

COMMENTARY

Beyond the Straits: Can Malaysia Survive the New Trade Landscape?

By Mohd Khairul Ramli

Imagine a calm sea, a maritime landscape where Malaysia has charted its course for decades. Its ports, like lighthouses, have guided global trade, brought prosperity and solidified its position. This audacious plan to sever the Isthmus of Kra, creating a land bridge between the Andaman Sea and the Gulf of Thailand, threatens to disrupt this carefully crafted equilibrium. Cambodia's proposed canal, a China-backed project, adds fuel to the fire. This ambitious undertaking aims to divert Mekong River trade away from Vietnam and potentially towards Thailand, potentially fracturing established trade routes in the region. The question that grips Malaysia, like a ship caught in a sudden squall, is this: will these new trade landscape capsizes its competitiveness in international trade?

Through the lens of a Thucydides Trap, Thailand's potential windfall from the Kra Land bridge could inadvertently imperil Malaysia's economic standing. The Kra Bridge, a shortcut between the Indian and Pacific Oceans, could siphon away shipping traffic, the lifeblood of Malaysian ports like Port Klang and Penang. Days shaved off journeys between Europe and East Asia could translate into a decline in cargo volume for Malaysia, a potential blow that echoes the anxieties Singapore felt during Malaysia's ascendance.

The competitive landscape could be reshaped in several ways. This mega ambitious project threatens Malaysia's economic standing in two key ways. Firstly, its allure of shorter shipping times acts like a siren song, potentially diverting cargo vessels away from established routes that currently flow through Malaysia's ports. Imagine the vital arteries of trade, the established channels that have long been Malaysia's economic lifeblood, suddenly becoming less attractive.

Secondly, the project could trigger a shift in investment tides. Resources and focus that might have otherwise been directed towards developing Malaysian infrastructure could be diverted elsewhere in the region, potentially hampering Malaysia's ability to compete in the evolving trade landscape.

The Tonle Bassac Navigation Road, a Chinese-funded project aiming to divert Mekong River trade away from Vietnam and potentially towards Thailand. This could disrupt established trade routes and supply chains, impacting Malaysian businesses heavily reliant on the Mekong region for raw materials and exports.

But is this a preordained shipwreck for Malaysia? Not necessarily. INSAP would likely advise Malaysia to navigate this challenge with a spirit of innovation and collaboration:

- Specialization is Key Strategy
 - Malaysia should identify and develop niche markets within the vast ocean of maritime trade.
 - Malaysia could become a leader in handling high-value cargo or a centre of excellence for ship repair and maintenance.
 - By carving out a specialized role, it can ensure its relevance even amidst the changing currents.
- Regional Cooperation
 - Instead of viewing as a competitor, Malaysia could extend a hand of cooperation to Thailand.
 - By working together and ensuring the project benefits the entire region, a rising tide of prosperity could lift all boats in Southeast Asia.
- Embrace the Innovation Imperative
 - Malaysia must become a beacon of technological advancement in the maritime sector.
 - Investing in automation, digitalization, and green technologies, its ports can become models of efficiency and environmental responsibility, remaining attractive propositions in a future increasingly focused on sustainability.

This project presents a formidable challenge, but it is not an insurmountable one. INSAP believes, by embracing innovation, specialization, and a spirit of regional cooperation, can weather this storm and emerge as a stronger, more resilient player in the ever-evolving landscape of international trade. After all, Asia's destiny lies not in zero-sum competition, but in collaborative ingenuity, ensuring that all nations navigate the future together, not alone.