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MECHANISMS FOR STRENGTHENING SABAH-CHINA BILATERAL RELATIONS: THE ROLE OF PARADIPLOMACY, 2018-2020

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ABSTRACT

This study examines the strengthening of relations between Sabah and China, with a particular focus on the influence of paradiplomacy during Tun Dr. Mahathir Mohamad's tenure from 2018 to 2020. Although international relations typically emphasise state-to-state interactions, the direct involvement of sub-state entities such as Sabah (paradiplomacy) is equally crucial in global relations. This research period is significant due to a shift in Malaysia's foreign policy. The findings indicate that Sabah-China relations have strengthened through heightened Chinese investments, a significant influx of Chinese tourists to Sabah, and enhanced cultural and educational partnerships. In all these cases, paradiplomacy was crucial in providing Sabah with direct commercial and social links with China and so supplementing the larger national relationship. This study demonstrates how subnational actors engage on the international stage. It additionally provides valuable recommendations for national and state foreign policies.

Keywords: Sabah, bilateral relations, paradiplomacy, China, subnational diplomacy.

INTRODUCTION

Malaysia and China have historically sustained what is frequently characterized as a “cautiously friendly relationship” (Kwek & Hoo, 2020), particularly in relation to the South China Sea issue. The bilateral relationship between Malaysia and China expanded significantly during the Najib Razak administration (2009-2018), particularly in trade and investment cooperation. Following the political transition after the 14th Malaysian General Election in 2018, this path has changed considerably. Tun Dr. Mahathir Mohamad's return as Prime Minister reshaped Malaysia's foreign policy, particularly its

relationship with China (Chin, 2016; Mohamad, 2018). Though these developments are frequently examined at the national level, there is a growing focus on the influence of subnational entities in international relations. In this context, Sabah, located in East Malaysia and endowed with rich natural resources, a key geostrategic location, and significant economic potential, has become an active player in foreign relations with China (Wang, 2012). Sabah seeks to achieve its own development goals while still following Malaysia's foreign policy by engaging directly with Chinese investors, institutions, and regional governments (Kuznetsov, 2015).

The concept of paradiplomacy helps us understand this phenomenon. Paradiplomacy refers to the involvement of subnational governments in international relations outside of the central government's official diplomatic channels (Kuznetsov, 2015). Paradiplomacy enables regions like Sabah to establish economic collaboration, attract foreign investment, and foster tourism and cultural exchange. In terms of Sabah-China relations, state-level efforts are increasingly focused on attracting foreign investment, growing the tourism market, and strengthening educational and cultural networks. Organizations like the Sabah Economic Development and Investment Authority (SEDIA) and the Sabah Tourism Board help make these connections happen (Sabah Economic Development and Investment Authority, 2024; Sabah Tourism Board, 2024). Nevertheless, despite the increasing significance of this interaction, current research on Malaysia-China relations has predominantly concentrated on federal-level diplomacy. There remains limited attention on how subnational actors utilise mechanisms to improve bilateral relations. There is a notable lack in systematic analysis regarding the implementation of paradiplomacy within the Malaysian federal system, particularly concerning Sabah-China relations. This study aims to address this gap by examining the strategies Sabah employed to enhance bilateral relations with China from 2018 to 2020. This analysis looks at how Sabah utilizes paradiplomacy to strengthen its bilateral relations with China between 2018 and 2020, with a focus on economic, infrastructure, and socio-cultural engagements.

LITERATURE REVIEW

Traditionally, the study of international relations has been dominated by state-centric theories such as realism and liberalism, which emphasize the state as the most important actor in the international system. Realist scholars such as Hans Morgenthau (1948) argue that international relations are fundamentally driven by power competition and national interests, while institutional liberal scholars such as Robert Keohane (2001) and Joseph Nye (2001) acknowledge the importance of international cooperation through institutions, yet still maintain the central government's dominant role in foreign policy formulation. However, this well-established theoretical paradigm has been seriously challenged by the acceleration of globalization. The rise of numerous non-state actors has given rise to fresh perspectives on international relations, including cities, regions, and subnational administrations. In this context, the concept of paradiplomacy has emerged as an important approach that emphasizes the increasingly significant role of subnational actors in conducting international relations directly or semi-independently of the central government.

