

A New Global Landscape: Strategic Opportunities in the Malaysia-Russia Relationship

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In the evolving landscape of global geopolitics, Malaysia's decision to deepen its ties with Russia offers significant opportunities that go beyond traditional economic partnerships. This move reflects Malaysia's strategic shift toward diversifying its economic and geopolitical relationships, particularly within the context of the multipolar world order. Russia, with its substantial resources, growing markets, and increasing focus on sectors like energy and Halal products, presents an untapped potential for Malaysia. As the global power balance shifts, Malaysia stands to gain economically and politically by capitalizing on Russia's growing influence, particularly in industries that align with Malaysia's expertise and aspirations.

Malaysia's engagement with Russia is not just about diversifying its economic portfolio; it's about positioning itself within a new global reality, one where traditional Western dominance is increasingly being challenged. The deepening of Malaysia-Russia ties offers Malaysia a platform to assert its role in this emerging multipolar order. At the same time, Malaysia's growing Halal industry finds a promising opportunity in Russia's expanding interest in Halal products, creating a unique synergy between the two nations.

The Rise of a Multipolar World

The global geopolitical environment has become increasingly fragmented as traditional alliances weaken and new partnerships emerge. In this context, Malaysia's decision to deepen its relationship with Russia is a pragmatic move, reflecting the need for more diverse global alliances. The Western world, long dominated by the United States and the European Union¹, is witnessing a decline in its unchallenged influence. Malaysia, recognizing this shift, has strategically sought to expand its alliances, particularly with nations like Russia, which is redefining its own role on the global stage.

For Malaysia, aligning with Russia is not just about immediate economic gains but also about securing a long-term geopolitical foothold. Russia, despite facing Western sanctions and political isolation in some areas², remains a formidable player in the energy, defence, and technology sectors. By strengthening ties with Russia, Malaysia gains access to critical

¹ DECLINING POWER EUROPE. Available at: <https://www.jstor.org/stable/26593546>

² <https://foreignpolicy.com/2022/05/24/russia-annex-breakaway-territories/>

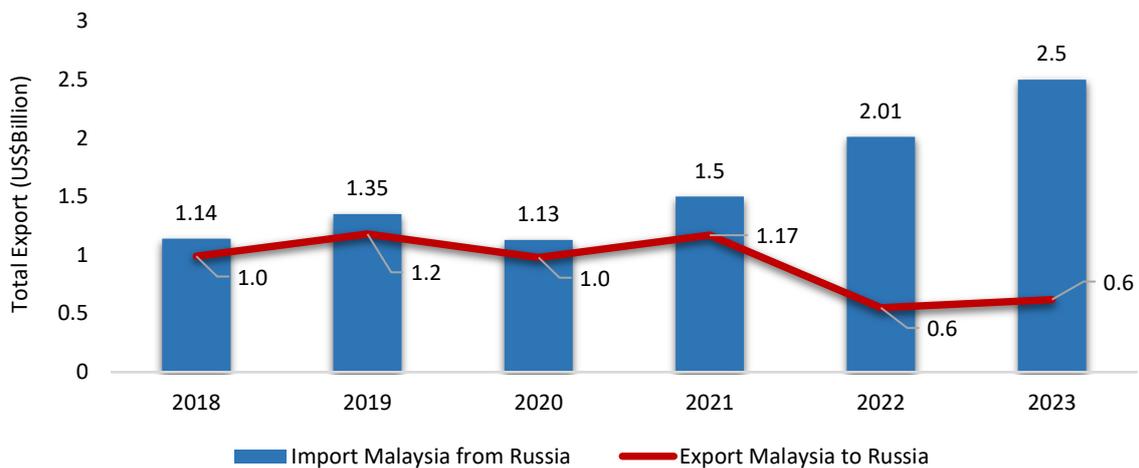
resources and technological advancements while also reinforcing its own standing in international forums.

This partnership allows Malaysia to escape the limitations imposed by over-reliance on Western markets and institutions. In a world where the U.S. led order is increasingly questioned, Malaysia’s approach to diplomacy, as seen through its growing relationship with Russia, is indicative of a broader trend toward multipolarity. The multipolar order, characterized by a diffusion of power across multiple centres of influence, offers smaller nations like Malaysia the flexibility to chart their own course without being bound by the constraints of Western hegemony.

