuring that they are not only robust but also fit for purpose in addressing the evolving challenges of our times. Additionally, we aim to identify and harness synergies with other frameworks that are vital for regional development and prosperity.

In this context, India, as one of ASEAN's most enduring and valued Dialogue Partners, assumes a pivotal role. The ASEAN-India partnership has been a cornerstone of progress, fostering economic growth, security cooperation, and cultural exchange throughout the region. Looking ahead, we see immense potential in deepening this collaboration, particularly by aligning ASEAN's priorities with broader initiatives that support the Global South.



Rise of South-South Trade (Global Development Institute, 2017)

By strengthening our partnership with India and other Dialogue Partners, we can ensure that ASEAN not only remains at the forefront of regional integration but also continues to drive sustainable development across the region.

The New Industrial Master Plan 2030 (NIMP 2030) & the National Trade Blueprint (NTBp)

Ladies and gentlemen, as we continue to navigate the complexities of international trade, MATRADE remains dedicated in amplifying Malaysia's economic resilience and sustaining growth momentum. This commitment is further supported by strategic measures under the New Industrial Master Plan 2030 (NIMP 2030) and the National Trade Blueprint (NTBp), ensuring a holistic approach to our trade promotion efforts.

The NTBp aims to enhance Malaysia's competitiveness in the export of merchandise through strategic priorities, themes, and thrusts, including unlocking untapped trade potential in emerging markets. This involves understanding their unique challenges and opportunities, and creating strategies to effectively engage with the business communities.

The NIMP 2030 on the other hand provides guidance and clear direction for the development of the manufacturing sector to strengthen its position as a key driver to national economic growth and prosperity through better investment and trade prospects, as well as high skilled and high-income job opportunities.

Closing Remarks

Ladies and gentlemen, as the global landscape continues to evolve, it is imperative that we remain agile and responsive to emerging trends and challenges and that we continue to work together in pursuit of our shared goals.

MATRADE has been undergoing a radical transformation and reforms, not just in terms of physical facilities, but more importantly in enhancing our branding in the global market and the efficiency of our services delivery to our stakeholders. Our international network, strategically located at 49 different locations around the globe, is well structured and ready to assist Malaysian companies to expand their export markets. As for India, we have two trade offices in India (Mumbai & Chennai).

In addition, I also encourage Malaysian companies to register with MATRADE. This will allow you to avail yourselves of various trade facilitation and advisory services offered by MATRADE. For foreign companies, MATRADE can be your perfect partner in bridging you with Malaysian companies for your sourcing needs.

Finally, I would like to take this opportunity to record my sincere appreciation again to CESDAsia and RIS in taking the initiative to organize this auspicious event. I am optimistic about the future of Malaysia-India trade relations. By working together, we can unlock new opportunities, drive economic growth, and create a prosperous future for our nations. I wish all of you a productive and inspiring session at the India-Malaysia Trade KL Conference 2024. Thank you.

YB Dato' Sri Reezal Merican Naina Merican

Chairman,

Malaysia External Trade Development Corporation (MATRADE)

INDIA - MALAYSIA RELATIONS AND SUSTAINABLE GROWTH THROUGH MANIPAL - 25 YEARS OF EXCELLENCE



**Prof. Dr. Kee Peng Kong,
Prof. Dr. Mahadevan Supramaniam**

(Written version of the speech disseminated by Prof. Dr. Kee Peng Kong during CESDAsia & RIS's India-Malaysia 2024 KL Trade Conference)

In 1953, our founder Dr. T.M.A. Pai set up Kasturba Medical College on a barren hill on the outskirts of the town of Udupi in the State of Karnataka in India. In the subsequent years many other academic institutions followed and this vibrant campus became the town of Manipal. All these institutions were brought under the umbrella of the Manipal Academy of Higher Education (MAHE) that became India's first deemed university in 1993. Today, MAHE, in this university town of Manipal, caters to more than 28,000 students from over 57 different nations.

As the Group expanded, the need to consolidate its various segments of institutions and businesses led to the formation of the Manipal Education and Medical Group (MEMG) in 2004. MEMG, today, operates three Universities in India, recognised by the University Grants Commission. Separately, the businesses and other initiatives of the Group were restructured, where activities of similar nature were clubbed under four key verticals of Education, Healthcare, Research and Foundation. All institutions and businesses under MEMG are governed by a charter that requires them to offer socially relevant and affordable services. Manipal Global Education Services delivers a wide range of higher education services to institutions across the globe, training programmes in partnership with leading enterprises, vocational training across a number of sectors, as well as technology-driven services in areas such as testing and assessments, and education delivery through its acclaimed large scale virtual learning environment, EduNxt.

OUR LEGACY FROM INDIA TO MALAYSIA

Manipal Group has a strong vision to expand their education excellence globally. Hence, one of the countries which we have identified 27 years ago was Malaysia by looking into its future growth. Our strategy towards building a reputable Health Sciences campus in Malaysia has been a reality. Manipal University College Malaysia (MUCM) is a reflection of our Health Sciences Education excellence which has become a huge success for our company's growth and towards building a prestigious brand internationally.

ESTABLISHMENT OF MANIPAL IN MALAYSIA

MUCM was established as a medical college, expanding into dentistry and other programmes since our establishment in 1997. Our experience has nurtured over 10,000 doctors from Malaysia and internationally, with many of our graduates having gone on to specialise in various fields in Malaysia as well as in the UK, USA, Australia, India, Sri Lanka, Singapore and other countries in the South East Asia and Gulf Region.

Nestled within the tranquil surroundings of Bukit Baru, Melaka, the 22-acre MUCM campus is ideally situated close to town, and is a shining example of what modern campuses need to be. Balancing excellent academic facilities with equally important recreational avenues for students and staff, the campus has advanced classrooms and laboratories sharing space with a football field, a fully equipped sports hall and gymnasium, swimming pool and even a zen room for relaxation and recharging.

MUCM is one of the leading academic health sciences university in Malaysia. Because of its excellence in education, patient care, and research, students travel from all over the world to take advantage of the many unique opportunities available. MUCM is committed to providing a curriculum which offers diverse learning opportunities. Students develop a broad range of knowledge, skills and attitudes necessary to practice medicine. A well-planned, highly effective curriculum taught by dedicated faculty members places emphasis on the correlation between basic science and clinical science training. At MUCM, the commitment to excellence is one that is inspired by life and tempered by ethical service to the nation and humanity.