The concept of paradiplomacy was first systematically introduced by Ivo D. Duchacek (1986), who defined it as the involvement of subnational governments in international activities encompassing economic, cultural, and political aspects. Duchacek (1986) emphasized that subnational actors no longer act only as implementers of central policy, but also as active actors in shaping cross-border interactions. This view was later developed by Aldecoa and Keating (1999), who argued that globalization has encouraged regions to develop their own external relations to achieve economic and political interests.

Kuznetsov (2015) further offers a more thorough analytical framework by classifying the tools, motivations, and forms of paradiplomacy. According to Kuznetsov, this engagement is typically aimed at attracting foreign investment, strengthening trade relations, and expanding cooperation in education and culture. Tavares (2016) argues that paradiplomacy has become an integral component of governance, particularly for regions seeking to overcome the structural constraints of centralized foreign policy.

While there is consensus among scholars that paradiplomacy is increasingly important, there remains debate regarding the degree of autonomy of subnational actors. Some scholars see paradiplomacy as complementary to foreign policy (Hocking, 1999), while others emphasize its greater autonomy and its potential to challenge the dominance of central governments (Tavares, 2016). This debate reflects the complexity of paradiplomacy not only as a practical phenomenon, but also as a theoretically contested concept across different political systems. In the Southeast Asian context, studies on Malaysia-China relations have predominantly focused on the federal level, particularly on economic cooperation, security, and balance-of-power strategies. Scholars such as Kuik (2016) and Goh (2016) discuss Malaysia's "hedging" strategy in the face of great powers, while Ngeow and Jamil (2022) examine the realignment of Malaysia-China relations during the Mahathir Mohamad administration. These studies collectively illustrate how Malaysia balances economic interests with strategic considerations, especially in the context of the Belt and Road Initiative (BRI).

In addition, China's rise as a global economic power has also attracted substantial scholarly attention in the existing literature. Shirk (2007) emphasizes China's expanding global influence, while Rolland (2017) analyzes the BRI as a strategic instrument in strengthening China's economic and geopolitical networks. This development has major implications for Southeast Asia, including Malaysia, an important partner in China's regional strategy. However, most of these studies remain focused on interactions at the national level and afford limited attention to the role of subnational actors such as Sabah. Although there is a study by Idris et al. (2021) which shows that Sabah-Australia relations can strengthen bilateral relations at the national level, specific studies on Sabah-China relations through the lens of paradiplomacy are still limited.

Furthermore, the significance of local institutions such as state development agencies, colleges, and cultural organizations in facilitating these contacts is often overlooked in prior research on economic and investment cooperation between Malaysia and China. This indicates a significant knowledge gap regarding the practical application of paradiplomacy in Malaysia's federal system, which places foreign policy authority under the central government. In this regard, this study aims to fill this gap by analyzing the mechanisms Sabah uses to strengthen bilateral relations with China through a paradiplomacy approach. By focusing on the period from 2018 to 2020 during the administration of Tun Dr. Mahathir Mohamad, this study offers a new perspective on how subnational actors adapt to national policy changes while pursuing their own development goals.

Theoretically, paradiplomacy can be viewed as a development in international relations that opposes the state's long-standing monopoly as the only actor (Kuznetsov, 2015; Tavares, 2016). This development is closely related to the structural changes of globalization that increase the role of non-state actors in diplomacy and international economics. In this context, paradiplomacy functions not only as a complementary tool to foreign policy but also as a mechanism that enables subnational entities to adapt to local development needs in a competitive global environment. According to Kuznetsov (2015), paradiplomacy can be categorized into several forms, such as economic, cultural, and political, each with its own objectives depending on the regional context. Sabah, in this study, shows a combination

of all three forms (Kuznetsov, 2015), but with a main emphasis on the economic and development dimensions. This shows that paradiplomacy is not uniform but flexible, depending on the strategic priorities of the subnational actor.