Diversification Beyond the West

Economically, Malaysia stands to gain significantly from its deepening relationship with Russia. For years, Malaysia has relied heavily on Western markets for exports, especially in sectors like electronics, palm oil, and rubber. However, the global economy is shifting, and so too must Malaysia’s trade partnerships. Russia offers Malaysia a vast market for its goods and services, particularly in industries that are essential to both nations.

Figure 1: Total Export and Import for Malaysia to Russia 2018-2023



Source: OEC World Country Profile

Russia’s demand for palm oil, electronics, and rubber products aligns well with Malaysia’s strengths. In return, Malaysia can import critical machinery, metals, and agricultural products from Russia, fostering a mutually beneficial trade relationship. Furthermore, Russia’s increasing focus on diversifying its economy, particularly through the development of

industries like aerospace, energy, and information technology would open doors for Malaysia to invest in and collaborate on joint ventures that could accelerate its own industrial growth.

This economic cooperation extends beyond mere trade. Russia's investment in Malaysia spans critical sectors such as energy, manufacturing, and technology. For instance, collaborations in the oil and gas industry could bring Russian technological expertise to Malaysia, enhancing its production capabilities and strengthening its position as a regional energy hub. Joint ventures in these sectors not only contribute to Malaysia's economic resilience but also promote technological innovation, making the country more competitive in the global market.

The geopolitical implications of such economic ties cannot be understated. By diversifying its trade partners and expanding into new markets like Russia, Malaysia reduces its dependency on Western markets, insulating itself from the risks associated with economic downturns or trade conflicts in the West. This is particularly important in an era where trade wars, sanctions, and protectionism are becoming increasingly common. Malaysia's growing trade relationship with Russia offers a buffer against such disruptions, ensuring greater economic stability.

Russia's Halal Industry

One of the most untapped opportunities for Malaysia lies in Russia's growing Halal industry. Russia, with a Muslim population of 10-15%, has seen a rise in demand for Halal-certified products, both domestically and for export. This presents a unique opportunity for Malaysia, a global leader in Halal certification, to collaborate with Russia and expand its footprint in this growing market.

Figure1: Malaysia Total Export, Halal Product 2018-2023 (RM Billion)



Source: Halal Knowledge Centre 2.0 (HKC)

Russia's Halal exports, particularly to the Middle East, have surged in recent years, with projections suggesting continued growth. However, challenges remain, particularly in terms of standardizing Halal certification across Russia's diverse regions. This is where Malaysia can play a pivotal role. By partnering with Russian companies and certification bodies, Malaysia can help streamline the certification process, ensuring that Russian Halal products meet international standards and gain wider acceptance in global markets.

For Malaysia, the benefits are twofold. First, it allows Malaysia to expand its Halal product exports to Russia, tapping into a market of nearly 20 million Muslim consumers. Second, it reinforces Malaysia's leadership in the global Halal industry, positioning the country as a central hub for Halal certification and trade. The strategic partnership in the Halal sector could also extend to joint ventures in Halal supply chain management, digital trade platforms, and Halal tourism, further strengthening economic ties between the two nations.

Conclusion

As Malaysia continues to navigate an increasingly complex global landscape, its decision to deepen ties with Russia is both timely and strategic. The opportunities for economic collaboration, particularly in sectors like energy, trade, and Halal products, are vast. More importantly, this partnership allows Malaysia to assert its role in the emerging multipolar world order, reducing its reliance on Western markets and institutions.

By strengthening its relationship with Russia, Malaysia positions itself as a key player in global geopolitics, one that is capable of balancing its interests between competing global powers. In addition, the collaboration with Russia, particularly in the Halal industry, offers Malaysia a unique opportunity to leverage its strengths while expanding its economic and geopolitical influence. In a world where traditional alliances are shifting, Malaysia's engagement with Russia marks a new chapter in its foreign policy, one that is focused on securing a prosperous and resilient future.