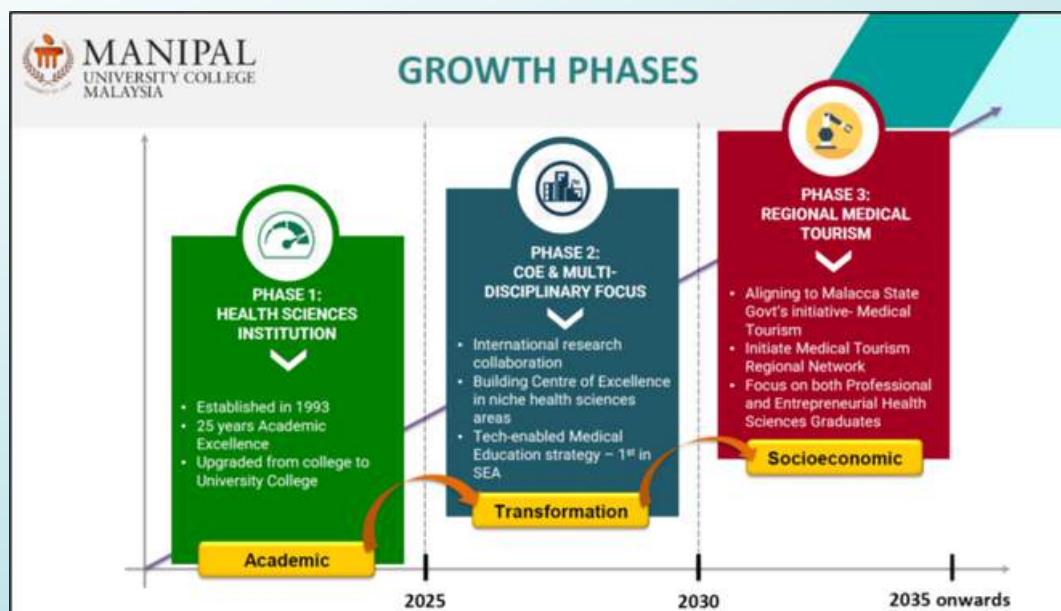
OUR SUCCESS STORIES IN MALAYSIA

MUCM was founded to fulfil the need for a world-class medical college in Malaysia. Since then, MUCM has been the single-largest contributor of doctors to Malaysian healthcare producing almost 6000 doctors in over the last 27 years. MUCM's MBBS programme is also listed in the World Directory of Medical Schools (WDMS). Our success stories are;

- One of Malaysia's oldest private medical and dental university and the first International Health Sciences Institution in Malaysia
- We have more than 10,000 graduates contributing to Malaysian Healthcare
- One of the few Institutions in Malaysia and South East Asia to be able to attract students from developed countries such as USA, UK, Australia and Europe
- MUCM has a strong alumnus from close to 20 countries
- MUCM has one of the best teaching and learning quality with 98% "Graduate on Time"
- Best equipment and lab facilities to create world-class doctors.
- Practical learning with cadavers.
- Twinning programmes with Manipal Academy of Higher Education, India, that provides international exposure to students.
- Contributed immensely towards Malaysian socioeconomic especially to the State of Malacca

FUTURE PLANS AND STRATEGIES IN MALAYSIA

Manipal Group is committed to further enhance their presence in Malaysia as it has provided both branding and economic benefits to the group. We have devised a strategic growth phase in Malaysia which would allow us to be the biggest Health Sciences education provider in South East Asia.



Three Stage Growth Phase of MUCM (Manipal, 2024)

MUCM has successfully completed its Phase 1 and currently working towards Phase 2 by transforming the campus into an international Centre of Excellence (CoE) for Health Sciences. The purpose is to map the ways in which the strategic aims of CoE schemes relate to impacts and capacity development of our students, and the role played by institutional arrangements such as selection, funding, evaluation, and governance in translating strategy into capacity development and other socioeconomic impacts. We are also working towards implementing technology proficiency learning framework for our new medical graduates which would allow them to be the pioneer in the new medical world. In order to make Phase 2 a successful venture, we have developed our own 7 core strategies and plans to allow us to have a strong horizontal and vertical growth in Malaysia.

GAPS AND CHALLENGES

Though our 27 years of operation in Malaysia has been successful, we do face some challenges and hurdles due to policy and regulatory gaps. The Malaysia Government especially the Ministry of Health (MOH), Malaysia and Ministry of Higher Education (MOHE), Malaysia have been very committed and making the necessary transformation to further close those gaps as follows:

a. Internship for International Students

- All Indian students who undertake their medical study abroad are required to undergo 1-year of internship in the country of study.
- International students are required to obtain Provisional Registration with Malaysian Medical Council (MMC) and accepted into the healthcare service by MOH & Public Services Commission of Malaysia (SPA) in order to practice housemanship in the public hospitals in Malaysia.

b. Clinical Posting

- MOH had limited the ratio of 3 universities : 1 public hospital, regardless of the medical students population in the said universities.
- Pre-COVID period – there were no limitation to how many students can be facilitated in a session during their postings
- Post-COVID period – due to social distancing, the number of students per clinical session from a university was down-sized and limited to a smaller number.

c. National Initiative on Attracting Top Scholars / Students for Health Sciences

- Strategies in promoting niche studies and specialisation in Malaysia – Health Sciences and Multidisciplinary Studies

CONCLUSION

Manipal is committed towards horizontal and vertical growth of Health Sciences industry in Malaysia. Our next phase of investment and development in Malaysia will be focusing on building Health Sciences / Medical ecosystem - Academic & Research Excellence, Employment and development of Healthcare industries. Manipal is fully committed towards community-building and economic growth. We are currently exploring in identifying and inviting multiple Indian Universities and Indian Industries to participate in our 7 “Core Plans and Strategies” for our Phase 2 growth in Malaysia.