METHODOLOGY

This study employs a qualitative case study design to examine the mechanisms Sabah uses to enhance bilateral relations with China within the framework of paradiplomacy (Yin, 2018). The qualitative approach was chosen because it allows for a comprehensive understanding of the types of institutional collaboration, policy procedures, and socioeconomic connections that are difficult to fully quantify with quantitative methods. This methodology is also appropriate for analyzing complex phenomena such as paradiplomacy, which involves multiple actors and evolving political environments.

Sabah was selected as the case study for several key reasons. First, Sabah actively engages in international relations within Malaysia's federal system, despite foreign authority being constitutionally vested in the central government. Second, Sabah occupies a significant geostrategic position in Southeast Asia, particularly in maritime trade and regional economic networks. Third, the growing economic, investment, and tourism ties between Sabah and China make this state a good example of how paradiplomacy works in a developing country.

This research focuses on the years 2018 to 2020, coinciding with Tun Dr. Mahathir Mohamad's tenure. This period was selected as it marked a significant shift in Malaysia's foreign policy following the 14th General Election in Malaysia 2018. This included rethinking projects under the Belt and Road Initiative (BRI). These policy shifts altered the dynamics of Malaysia-China relations, providing an opportunity to examine how subnational actors such as Sabah adapted their strategies in light of these changes.

The current analysis primarily relies on secondary sources like academic journal articles, scholarly publications, government papers, policy documents, and official statistics on Malaysia-China ties and Sabah's economic progress. Key institutional sources include the Sabah Economic Development and Investment Authority (SEDIA), the Sabah Tourism Board (STB), official media reports, and publications from other relevant organizations. The selection of sources was based on the criteria of credibility, relevance, and compatibility with the study's temporal scope to ensure the validity of the information used.

This study employed thematic analysis. This process involved identifying, categorizing, and interpreting the key themes emerging from the data collected. The principal themes identified were economic cooperation, infrastructure development, tourism, and socio-cultural exchanges. To assess Sabah's position as a subnational player in improving bilateral relations with China through a paradiplomacy strategy, a methodical examination of each issue was conducted. Data triangulation was employed using data from several sources to improve the study's validity and reliability (Denzin, 1978). This approach reduces bias and ensures that the results are supported by reliable data from multiple sources. Furthermore, the use of established official and academic sources enhances the credibility of the analysis. This study, however, has a few limitations. Access to insider information or current opinions from key stakeholders, players, and policymakers may be limited when relying on secondary data. Additionally, focusing on a single case study limits the breadth to which the research findings may be applied. Nevertheless, this approach still provides meaningful insights into the phenomenon, particularly regarding the practical implementation of paradiplomacy in Sabah.

RESULTS AND DISCUSSIONS

Economic Cooperation

One of the main ways that Sabah uses paradiplomacy to improve its relations with China is through economic cooperation. From 2018 to 2020, under the administration of Tun Dr. Mahathir Mohamad, Malaysia's foreign policy toward China adopted a more cautious yet pragmatic stance (Mohamad, 2018; Rolland, 2017), especially in light of the Belt and Road Initiative (BRI). Even though the federal government was rethinking a number of big projects, Sabah used this opportunity to strengthen direct economic ties with Chinese investors and businesses. This approach is evident through Sabah's participation in trade missions, the signing of Memorandums of Understanding (MoUs), and the creation of strategic economic zones. The Sabah Economic Development and Investment Authority (SEDIA) and the Sabah Economic Development Corporation (SEDCO) are two important organisations that help bring in investment and make sure that economic cooperation with Chinese partners happens (Sabah Economic Development and Investment Authority, 2024). These organisations demonstrate that paradiplomacy encompasses institutional mechanisms that continuously improve cross-border economic ties in addition to its symbolic value.

