

# BRI Pulse

## Malaysia-China 2021 Tiger Progress – even before Year of the Tiger!

**China State Construction Group (CSC)** – in January 2021, CSC (8<sup>th</sup> Malaysia) successfully won the bid for the Batang Saribas Bridge Project in Sarawak, Malaysia. The Saribas Bridge project is one of the largest single bridge overseas projects that CSC Group has won bids in recent years. It is also one of the longest main span bridges of the same type in Southeast Asia. Once the project is completed, it will be connected to coastal roads, effectively improving local traffic, raising employment levels and driving economic development.

**East Coast Rail Link (ECRL)** – is the largest economic and trade project between China and Malaysia and links the east coast with the west. CCC's Malaysian unit is building the project. Once complete, Malaysia Rail Link (MRLSB) will operate the line in a 50/50 JV with CCC. ECRL construction works were suspended in 2018 due to high project costs. Following the work stoppage, both parties signed a revised agreement which both reduced the size of the original contract and the cost by 1/3 to \$10.6 billion. In April 2021, both parties signed a revised deal, where the line increased from 640 kms to 665 kms and the cost was increased to \$12.1 billion. ECRL is now expected to be completed in 2028; by end April 2021, the project was 21.4% completed.

**eWallets - Alibaba** – in 2017, Ant Financial formed a JV with CIMB, Malaysia's 2<sup>nd</sup> largest bank, to provide ewallet and other online payments services called Touch n' Go. By 2021, Touch 'n Go eWallet had over 15 million users servicing over 280,000 merchants. Tencent – in Q1 2019, Tencent launched its first WeChat Pay app in a foreign currency (Malaysia) as an e-wallet service. By April 2021, WeChat pay ranked 5<sup>th</sup> among the 53 existing Malaysian e-wallet providers.

**China Construction Bank Malaysia (CCBM)** – in December, CCBM signed a MoU with PayNet to collaborate on real-time cross-border QR payments between Malaysia and China. Under this linkage, consumers and merchants in both countries will be able to make and receive instant payments. CCBM said that this collaboration, once materialised, represents a key milestone in the Malaysia – China payment connectivity initiative.

**MCKIP SEZ** – in November, officials from the Beibu Port Group announced that the Malaysia-China Kuantan Industrial Park (MCKIP) received a 17.5 billion yuan (\$2.74 billion) investment that primarily consists of coke, electric, aluminium and manganese. This represents the largest investment MCKIP has ever received. It is also a step change from the investment amount of \$4.8 billion to date previously. The new project is scheduled to begin construction in 2022 and once operational bring an annual sales revenue of over 35 billion yuan and create 5,000 local jobs.

**Shanxi Construction Investment Group** – in December, Malaysia and Shanxi Construction Investment Group signed a MoU to collaborate on the production of second-generation biodiesel and biojet fuel. Shanxi Construction plans to invest in a hydrogenated vegetable oil (HVO) plant, which has the potential to produce Sustainable Aviation Fuels, also commonly known as biojet fuels, in Malaysia's southern state of Johor. Each HVO plant is expected to bring foreign investment worth 3 billion ringgit (\$712.25 million) and create nearly 800 jobs. The biodiesel and bio-jet fuel products will be used to meet the needs of the Chinese market but will also be exported to Europe and the United States.

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