Prof. Dr. Kee Peng Kong (Vice Chancellor),

&

Prof. Dr. Mahadevan Supramaniam (Principal Advisor),

Manipal University College (Melaka), Malaysia

MALAYSIA'S ASEAN CHAIRMANSHIP IN 2025 IS AN OPPORTUNITY TO SCALE UP INDIA-MALAYSIA RELATIONS



Dato' Ramesh Kodammal

Malaysia's chairmanship of the ASEAN in 2025 is going to be a watershed moment for the entire Southeast Asia and beyond. ASEAN is in the process of finalizing the ASEAN Community Vision 2045, along with the four strategic plans of the ASEAN Community pillars and ASEAN Connectivity. Malaysia is also looking for membership in BRICS and BIMSTEC. The year 2025 is going to be a turning point for Malaysia's foreign relations.

Malaysia can play a key role in enhancing economic integration within ASEAN when it takes over as chair of the regional grouping in 2025. Malaysia's upcoming chairmanship is significant for three specific reasons: first, it will boost ASEAN integration at a time when the entire world is passing through disturbances; second, Malaysia's strategic location will strengthen ASEAN's integration with dialogue partners such as China and India – both are ASEAN's two important markets, while Malaysia's economic interdependence with neighbouring countries is going to drive ASEAN's integration process; and third, sectors like maritime cooperation, supply chain, value chains, etc. will certainly gain visibility. In that leadership role, we assume a significant shift in policies that the Malaysian government will be making towards regional integration. The goal of economic integration within ASEAN is to create a stable, prosperous and highly competitive economic region. On the other, ASEAN's trade and investment linkages with China and India are at a very crucial turning point. As we understand, India's GDP is likely to cross US\$ 7 trillion by turn of the ongoing decade.

In the decades to come, the structure of power is likely to shift. If in 2016, China and India accounted for 25 per cent of the global share of GDP, in 2050 they will contribute 35 per cent. Here, India's economic expansion is an opportunity for Malaysia and also ASEAN. India is ASEAN's civilizational partner. India is ASEAN's maritime and land neighbor. Malaysia's cultural linkage with India is an envy to others and India's contribution to Malaysian economy is phenomenal.

ASEAN's regional integration presents numerous opportunities for Malaysian businesses, and significantly enhances market access by reducing trade barriers. ASEAN Free Trade Area (AFTA) allows Malaysian businesses to work more sustainably. Besides, Malaysia has bilateral CEPA with India and also with several other countries, such as Japan. These agreements allow Malaysian businesses to not only expand their reach, but also diversify their products and services, to appeal to a wide variety of consumers in the region, and also business-to-business (B2B) interactions. The Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) was signed on February 18th, 2011 and came into force on July 1st, 2011. MICECA is a comprehensive agreement that covers trade in goods, trade in services, investments and movement of natural persons. It value-adds to the benefits shared from ASEAN-India Trade in Goods Agreement (AITIGA) and will further facilitate and enhance two-way trade, services, investment and economic relations in general. However, Malaysia faces several regulatory challenges in achieving seamless integration with other ASEAN member states and ASEAN's dialogue partners. To overcome the trade barriers, initiatives, such as the ASEAN Economic Community (AEC), aim to harmonise standards, and differences in legal frameworks, tax policies and business regulations. The AEC seeks to support and continue working with different governments to go forward. Malaysia's chairmanship will provide opportunities in minimizing differences.

Trends in India's Trade with ASEAN

	Export		Import		Total	
Country	2013-2014	2023-2024	2013-2014	2023-2024	2013-2014	2023-2024
	(US\$ billion)					
Brunei	0.032	0.067	0.764	0.219	0.796	0.286
Cambodia	0.141	0.185	0.013	0.218	0.154	0.404
Indonesia	4.850	5.989	14.748	23.411	19.599	29.400
Lao PDR	0.050	0.013	0.039	0.100	0.089	0.113
Malaysia	4.198	7.262	9.230	12.754	13.428	20.016
Myanmar	0.787	0.670	1.396	1.076	2.183	1.746
Philippines	1.419	2.097	0.392	1.434	1.811	3.531
Singapore	12.511	14.414	6.762	21.201	19.273	35.615
Thailand	3.703	5.039	5.340	9.909	9.043	14.948
Vietnam	5.442	5.470	2.594	9.345	8.036	14.816
Total	33.134	41.208	41.278	79.667	74.412	120.874

Source: EXIM Databank, India

ASEAN-India trade is an opportunity for Malaysia. Malaysia is India's third largest trade partner from ASEAN, next to Singapore and Indonesia.

India-Malaysia bilateral trade has crossed US\$ 20 billion mark in 2023-24 and may likely to touch US\$ 30 billion by 2025. In such an unfolding scenario, Malaysia's trade with China and other major trade partners will eventually forge better GVC relations, centering ASEAN as the lead unit. While moving to a single market and production base with equitable economic development, and fully integrated into the global economy is yet to materialize, AEC Blueprint 2025 is crucial. Interestingly, the AEC Blueprint 2025 was adopted at the 27th ASEAN Summit in Kuala Lumpur in 2015, when Malaysia last held the rotating ASEAN chairmanship. The blueprint provided broad directions to guide the next phase of the region's economic integration over 10 years to 2025. The ASEAN Summit will return to Kuala Lumpur in 2025, when Malaysia again assumes the chairmanship of the 10-nation bloc.

Malaysia's own prospects highlight positive growth seen in the country's economy. This is an opportune time for several segments of the Malaysian economy, particularly those centered around sustainable infrastructure development in the region and the digital economy, which is taking off across ASEAN. Malaysia's gross domestic product (GDP) was estimated to be US\$ 447 billion (RM2.1 trillion) at the end of 2023, according to the International Monetary Fund (IMF).

The Malaysian economy is the 5th largest in ASEAN in terms of nominal GDP. Malaysia's access to Bay of Bengal, vast and versatile private sector, democratic values, etc. are going to facilitate the country's economic rise at the time of its chairmanship. Opportunities in emerging sectors, diversifying trade portfolios, and fostering mutually beneficial collaborations are keys to India-Malaysia bilateral trade. Services trade between them is something deepening rapidly. Indian IT companies have found Malaysia as a base for Asia-Pacific. Indian tourists are back in large numbers in Malaysia. Indian students are growing in Malaysia. Indian FDI in Malaysia has been rising, whereas Malaysia's FDI in India is growing rapidly. Taken together, the good phase of India-Malaysia relations has begun.