The Kota Kinabalu Industrial Park (KKIP) and the expansion of the Sepanggar Bay Container Port are two further examples of Sabah's efforts to strengthen its position in the regional trade network (Rolland, 2017; Wang, 2012). Sabah is trying to diversify its economy and rely less on traditional sectors by investing in sectors such as oil and gas, manufacturing, and tourism. In this context, Chinese investors not only bring in money but also help with technology transfer and strengthen local industries. Theoretically, this development corroborates Kuznetsov's (2015) assertion that subnational entities participate in paradiplomacy to fulfill domestic economic objectives. Sabah not only implements central policy but also actively drives economic engagement by attracting foreign investment and expanding international trade networks. This suggests that paradiplomacy can accelerate regional economic development in ways that traditional diplomacy cannot.

The tourism industry is also a major driver of the economic relationship between Sabah and China. China represents one of the primary sources of international tourist arrivals to Sabah (Sabah Tourism Board, 2024). This contributes significantly to the local economy, especially in the hospitality, transportation, and retail sectors. This rise in tourist traffic has both a direct economic effect and a positive effect on social and cultural ties between Sabahans and Chinese visitors. In the realm of paradiplomacy, tourism is perceived as an economic tool that simultaneously serves as a conduit for informal diplomacy. Nevertheless, this development carries important implications. China's growing dependence on investment and markets could lead to problems in economic relations. Shirk (2007) has noted that China's growing economic power could make relationships unbalanced, especially in regions such as Sabah where negotiating capacity is comparatively limited. So, although paradiplomacy offers substantial economic benefits, it also requires a more strategic approach to ensure sustainable, balanced development.

The economic cooperation between Sabah and China during this period shows that paradiplomacy is an effective way to link local development goals to global economic opportunities (Kuznetsov, 2015; Tavares, 2016). Sabah effectively leveraged opportunities within Malaysia's federal system to cultivate robust economic ties with China, thereby demonstrating the capacity of subnational entities to actively engage in the international economy. In the context of economic interactions with China, the idea of "functional pragmatism" offers a useful perspective on the paradiplomacy strategies used by Sabah.

This approach demonstrates that Sabah does not function as a single entity with comprehensive foreign policy authority; rather, it uses the existing institutional framework to achieve developmental objectives.

In practice, this mechanism operates through three main channels: cooperation among state government agencies, direct engagement with foreign investors, and the involvement of intermediary organizations such as state development agencies. Sabah can operate within the federal system without contravening the constitutional boundaries of foreign policy through these three channels. At the same time, it can still be involved in international relations. This approach also shows that paradiplomacy is flexible, with subnational actors adjusting their strategies as national and global politics change. Malaysia's foreign policy changes after 2018 did not end relations with China in the case of Sabah. Instead, they changed the strategy to a more direct form of cooperation at the state level.

Infrastructure Initiatives

Infrastructure development is one of the most significant mechanisms for strengthening Sabah-China relations, especially within the Belt and Road Initiative (BRI). Sabah has used its geostrategic location to attract infrastructure investments aligned with China's broader regional objectives of expanding trade and logistics networks in the region from 2018 to 2020. Through paradiplomacy, this method shows how local development needs can be aligned with global economic strategies. The expansion of Sepanggar Bay Container Port is one of the most important projects that shows this cooperation. The goal is to make Sabah a maritime logistics hub in the East ASEAN Growth Area (EAGA) (Kuznetsov, 2015; Tavares, 2016). China has also put money into industrial areas like the Kota Kinabalu Industrial Park (KKIP) and the Palm Oil Industrial Cluster (POIC) in Lahad Datu (Rolland, 2017). They are interested in areas such as renewable energy, downstream palm oil processing, and mineral processing. These developments are expected to not only expand Sabah's industrial base, but also integrate the state into broader global supply chain networks.

