



# Gemas–Johor Bahru Electrified Double-Tracking Project (GJBEDTP)

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*Birdseye view of the Gemas-Johor Bahru Electrified Double Track Project – Photo from Shutterstock*

## Introduction

The Gemas–Johor Bahru Electrified Double-Tracking Project (GJBEDTP) is set to construct a double-track electric rail line from the town of Gemas in the state of Negeri Sembilan to the city of Johor Bahru in the state of Johor at the southern tip of Malaysia. It is the final component of the Malaysian Ministry of Transport's (MOT) broader electrified double-tracking project (EDTP); its completion will ensure a continuous double-track line across Malaysia from Padang Besar at the Thai border all the way to Johor Bahru, adjacent to Singapore.

The project was first mooted in the early 2000s under the Mahathir administration but only implemented in 2018. At the end of September 2021, the government announced that the project's estimated completion date is 2023.<sup>1</sup>

The Chinese Ambassador to Malaysia labeled GJBEDTP as a BRI project.<sup>2</sup> However, the Malaysian government does not identify GJBEDTP as part of the BRI in the country, demonstrating how the definition of BRI projects can vary in response to both Chinese and domestic conditions.<sup>3</sup> Unlike many other BRI projects, the GJBEDTP does not utilize financing from EXIM Bank or the Asian Infrastructure

1 Prime Minister's Speech. 27 September 2021. 12<sup>th</sup> Malaysia Plan 2021-2025. <https://rmke12.epu.gov.my/en>

2 Bai Tian, "China-Malaysia Cooperation Sails Fast and Far with the wind of Belt and Road," printed in *New Straits Times*, April 23, 2019 <http://my.china-embassy.org/eng/sgxx/dsjh/tl1657041.htm>

3 Based on answers provided by the government to parliamentary questions in 2020. See House of Representatives Malaysia, "Jawapan-jawapan bagi pertanyaan-pertanyaan jawab lisan yang tidak dijawab di dalam Dewan," Mesyuarat Kedua, Penggal Ketiga Parlimen Keempat Belas, July 2, 2020. <https://www.parlimen.gov.my/files/jindex/pdf/JDR22072020.pdf>.

Investment Bank (AIB). In fact, the GJBEDTP is financed by the United Kingdom-headquartered Hongkong and Shanghai Banking Corporation Limited (HSBC) which has actively promoted itself as a financier for the BRI and was named “Best Overall International Bank for Belt and Road Initiative” in the 2017 Asiamoney New Silk Road Finance Awards. According to HSBC, the GJBEDTP “was named Best Overall Project/Initiative for BRI in the Asiamoney New Silk Road Finance Awards in 2017.”<sup>4</sup> The GJBEDTP is key to realizing the Chinese government’s intent to provide better connectivity between China and Southeast Asia, which is one of the BRI’s key objectives.<sup>5</sup> The GJBEDTP is part of the China Indochina Peninsula Economic Corridor (CICPEC)—one of the six BRI corridors—that aims to connect ASEAN states with China through three proposed high-speed rail routes: the Central Route linking Kunming in Yunnan province with Vientiane, Bangkok, Kuala Lumpur, and Singapore; the Eastern Route from Kunming via Hanoi, Phnom Penh, Bangkok, and Kuala Lumpur to Singapore; and the Western Route from Kunming via Yangon, Bangkok, and Kuala Lumpur to Singapore.<sup>6</sup>

This project was selected as a case study under the BRI Monitor initiative due to the involvement of a consortium of Chinese companies in delivering the project. The three Chinese companies involved are: China Railway Construction Corporation Ltd. (CRCC), China Railway Engineering Corporation (CREC), and China Communications Construction Company Ltd. (CCCC). This project can shed light on a different mode of Chinese entities’ involvement in infrastructure projects in Malaysia. Unlike the East Coast Rail Link (ECRL), the GJBEDTP is not funded by Chinese loans. The project illustrates how the host country’s opaque procurement system and state-to-state investment negotiation leaves little room for broader competition for the project. The project also highlights that Malaysia’s political context has caused major delays in the implementation of important infrastructure projects.