Last but not the least, during the chairmanship of Malaysia, the AOIP initiative will gain further momentum. Malaysia can further promote the AOIP with partners to mainstream and promote the implementation of the AOIP through concrete projects and activities in order to promote mutual trust, respect and benefit through ASEAN-led mechanisms. ASEAN leaders continued to encourage ASEAN's partners to support and undertake substantive, practical, and tangible cooperation with ASEAN through ASEAN-led mechanisms, in accordance with the objectives and principles contained in the AOIP, on the four identified key areas, namely maritime cooperation, connectivity, UN Sustainable Development Goals 2030, economic situation, among other possible areas of cooperation.

Malaysia may convene another promising ASEAN-Indo Pacific Forum 2025 in Kuala Lumpur. A concept note should be kept ready for implementation of AOIP under Malaysia's chairmanship. Malaysia can better connect India's IPOI with ASEAN's AOIP.

To conclude, Malaysia's ASEAN chairmanship in 2025 is going to boost regional as well as bilateral trade and investment. Opportunities are more than the costs. Let's unlock the potentials together.

*Dato' Ramesh Kodammal (Chairman),
ASEAN-India Economic Council (AIEC),
Malaysia*



Prof. Dr. Pankaj Vashisht

INDIA-MALAYSIA RELATIONS: ECONOMIC ACHIEVEMENTS AND CONCERNS

*(Written version of the speech disseminated during CESDAsia & RIS's India-Malaysia 2024
KL Trade Conference)*

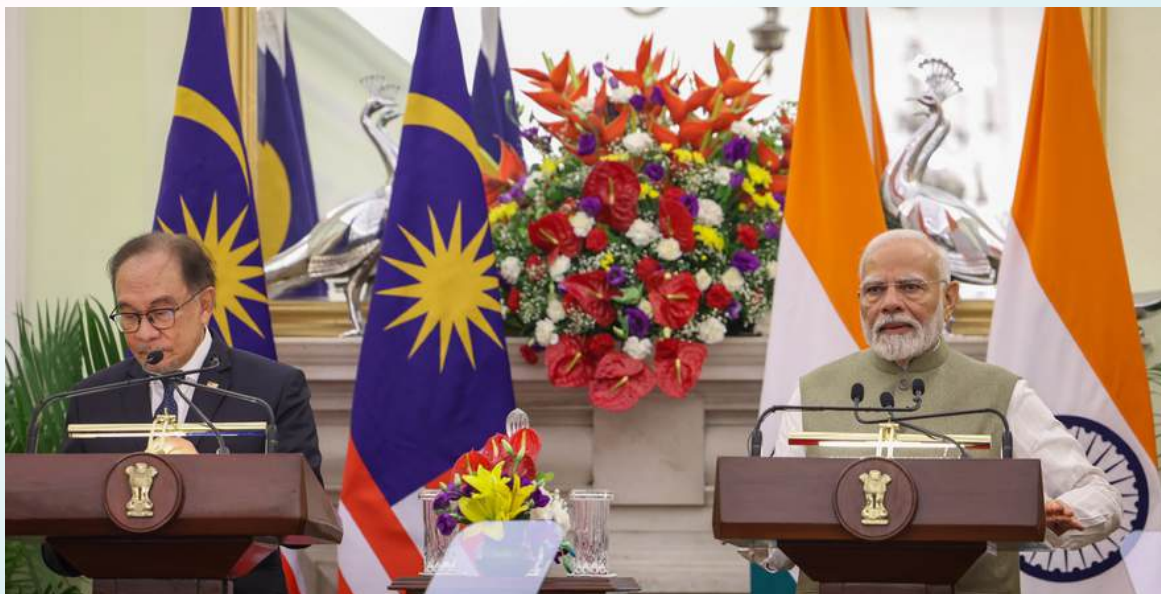
India-Malaysia relations goes back centuries and are rooted in shared history, culture, and trade. However, in the modern era, diplomatic relations between the two nations began in 1957, the year Malaysia gained independence. Now if we look at the last seven decades, except few incidents of ups and down, we have seen an impressive improvement in bilateral relations between India and Malaysia. This has been particularly true for the post-1991 period when India opted for the Look East policy. During the last two decades, several bilateral institutional mechanisms have been put in place to strengthen India's relations with Malaysia.

The India-Malaysia Joint Commission Meeting (JCM) was the first such important institutional mechanism, which was established in 1992 to enhance bilateral cooperation and address issues across multiple sectors, including trade, investment, infrastructure, education, and cultural exchanges. Another important platform, the India-Malaysia CEO forum, was put in place to explore the economic opportunities in 2010. Apart from these two important institutional engagements, several other joint working groups have been initiated to expand economic and strategic cooperation. These bilateral mechanisms along with India's deeper engagement with ASEAN, of which Malaysia is an important member, has strengthened India's relationship with Malaysia. There have been notable achievements, especially in economic engagement, however, at the same time, we do have some lingering concerns which need to be addressed. Let's first look at the achievements.

Achievements - Trade

Let me begin with some of the key achievements in our economic relationship;

- **Healthy growth in bilateral trade has been the most significant achievement of our economic relations.**
- The bilateral trade between India and Malaysia was around US\$ 1.5 billion in 2000, which increased to US\$ 8.4 billion in 2010 and further to around US\$ 20 billion in 2023.
- At present, trade with Malaysia accounts for 1.7 percent of India's total trade. Malaysia is ranked as the 13th largest trading partner for India while India is among the top 10 trading partners for Malaysia.
- Notably, Malaysia has emerged as an important source for palm oil, mineral fuels, mineral oils, electrical machinery and equipments; animal or vegetable fats and oils, machinery and mechanical appliances; copper and copper products, wood; wood charcoal, Aluminium, organic chemicals, iron and steel and certain chemical products; While Malaysia has also emerged as an important export destination for petroleum products, mineral oils, aluminum and related articles, meat, iron and steel, copper and related products, organic chemicals, machinery and mechanical appliances, electrical machinery and equipment, etc.
- **Now this composition of imports and exports indicate the presence of intra-industry trade between the two countries.** An analysis of the intra industry trade index indicates that the intra-industry trade between the two countries is on the rise, from 34% in 2009 to 43% in 2023, which indicates some improvement in value chain integration in certain industries.
- Trade Settlement in Indian Rupees is another important milestone which I believe will further intensify the trade between two countries.



India – Malaysia Comprehensive Strategic Partnership (PM India, 2024)

Respectable growth in Bilateral investment

- The two-way flow FDI has increased to more than US\$ 6 billion.