Analytically speaking, China's involvement in Sabah's infrastructure development is a form of "infrastructure-led paradiplomacy," in which tangible projects are used to strengthen strategic and economic ties. Sabah facilitates this partnership through institutions such as the Sabah Economic Development and Investment Authority (SEDIA) and the Sabah POIC. This demonstrates that local-level actors can still play a significant role in planning and implementing large-scale projects, even though they must operate within the constraints of a federal system. It is noteworthy that the federal government under Tun Dr. Mahathir Mohamad has adopted a cautious stance by re-evaluating some BRI projects. However, Sabah has continued to engage with its Chinese partners on infrastructure projects through paradiplomacy. This situation shows a multi-level governance dynamic, meaning that the state and federal governments may have different approaches but still operate within the same framework of international relations. Paradiplomacy is a flexible tool that allows Sabah to change its development strategy without relying on decisions made at the central level (Aldecoa & Keating, 1999; Lecours & Moreno, 2011).

Infrastructure investment also affects other areas, such as tourism, where improved transportation and logistics facilities help more tourists from China travel. This shows that building infrastructure not only helps the economy directly but also supports other parts of the economy indirectly (Sabah Tourism Board, 2024). Nevertheless, this infrastructure cooperation is not without challenges. Relying on foreign investment, especially from China, carries risks including reduced transparency, long-term financial strain, and asymmetric power dynamics. As noted in the literature on BRI (Rolland, 2017),

infrastructure projects funded by China often face governance challenges and long-term economic viability issues. So, Sabah needs to find a way to build infrastructure while also managing risk well. In the case of Sabah-China ties, infrastructure development shows that paradiplomacy goes beyond simple economic collaboration through investment and trade. It also has more general physical and strategic components. Sabah has leveraged infrastructure development to make its economy more competitive, improve its ties with China, and integrate itself into regional and global economic networks

Cross-Cultural and Educational Exchange

Cultural and educational exchange represents a significant dimension of Sabah's paradiplomacy, particularly in the realm of soft power. This is different from economic and infrastructure cooperation, which is more material. From 2018 to 2020, Sabah made significant strides in this area through collaboration with educational institutions, academic exchange programs, and cultural events that included people from both Sabah and other parts of the world. Universiti Malaysia Sabah (UMS) and other higher education institutions play an important role in expanding its ties with China. UMS has started a number of programs, such as student exchange programs, joint research, academic staff exchanges, and the creation of language and cultural programs, by signing Memorandum of Understanding (MoU) with universities in China (Sabah Media, 2024). This network not only strengthens academic ties but also creates a global knowledge network that will help Sabah and China work together for the long term. In the realm of paradiplomacy, educational institutions serve as "non-state actors" that enhance the state government's role in fostering external relations.

From a theoretical standpoint, this interaction exemplifies the application of "soft power" in paradiplomacy, as delineated by Nye (2001), where in cultural and educational appeals are employed to indirectly sway international relations. Sabah uses this strategy by encouraging people to learn Mandarin, introducing Chinese culture through academic programs, and encouraging local communities to engage with Chinese students who are studying in Sabah. This approach fosters intercultural understanding, which is the basis for long-term cooperation. Cultural activities also serve as an important mechanism in strengthening these ties. The large Chinese community in Sabah (Gao, 2003), especially in cities like Kota Kinabalu and Sandakan, has become a social and cultural link between Sabah and China. Local groups and people from China often work together to plan events like the Chinese New Year and the Mid-Autumn Festival, as well as arts and cultural heritage activities. These activities not only help people feel more connected to their culture, but they also act as an informal way for communities to get to know each other better.

Furthermore, the sister-city relationship between Sabah and several Chinese provinces, such as Fujian and Guangdong (Duchacek, 1990; Tavares, 2016), has enabled them to collaborate in education, tourism, and culture. This relationship makes it possible for interactions to happen directly at the subnational level, without having to go through central diplomatic channels all the time. This aligns with Tavares (2016)'s assertion that paradiplomacy enables subnational entities to construct international networks flexibly, tailored to local interests. However, it is also important to examine this cultural and educational exchange with a critical eye. If not handled carefully, the growing influence of outside cultures could change the way people in a community see themselves. Also, academic and cultural ties overly dependent on a single country can make Sabah's international networks less diverse. Therefore, a more inclusive and balanced approach should be considered to ensure that long-term benefits endure. In general, cultural and educational exchanges between Sabah and China show that paradiplomacy is not just about economic issues. It also includes social and cultural issues that are

important for building long-lasting international relations. Through soft power, Sabah has strengthened ties with China at both the societal and institutional levels. This has helped improve cooperation in infrastructure and the economy.

