

Malaysia's Brics ambition: A bridge to greater prosperity — Ashurov Sharofiddin and Mohd Zaidi Md Zabri

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JULY 15 — In today's interconnected geopolitical landscape, alliances and economic partnerships are crucial for shaping the economic and strategic futures of nations.

Brics, which stands for Brazil, Russia, India, China, and South Africa, is a prominent economic bloc of some of the world's major emerging economies. Malaysia's recent expression of interest in joining this influential group has sparked discussions about the potential benefits and challenges of such a move.

Joining Brics offers Malaysia several strategic advantages. Firstly, it provides a platform for enhanced diplomatic engagement and cooperation with major global players.

Brics countries collectively represent 42 per cent of the world's population and approximately 23 per cent of global GDP. This membership would allow Malaysia to participate in multilateral discussions on global economic policies, trade agreements, and geopolitical strategies.

Moreover, Brics has been instrumental in advocating for reforms in international financial institutions such as the International Monetary Fund (IMF) and the World Bank.

Malaysia's inclusion in Brics could amplify its voice in these forums, promoting a more balanced and equitable global economic order. Additionally, Brics initiatives like the New Development Bank (NDB), which has authorised capital of US\$100 billion (RM450 billion), offer alternative funding sources for infrastructure and development projects, significantly benefiting Malaysia's growth ambitions.

Economically, Malaysia stands to gain considerably from Brics membership. The bloc's emphasis on fostering economic cooperation and trade integration aligns well with

Malaysia's export-oriented economy. Enhanced access to Brics markets could pave new avenues for Malaysian goods and services, driving economic diversification and growth.

In 2022, Malaysia's trade with Brics countries amounted to approximately US\$95 billion (RM427.5 billion), with China being its largest trading partner, accounting for around US\$77 billion (approximately RM346.5 billion) of this total.

This trade relationship highlights the significant economic potential for Malaysia within the Brics framework. Joining Brics could further enhance these trade relationships by reducing tariffs and other trade barriers.

Furthermore, collaboration within Brics could stimulate investment inflows into Malaysia. In 2021, Brics countries collectively invested over US\$1.5 trillion (RM6.75 trillion) in foreign direct investment (FDI) globally.



Economic partnerships are now crucial for shaping the economic futures of nations. — Hongwei Fan/Unsplash pic

Malaysia, with its strategic location and robust economic fundamentals, could attract a significant portion of this investment. Countries like China and India, with their vast financial resources and technological prowess, could play a crucial role in bolstering Malaysia's industrial and technological capabilities. Joint ventures and partnerships in sectors such as manufacturing, technology, and renewable energy could spur innovation and create high-value jobs, enhancing Malaysia's competitive edge in the global market.

While the potential benefits are substantial, Malaysia must also navigate several challenges in its quest to join Brics. The geopolitical dynamics within the bloc, particularly the complex relationships between member countries, require careful diplomacy. Malaysia must balance its existing alliances and foreign policy priorities while engaging with Brics members to ensure harmonious integration.

Economic disparities within Brics also pose a challenge. Malaysia's GDP per capita at approximately US\$11,400 (RM51,300) is higher than that of India (US\$2,100 or RM9,450) and South Africa (US\$5,000 or RM22,500), but significantly lower than that of China (US\$12,500 or RM56,250).

Therefore, aligning Malaysia's economic policies with the bloc's broader objectives will necessitate strategic planning and adaptation. Additionally, Malaysia must address domestic economic issues such as income inequality, labor market dynamics, and infrastructure development to fully leverage the opportunities presented by Brics membership.

To successfully join Brics, Malaysia should adopt a multi-faceted approach. Firstly, it must strengthen its diplomatic engagements with current Brics members, building mutual trust and understanding. Active participation in Brics forums and working groups can help Malaysia align its interests with those of the bloc, paving the way for a seamless integration.

Secondly, Malaysia should focus on enhancing its economic competitiveness. This involves investing in critical infrastructure, fostering innovation and technological advancements, and promoting a conducive business environment to attract foreign investment. Strategic sectors such as green energy, digital technology, and high-value manufacturing should be prioritised to align with Brics' economic agenda.

Thirdly, Malaysia should leverage its unique geographical and economic position to serve as a bridge between Brics and the Association of Southeast Asian Nations (Asean). This is especially fortuitous as Malaysia is about to assume the Asean Chairmanship next year. By facilitating trade and investment linkages between these regions, Malaysia can enhance its strategic importance within Brics while promoting regional economic integration.

Malaysia's proposed membership in Brics represents a significant opportunity to enhance its global economic and strategic standing. Despite the challenges, the potential benefits in terms of economic growth, diplomatic influence, and development financing are substantial. By adopting a strategic and comprehensive approach, Malaysia can

effectively navigate the complexities of Brics integration and position itself as a vital player in this influential economic bloc.

This strategic move could pave the way for a more robust and diversified economy, bolstering Malaysia's standing on the global stage.

** Dr Ashurov Sharofiddin is an Associate Professor at the IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia and Dr Mohd Zaidi Md Zabri is a Senior Lecturer at the Department of Finance, Faculty of Business and Economics, Universiti Malaya.*