- Malaysian firms have invested more US\$ 3.3 billion in India. At present more than 70 Malaysian companies are operating in India mostly in infrastructure, healthcare, telecommunications, oil and gas, power plants, and tourism.
- Notably, Malaysian firms have been increasing their presence in the infrastructure sector. Over \$7 billion worth of Malaysian investments is expected to flow into the Indian infrastructure sector in the next few years.
- Indian firms have also increased their presence in Malaysia. With a total investment of around US\$ 3 billion, Indian firms have a notable presence in the IT and petroleum sectors.

Tourism and People-to-People Ties

- Improvement in tourist flow and people-to-people connectivity is another notable achievement. In 2022, over 5.7 lakh Indian tourists visited Malaysia, making India one of Malaysia's top 10 source markets.
- Similarly, Malaysia is with 116,523 tourist arrivals to India, and Malaysia has also emerged as the 10th largest source of tourists for India.

Concerns

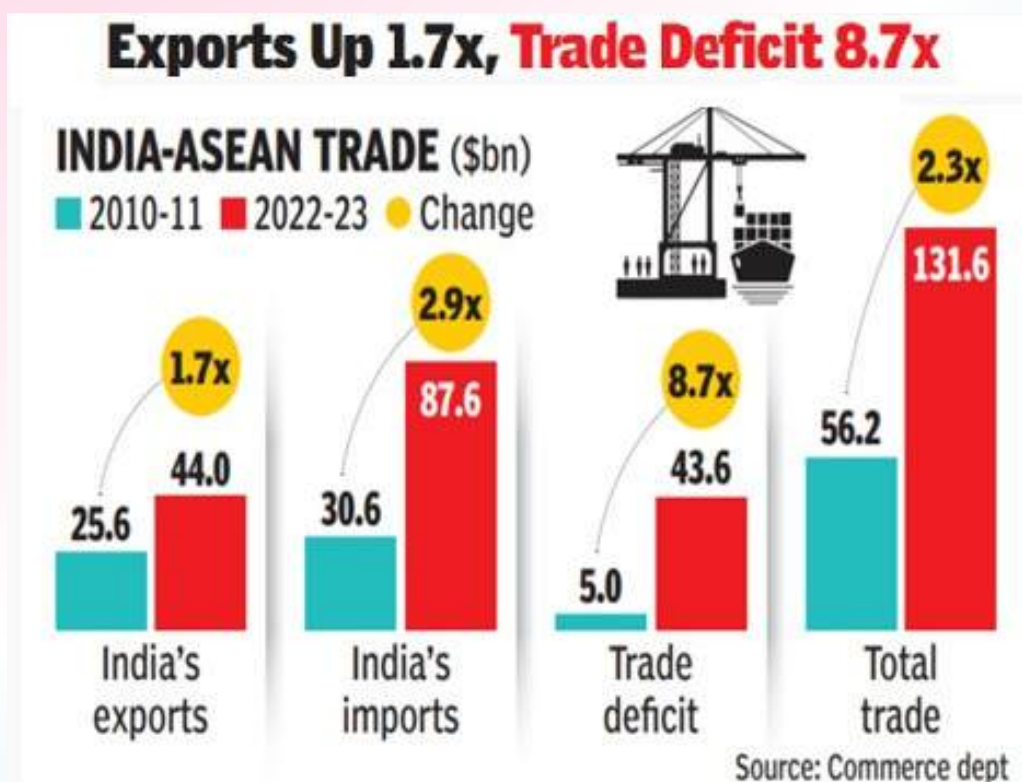
- Highly concentrated trade and growing trade imbalance continues to be a concern.
- Despite the free trade agreement, trade between the two countries has not diversified.
- The number of items imported from Malaysia at 6-digit levels of HS code has remained stagnant from around 2000. Moreover, only 12 commodities at 6-digit HS levels continue to account for more than 55 percent.
- In the case of exports, though the number of products exported have increased, the dependence on selected products has in fact increased as the share of top 12 products in total exports increased from less than 50 % in 2020 to around 60 % in 2023.

Unrealized trade potential is another concern

- Despite this impressive growth in trade, there continues to be unrealized trade potential.
- The trade complementary between India and Malaysia has increased over time. A simple calculation of the trade complementarity index suggests that the Indian export structure has become more compatible with Malaysian import demands. The trend of TCI signifies that there exists further export potential for India.
- We did some quick estimations of trade potential using the gravity model. Results suggest that the bilateral trade potential between India and Malaysia stands at US\$ 35 billion, which is significantly higher than the actual current trade volume.
- The trade potential exists in a wide range of products, including certain agricultural products, automobiles, automotive components, engineering products, certain minerals and metals.

Major hurdles and the way forward

- **Tariff barrier:** India-Malaysia trade is governed by the ASEAN-India FTA, which has reduced tariff barriers on a large number of products. However, the India-ASEAN FTA has a long exclusion list. India has placed around 10 % tariff lines under the exclusion list, similarly Malaysia has put around 8 % tariff lines under its exclusion list. Significant trade potential exists in tariff line under the exclusion lists. Therefore, the rationalization of exclusions lists can unlock the trade potential.
- **Non-tariff barrier:** Sanitary & Phytosanitary (SPS) and Technical Barriers to Trade (TBT) measures have become more prominent concerns for global trade. India and Malaysia are no exception in this regard. The non-tariff coverage ratio for India is around 45 percent, and for Malaysia, is around 55 percent. The non-tariff barriers have increased since the covid pandemic.



Very Low FTA utilisation:

- FTA utilisation has remained very low at around 25 to 30 per cent. So, there is an urgent need to identify factors which are responsible for low utilisation.
- There could be several factors responsible for low FTA utilisation, such as the lack of awareness, high compliance cost, etc. along with paper base process. Studies have pointed out that the digitalisation of trade processes can help improve utilisation rates.
- Fortunately, simplification, modernization and harmonization of export and import processes have been important areas of trade reforms over the last few years. Both India and Malaysia has done well in the implementation of the trade facilitation agreement. Both countries have introduced a national single window. Having done so, both countries should explore the possibility of single windows inter-operability to ensure paperless trade, while Singapore and India have already experimented with paperless trade.

Renewable Energy Collaboration

- India is an emerging leader in solar energy, while Malaysia is advancing in bio-energy. Joint projects in renewable energy could combat climate change and boost green growth.