The Role of the Federal Government under Tun Dr. Mahathir Mohamad (2018-2020) and Its Implications for Sabah's Paradiplomacy

The reappointment of Tun Dr. Mahathir Mohamad as Prime Minister of Malaysia for the period 2018 to 2020 has brought about a significant change in the country's foreign policy approach, particularly in its relations with China. The federal government at that time took a more cautious stance on large-scale projects under the Belt and Road Initiative (BRI), including a reassessment of BRI projects such as the East Coast Rail Link (ECRL) and Bandar Malaysia (Chin, 2016; Rolland, 2017). This move was driven by concerns over transparency issues, debt burden, and the country's sovereign interests. This policy shift has created a new dynamic in Malaysia-China relations, in which the federal government maintains diplomatic and economic ties but adopts a more selective and cautious approach. In this context, Sabah, as a state government, has demonstrated the ability to adapt its development strategy and foreign relations through a paradiplomacy approach. Although foreign policy authority formally rests with the federal government, Sabah continues to actively engage with its Chinese partners, particularly in investment, infrastructure, and economic cooperation.

From an analytical perspective, this situation reflects a "multi-level governance" system (Hocking, 1993; Lecours & Moreno, 2011), in which various levels of government play a role in shaping international relations. Sabah does not act in contradiction to federal policy but rather adapts its approach within the space allowed by the existing political system. This illustrates how paradiplomacy complements traditional diplomacy rather than supplanting the central government. The role of state agencies such as the Sabah Economic Development and Investment Authority (SEDIA) and the Sabah POIC is significant in this context. These agencies act as intermediaries between Sabah and Chinese investors, facilitating negotiations and the implementation of development projects. In addition, the established relationship between Malaysia, including the Chinese consulate in Kota Kinabalu, also helps strengthen direct cooperation at the local level.

At the same time, the Chinese business community in Sabah also serves as an informal link in Sabah-China relations (Daily Express, 2022). Through existing social and economic networks, this community helps facilitate interactions between Chinese investors and local parties. This indicates that paradiplomacy is not limited to government institutions but is also influenced by non-government actors who play a role in building international relations networks. However, the relationship between the federal and state governments in this context is not without challenges. Policy misalignment between the two levels of government can create confusion in project implementation and undermine investor confidence. In addition, the state government's limited autonomy in foreign affairs may constrain Sabah's ability to act more independently in international relations.

In this regard, Sabah's paradiplomacy during this period can be seen as a strategic adaptation to federal policy changes. Sabah used the flexibility inherent in Malaysia's federal system to pursue relations with China without violating the foreign policy framework. This is consistent with the arguments of Duchacek (1986) and Tavares (2016) that subnational actors can play an active role in international relations despite operating within the constraints of political structures. Overall, the role of the federal government under Mahathir's administration has formed an important context for the implementation of Sabah's paradiplomacy. Despite a more cautious approach at the central level, Sabah has managed

to maintain and strengthen its relationship with China through a more flexible and development-oriented strategy. This suggests that the interaction between the federal and state governments is an important factor in determining the effectiveness of paradiplomacy in the federal political system.

The paradiplomacy phenomenon between Sabah and China can only be understood within the context of multi-level government in the Malaysian federal system. In such a setup, the federal government is no longer the exclusive monopoly of international relations but also involves state governments through certain spaces indirectly permitted by the existing institutional framework. In Sabah, interaction with China occurs through a combination of formal and informal mechanisms involving actors at various levels. At the formal level, the federal government still holds primary authority over foreign policy. However, at the implementation level, the Sabah state government has the space to engage in international economic activities such as investment promotion, participation in trade expos, and industrial development cooperation. At the same time, there are also informal channels that play an important role in strengthening these relationships. These include local business networks, links between educational institutions, as well as interactions with the Chinese diaspora community in Sabah. These elements form an informal diplomacy ecosystem that supports bilateral relations between Sabah and China without going through traditional diplomatic channels directly.

From an analytical perspective, these multi-level interactions indicate that Sabah's paradiplomacy is "embedded diplomacy", diplomacy that is embedded in the local economic and social structure (Hocking, 1993; Lecours & Moreno, 2011). Sabah does not act as a fully independent actor, but instead operates in a space between limited autonomy and open global opportunities. This situation allows Sabah to adjust its international relations strategy in response to policy changes at the national level and economic opportunities at the global level, particularly in light of China's involvement in the Southeast Asian region. In addition, the Sabah-China relationship shows a form of "asymmetric interdependence", in which Sabah benefits from economic and infrastructure development, while China expands its economic and geopolitical influence in the Borneo region (Keohane & Nye, 1977). Although this relationship is interdependent, there is an imbalance in bargaining power in favor of China as a global economic power. However, Sabah can still manage this imbalance through institutional adaptation strategies. These include using state development agencies as intermediaries, strengthening direct relationships with investors, and actively participating in regional economic networks. This strategy allows Sabah to reduce its reliance on central channels alone and increase its efficiency in attracting foreign investment. The governance dynamics of Sabah-China relations show that paradiplomacy is a complex political process involving interactions among different levels of government, non-state actors, and international structures, rather than merely an economic external relations event. This further reinforces the argument that modern international relations are increasingly multilayered and no longer centered on the state as the sole actor.

Challenges in Sabah-China Relations

Although Sabah-China relations have shown positive developments through various paradiplomacy mechanisms, several structural and strategic challenges must be taken into account when assessing the long-term effectiveness of this relationship. These challenges are important to ensure a more balanced analysis of the dynamics of the bilateral relationship. One of the main challenges is the risk of economic dependence on China. Increased investment and trade with a major economic power have the potential to create imbalances in long-term economic relations. As Shirk (2007) argues, China's expanding economic influence could lead to asymmetric relations, especially for subnational actors with limited

bargaining power such as Sabah. This overdependence could limit the diversity of economic partners and increase vulnerability to changes in Chinese foreign policy.

In addition, structural constraints within Malaysia's federal system are also a significant challenge. Although Sabah is active in paradiplomacy, formal authority over foreign policy remains vested in the federal government. This creates potential for misalignment between state-level initiatives and federal policies, particularly when national policies change. In the context of the Tun Dr. Mahathir Mohamad administration (2018-2020), a reassessment of BRI projects has demonstrated that federal decisions can directly impact subnational action spaces. Furthermore, involvement in projects related to the Belt and Road Initiative (BRI) carries risks regarding transparency, governance, and financial sustainability. Although Chinese-funded infrastructure projects provide benefits in terms of physical development, there are concerns in the literature about "debt sustainability" and long-term dependence on external financing (Rolland, 2017). Therefore, Sabah needs to ensure that any infrastructure cooperation is implemented with transparent and effective monitoring mechanisms.

In addition to economic and institutional factors, the power asymmetry between Sabah and China is also a significant challenge in the negotiation and cooperation process. As a subnational region, Sabah operates from a weaker bargaining position than China, a global economic power. This imbalance can affect the outcome of negotiations and the level of autonomy in determining the direction of cooperation. Overall, these challenges demonstrate that while paradiplomacy creates space for international engagement at the subnational level, it remains subject to structural, economic, and geopolitical constraints. Therefore, the effectiveness of Sabah's paradiplomacy in relations with China depends on the state's ability to balance development opportunities and strategic risk management.

Sabah-China Paradiplomacy Mechanisms Model

This paper presents a multi-layered model of Sabah-China paradiplomacy to comprehensively explain how the state of Sabah uses paradiplomacy in its ties with China. The model implies that subnational interactions are not random but take place within a defined institutional and strategic framework. The first layer of this model comprises input factors, including changes in Malaysia's foreign policy at the federal level, China's growing economic influence at the global level, and Sabah's domestic development needs. These factors create space and opportunities for the state government to increase international engagement through informal and semi-formal channels.