New areas of cooperation

Apart from the expanding trade;

- **Digital technology:** Digital technology is offering opportunities, as well as, posing several challenges. Both countries have made impressive achievements in digitalization.
- For example, India has done remarkably well in building digital public infrastructure, which has improved the delivery of public services and unleashed several digital innovations. Similarly, Malaysia has done well in promoting digitalization of MSMEs. Therefore, there is a great scope for mutual learning through experience-sharing, which should be explored.
- Secondly, digital technology in the form of e-commerce is offering immense benefits. It has the potential to improve participation of MSMEs in international trade. Similarly, cross border digital payments can reduce transaction costs, leading to more trade and tourism. Given the benefits, both countries can work together to harmonize regulatory frameworks to facilitate cross-border e-commerce and digital payment transactions.
- Finally, both countries can explore cooperation in the fintech sector to promote financial inclusion and innovations.

Prof. Dr. Pankaj Vashisht (Associate Professor & Coordinator),

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MALAYSIA AS THE ASEAN CHAIR 2025: AN OVERVIEW



Prof. Dr. Aruna Gopinath

As Malaysia takes up the ASEAN Chair for the fifth time, it showcases its strategic approach and the pivotal role it has played in enhancing regional cooperation and advancing ASEAN's economic integration. Once again ASEAN's priorities are reshaped, confronting many challenges and heading towards the ASEAN Community Vision 2045. The stage is set for greater collaboration within the ASEAN community. Getting the ten nations to act together and respond to regional challenges has not been easy. To act in the bloc's principle of equality has demonstrated how difficult it can be for the grouping to reach a consensus.

The main priorities for the chairmanship are;

- a) Fortification of ASEAN centrality
- b) Continuing to push for greater commitment to enhance ASEAN intra-trade and investment
- c) Ensuring that the elements of inclusivity and sustainability, which is the theme for 2025, takes centre stage in the region's community building efforts.

Through Malaysia's chairmanship, ASEAN will be capable of advancements in sciences, technology and innovation, and harness the new benefits of digital transformation and newer technologies. Malaysia's vision of ASEAN is to reflect the hopes of the ASEAN people for a peaceful, stable and prosperous region, by contributing positively to global affairs.

ASEAN's pragmatic approach to managing geo-political competition between major powers is seen as a model for the rest of the developing world. ASEAN's commitment to neutrality, dialogue and cooperation has kept Southeast Asia stable amid external rivalries.

Malaysia always hopes that with new leadership, there will be fresh hopes and a new confidence to act. Issues that are confronting ASEAN are immense. However, Malaysia's priority will be Myanmar and the South China Sea. ASEAN's failure to address the political and humanitarian crisis in Myanmar has questioned its legitimacy as a regional player. It believes in focusing and strengthening its internal mechanisms before tackling the crisis. Malaysia contends that a tougher stance is needed towards Myanmar's junta, urging it to comply with the Five Point Consensus, and has indicated a willingness to play a mediator role and negotiate with the various stakeholders in Myanmar to end the civil war.

Another flashpoint has been the South China Sea. Not forgetting that Malaysia is also a claimant state in the territorial dispute, it would want to secure stability in the contested waters. Prime Minister Anwar Ibrahim has called for a conclusion to a Code of Conduct agreement. It is important for ASEAN to move beyond a shallow consensus. ASEAN has been criticised for being divided, but they are all geared towards domestic issues. All the countries should play a more enhanced role in ASEAN. Malaysia should focus on a more cohesive, forward-looking ASEAN with effective and resilient mechanisms to steer through turbulent years. The nation's sovereignty, rights and national interests cannot be compromised. Actions to be taken would include patrols, surveillance, monitoring and enforcement in Malaysia's maritime areas to demonstrate its presence in those waters. Malaysia will also use its chairmanship to strengthen ties with China and Russia, and have closer ties with BRICS' group of emerging economies.

Overall, Malaysia will want to maintain ASEAN's neutrality and ensure that its relationship with the major powers remain balanced.

*Prof. Dr. Aruna Gopinath (Professor and Consultant),
Security Studies & International Relations,
formerly from National Defence University of Malaysia.*



Mr. Thayalan Nathan

THE RAISE OF A BRICS AND ASEAN STRATEGIC PARTNERSHIP

Greetings and a Happy New Year from the BRICS-ASEAN Chambers of Commerce (BACC).

The BACC is posed to be the catalyst in igniting business, investment, trade and human capital exchange between the BRICS and ASEAN nations. BACC was established in 2020 during the growing relevance of BRICS in global trade and finance. Today we clearly see the relevance of BRICS nations in playing a vital role in the new world order. Over forty nations have opted to join the BRICS, as there is no hard and fast rules on who can become a member of the grouping, unlike the G7 and G20 groupings. We see poorer nations, such as Ethiopia and up to rich nations such as the UAE who are members of BRICS, and shares the common interest of the BRICS agenda. It is not a geographical grouping either, so it is not an issue of regional groupings or geopolitics. BRICS, is therefore a new global agenda in creating a fairer playing ground for all nations to benefit.

On BACC, we are the only trade organization that represents the inter-governmental organizations of BRICS and ASEAN nations. In terms of demographics, we command over 3.9 billion people in terms of market economy and over USD 27 trillion in terms of GDP. We are therefore a force to be reckoned. On the strategic advantages, the BRICS nations could provide investment, technology and market access to ASEAN nations and on the other hand, the ASEAN nations could provide commodity, natural resources, human resources and feasible investment grounds for productivity as well as competitive advantage positioning.

To add on, the trade between BRICS and ASEAN nations has the potential to be mutually beneficial, with ASEAN countries benefiting from BRICS's dialogue partner status and BRICS countries benefiting from ASEAN's economic potential. Certain key aspects are as follows;

Trade opportunities

ASEAN countries can capitalize on opportunities in manufacturing, supply chains, and the digital economy, which are led by BRICS countries.

Economic connectivity

ASEAN countries can enhance economic connectivity with BRICS countries through infrastructure financing, knowledge transfer, and harmonizing standards.

Diversified trade

ASEAN countries can diversify their trade and identify new markets for economic growth and sustainability.

Regional development

ASEAN countries can promote regional development by becoming BRICS members.

Improved infrastructure

ASEAN countries can learn from BRICS's experience to improve their infrastructure.

Increased visibility

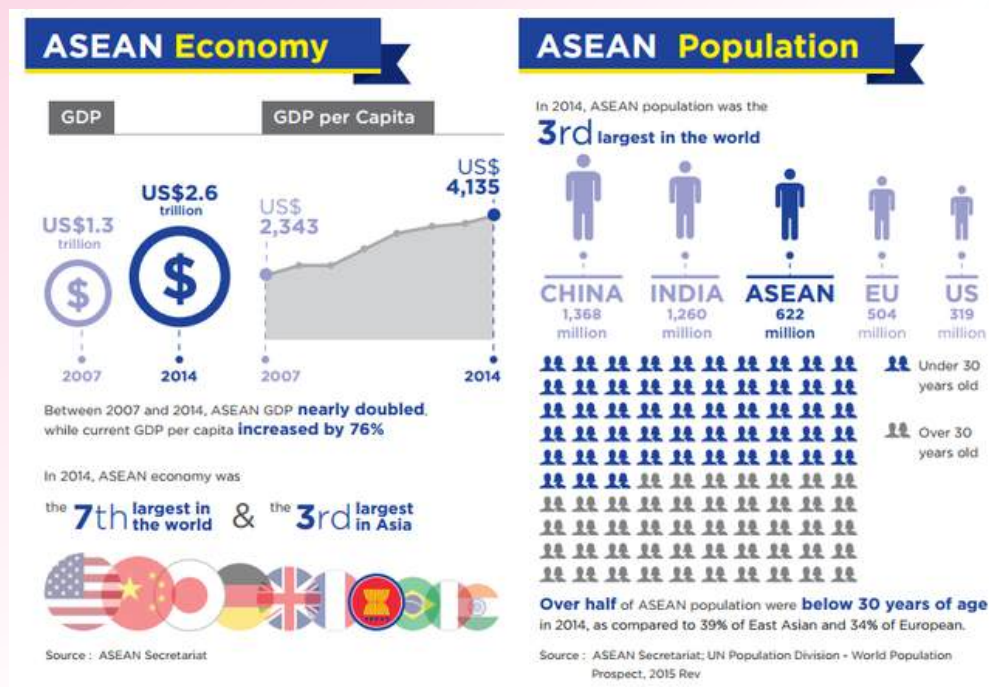
ASEAN countries can gain increased visibility and a stronger voice to champion their interests globally. China has been ASEAN's largest trading partner since 2009. In 2023, the two-way trade volume between the two reached USD 911.7 Billion. ASEAN countries have also expressed their interest in joining BRICS, with Thailand and Malaysia newly being admitted. However, we foresee that they may face challenges, including internal competition and pressure from the US and its allies.

As of October 24th 2024, four ASEAN countries, namely Indonesia, Malaysia, Thailand and Vietnam (ASEAN-4), joined nine countries from other parts of the world to officially become partners of BRICS. This unique arrangement is ostensibly created to assess their readiness for membership, although the scope of engagement as partners and the modalities for full membership remain undefined. Indonesia, Malaysia and Thailand have begun the membership process while Vietnam is reportedly taking a cautious approach. Beyond these four countries, Cambodia, Laos and Myanmar are showing interest whilst Brunei, Philippines and Singapore remain mum.

The BRICS grouping's principles of inclusivity, consensus, mutual respect, openness, solidarity and sovereign equality resonate with ASEAN's own principles. The grouping's emphasis on economic cooperation, sustainable development goals and developmental issues pertinent to the Global South are likewise central to ASEAN countries. The ASEAN-4 are drawn to the idea that BRICS serves as a platform for developing a multipolar world order and a channel for furthering Global South interests.

As Thailand's Foreign Minister, H.E. Maris Sangiampongsa, declared at the 16th BRICS summit in Kazan: "Thailand believes that BRICS can be the voice of developing and emerging economies and serve as the force to shift the dynamics of financial governance in favour of all, and not just some."

Malaysia's Economics Minister, H.E. Rafizi Ramli, stated at the same summit that "As the world becomes multipolar, BRICS has become a critical counterbalance and a solution to constraints, such as barriers to development finance that impede the building of vital infrastructure and a growing global debt that has become a chokehold to growth".



Source: **ASEAN Secretariat / UN**

Indonesia, under its new president, H.E. Prabowo Subianto, views BRICS to be in line with its national interests on key issues such as poverty eradication, food security and human development. Vietnam's involvement is said to reflect its commitment to multilateralism and its interest to diversify foreign relations and proactively address developmental concerns. In general, the ASEAN-4's interests in BRICS are three-pronged. Firstly, joining the bloc will open an avenue for them to partake in policymaking and reduce their dependence on, if not remake, the current international system that they find unjust at times. BRICS' initiatives mentioned earlier, and new ones being proposed such as BRICS Clear, a cross-border settlement and depository infrastructure; a BRICS reinsurance company; and a BRICS grain exchange could aid them in working around certain impediments.

The bloc's focus on developing cross-border payment instruments by encouraging the use of local currencies in financial transactions is in line with ASEAN's ongoing efforts to develop an ASEAN Local Currency Transaction Framework to boost regional payment connectivity and promote local currency transactions.

Malaysia already has in place Local Currency Settlement Frameworks with Thailand and Indonesia. Having a strong interest in BRICS is unlikely to cause ASEAN to break apart as some suggest. On the contrary, Malaysia, as the next ASEAN chair, is poised to strengthen cooperation between the two groupings.

Secondly, BRICS may help the ASEAN-4 amplify their voices on issues ranging from climate crises, poverty, debts and communicable diseases to double standards and injustices that often reverberate with other developing countries. Malaysia and Indonesia have used their inaugural presence in Kazan to highlight their frustration at the West for failing to stop the war in Gaza and Lebanon.

Moreover, Indonesia and Thailand are keen to play an active role in leading the Global South. With the support of China, BRICS provides an important platform for the building of shared values, sharing of expertise and promotion of good governance.

Thirdly, BRICS may enable the ASEAN-4 to seek and enhance economic connectivity through the harmonization of standards, knowledge transfer and infrastructure financing. The countries will be able to maintain strong economic engagement with major powers like China and India, while moving beyond traditional trading partners to diversify trade and identify new markets for economic growth and sustainability. For example, new trade deals are expected to further reinforce Malaysia's position as a semiconductor hub.