The second layer comprises implementing actors, including state government institutions such as the Sabah Economic Development and Investment Authority (SEDIA) and POIC Sabah, as well as educational institutions such as Universiti Malaysia Sabah (UMS). In addition, non-governmental actors such as the local business community and foreign investors also play an important role as liaisons in the paradiplomacy network. The third layer is the mechanism process, which includes various forms of interaction, such as trade missions to China, the signing of Memorandums of Understanding (MoUs), participation in international expos such as the China-ASEAN Expo (CAEXPO), and cultural and educational exchange programs. This demonstrates that Sabah's paradiplomacy operates through multiple platforms rather than a single channel.

The fourth layer is the output, which includes increased foreign direct investment (FDI) from China, the development of the tourism sector, the strengthening of international education networks, and the integration of Sabah into the global value chain. These outcomes demonstrate that paradiplomacy is not merely a symbolic activity but has a real economic and social impact on the state's development. This

model also shows that Sabah's paradiplomacy is adaptive and responsive to changing political and economic environments. Although foreign policy authority is formally vested in the federal government, Sabah can still exercise a degree of autonomy through institutional mechanisms and informal networks. In this context, paradiplomacy serves as a "bridge governance" mechanism that connects local interests to global opportunities, particularly in its relations with China. As a result, this model not only offers a framework for understanding Sabah's interactions with China but also strengthens the notion that subnational actors can be significant players in a contemporary multi-level international relations system (multi-level governance).

CONCLUSION

This study has analysed the mechanisms used by the state of Sabah in strengthening bilateral relations with China through a paradiplomacy approach, particularly during the administration of Tun Dr. Mahathir Mohamad (2018-2020). This period was significant due to the restructuring of Malaysia's foreign policy following the 14th Malaysian General Election (GE14) 2018, which also influenced the dynamics of Malaysia-China relations at various levels. Overall, this study identifies four main mechanisms used by Sabah to strengthen relations with China: economic cooperation, infrastructure development, cultural and educational exchanges, and adaptation to the federal policy framework. These four mechanisms demonstrate that Sabah is not simply an implementer of central policy but also functions as a subnational actor active in shaping international relations through a paradiplomacy approach.

The findings of this study further strengthen the thesis that paradiplomacy is an important mechanism in contemporary international relations, particularly in a federal system that provides certain room for state governments to operate at the global level. In the context of Sabah, institutions such as the Sabah Economic Development and Investment Authority (SEDIA), POIC Sabah, and Universiti Malaysia Sabah (UMS) have played important roles as key liaisons in forging economic and social relations with China (Idris et al., 2021; Novialdi et al., 2021). From a theoretical perspective, this study supports the view of Kuznetsov (2015) and Tavares (2016) that subnational actors can play a significant role in international relations despite lacking formal power in foreign policy. Sabah shows that paradiplomacy can function as an effective development strategy, especially in attracting foreign investment, strengthening economic networks, and expanding social and cultural cooperation. However, this study also emphasizes that implementing paradiplomacy is not free from structural constraints and geopolitical risks. Subnational interactions with major powers require cautious and strategic management, as evidenced by issues such as economic reliance, an imbalance in bargaining power, and the limitations of federal systems. In terms of policy implications, this study suggests that coordination between the federal and state governments be strengthened to ensure coherence in the implementation of international relations at the subnational level. At the same time, state governments like Sabah need to broaden the diversity of international partners to reduce the risk of dependence on a single economic power. This study reveals that in general, Sabah-China interactions are not merely conducted on the basis of traditional state-to-state diplomacy but are also bolstered by the active engagement of subnational actors in a paradiplomacy framework. By demonstrating how emerging nations can have a significant impact on international relations despite the institutional and political structural limitations they encounter, it makes a crucial contribution to the literature.

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