The decision of the ASEAN-4 to engage BRICS should not be misconstrued as taking sides. As non-aligned countries with independent foreign policies, they have an equal prospect of joining BRICS as they would with any Western-led frameworks. All four are also members of the US-led Indo-Pacific Economic Framework for Prosperity (IPEF). Their behaviour reflects on an effort to mitigate security risks associated with an uncertain strategic environment. They hedge to navigate the tumultuous waters of great power rivalry in addressing structural vulnerabilities, optimizing economic gains and improving regime legitimacy at home. In anticipation of a worsening trade war between the US and China when Donald Trump returns to power, BRICS may well be a good bet for smaller countries that are heavily invested in an open economy.

Economic diplomacy hence underscores this new interest in BRICS. As our Prime Minister Anwar Ibrahim explained in his recent lecture titled "Towards a Rising Global South: Leveraging on Malaysia-India Ties" that Malaysia's aim is to "diversify our economic diplomacy efforts and enhance our collaboration with member countries through shared initiatives and strategic partnerships".

This apparent shift away from the West should be a wake-up call for the US and its Western allies to take the legitimate concerns of emerging countries more earnestly. Throwing them a bone to silence their disquiet is increasingly insufficient when BRICS appears to be offering more. Granted, BRICS has its own challenges. The effectiveness of its initiatives remains to be seen. Further expansion of its membership to include diverse interests might lend credence to the founding leaders' reputation in the Global South, but at the same time make decision-making extremely difficult due to the consensus principle. China's leadership role is therefore pivotal to manage the differing voices and generate more substance for the bloc.

Now, what BACC is anticipating is to provide opportunities for the private sector. While the big boys (government & large corporations) debate on policies and national interest, we at the BACC find niche industries and markets to bring together businesses, industries and key players to form a feasible business, trade and investment opportunities.

Our focus is on the SMEs and SMIs, as these are the groups that needs a helping hand. We are currently focusing on AI, data centres, green energy, sustainable development, food security, innovative finance and the high-end service sectors as our core promoted activities for now. Soon BACC shall be embarking on an affiliate membership drive to welcome members from all over the world. With a record volume of members in the near future, BACC could provide greater benefits and values for its members.

Mr. Thayalan Nathan (President)
BRICS-ASEAN Chamber of Commerce,
Kuala Lumpur, Malaysia

MALAYSIA CONNECT



Prof. Sheng Zhi

Malaysia is playing a more and more important role in regional cooperation, especially in the present chaotic world order, not only due to its strategic location on the sea route, but also to its tolerance and mixture of all cultures. Malaysia is a melting pot and the connect of Asia.

China and India are the two largest economies in Asia. Direct trade and investment was completely stuck in the last four years. No direct flights, no visas to India. Such problems have never occurred between Malaysia and China, or between Malaysia and India. That is because there are enough people of Indian origin in Malaysia, who can do lobbying in India and also enough people of Chinese origin, who can do lobbying in China. In Malaysia, Indians and Chinese know how to work together. Thus, both the Chinese and Indian governments can turn to Malaysia for working models and solutions to problems rooted in misunderstanding.

ASEAN is one of the fastest growing regions in the world. Learning to rapidly work together is the key to sustainable growth in the region.

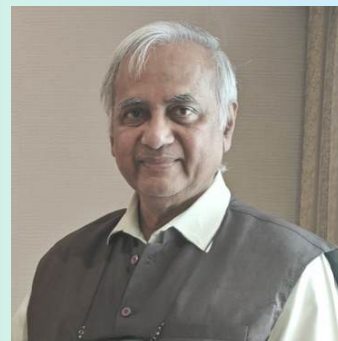
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About CESDAsia

“Centre for Economic and Sustainable Development (CESDAsia) is a think tank that concentrates on the studies of economic affairs, sustainable development, public policies, and geopolitical matters in the Asian region. The main areas of focus are South-East, East, West, Central, and South Asia.

We intend to serve as a bridge to enhance connectivity among nations. CESDAsia is located in the heart of ASEAN, which is a connecting hub for major Asian economies such as China, India, Japan, South Korea, etc.

We will have a point of operation from Kuala Lumpur, Malaysia. As a friendly nation that is a multiracial society, Malaysia facilitates as the conduit for all member nations to attend, visit, and dialogue to improve trade and investment ties, sustainable goals, and inter-government relations.

We invite you all to join us on our journey to bringing Asia together through a broader perspective. You may follow us on our website, and LinkedIn for further updates. Please click the icons below for links. I hope to be in contact with you soon.”

In the words of Former Chairman of CESDAsia, Dr. S Sathya Moorthy S Subramaniam.



PAST MAJOR EVENTS

1) THE INDIA-MALAYSIA TRADE KL CONFERENCE, 2024



(CESDAsia, 2024)

Date: Saturday 14th December, 2024

Location: Kuala Lumpur, Malaysia

Venue: Dorsett Hartamas KL Hotel

“Exploring India-Malaysia Relations: Expanding Cooperation in Trade, Security, and Regional Development”

CESDAsia and RIS came together to co-organize a collaborative conference on Trade between India and Malaysia at the Dorsett Hartamas Hotel on December 14th, 2024.

The participants of this event included Dato’ Sri Reezal Merican, Datuk Lim Sue Beng, Dr. Seshadri Chari, Tan Sri Ong Tee Keat, Dato’ Ramesh Kodammal, Dr. Vivekanand, among others.

PAST MAJOR EVENTS

2) KL CONFERENCE, 2023



(CESDAsia, 2023)

Date: Saturday 17th June, 2023

Location: Kuala Lumpur, Malaysia

Venue: Royale Chulan Hotel

"Building an Asian Common Market of Shared Prosperity"

CESDAsia hosted its inaugural Economic Conference on June 17th, 2023 at the Royale Chulan Hotel in Kuala Lumpur city.

The event was co-hosted by a reputed policy institute, The Global Dialogue Forum.

The speakers at this event included YB Senator Tan Sri Datuk Seri Panglima Anifah Aman, Tan Sri Ong Tee Keat, Dr. Peng Yang, Ambassador Rahul Chhabra, Mr. K. J. Alphons, Mr. Sathya Moorthy, Mr. Moses Manoharan, and many more dignitaries.

CONTACT US

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Please click the icon below to Visit Us.



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