## Project Scope

The GJBEDTP aims to improve the quality of rail infrastructure, provide better train services to passengers, and improve rail safety for operations.<sup>7</sup> It is slated to be the catalyst for economic and social sectors along its path.<sup>8</sup> The project involves the upgrading and construction of a 192 km double-track electric rail line along with the construction of new passenger stations, rolling stock depots, yards, underpasses and bridges, the installation of signaling and communication systems, and the remodeling and renovation of eleven intermediate stations.<sup>9</sup>

4 “Belt and Road,” HSBC, accessed on October 4, 2021. <https://www.business.hsbc.com/belt-and-road/physical-infrastructure-backbone-of-the-belt-and-road?cid=HBUK:JG:788:SI:CMB:L14:FB:HPP:0:XEG:18:0818:001:ChinaInt>; HSBC, “Funding the Belt and Road Initiative,” June 14, 2018. <https://www.business.hsbc.com/belt-and-road/funding-the-bri-initiative>.

5 National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People’s Republic of China, “Action plan on the Belt and Road Initiative,” *The State Council: People’s Republic of China*, March 30, 2015 [http://english.www.gov.cn/archive/publications/2015/03/30/content\\_281475080249035.htm](http://english.www.gov.cn/archive/publications/2015/03/30/content_281475080249035.htm)

6 Bangkok Post, “Belt Tightening”, July 30, 2018 <https://www.bangkokpost.com/business/1512518/belt-tightening>;

7 Ministry of Transport Malaysia, *The Electrified Double Track Gemas- Johor Bahru Rail Project*, 2020 <https://web.archive.org/web/20200130233119/https://www.mot.gov.my/en/lands/rail-transport/plbegib>

8 Official portal of the Land Public Transport Agency (APAD); see Projek Pembinaan Landasan Berkembar Elektrik Gemas in the list of railway projects, <https://www.apad.gov.my/en/projek-program/kereta-api-projek-program/senarai-projek-kereta-api#section-id-1604579087969>

9 Bernama, 2020; different sources report different lengths. It is discussed in the later part of this section.

Analysts have argued that the project benefits will remain limited due to potential underutilization of the railway and structural challenges within the Malaysian rail network.<sup>10</sup> The adoption and use of the GJBEDTP line for passenger transport would require a widespread public switch from road-based transportation to rail. This would also require substantial improvements in local bus service integration with the line to address persistent last-mile connectivity issues in Malaysia. As seen in the Ipoh–Padang Besar EDTP line, freight transport utilization of the GJBEDTP line may also be underwhelming given that issues such as competitive pricing present substantial challenges to achieving desired freight volumes.<sup>11</sup> Ongoing construction of the Klang Valley Electrified Double Track, which is expected to be completed in 2026, will also limit freight transport to Port Klang.

In the GJBEDTP's case, similar to the ECRL project, key project documents remain unavailable for public review, despite the government commissioning several feasibility studies on the electrification and double-tracking project. As a result of this lack of transparency, it is difficult for third parties to assess the project independently.

According to a CCCC press release in 2016, the scope of the project includes “design, construction, material supply, installation, completion, testing, trial operation, and maintenance” of the railway.<sup>12</sup> The company further specifies that its outputs include “a total length of 191.14 km, nine new passenger stations, two rolling stock depots, and three open stations next to the existing line” and that the line, which is covered by meter-gauge ballast seamless tracks, is designed to have a speed of 160 km/h.<sup>13</sup>

It is difficult to ascertain whether there have been changes to the project's track alignment after its launch as there is limited transparency in terms of publication regarding the project's technical scope. In 2017, changes were reportedly made to some of the planned underpasses to improve traffic congestion.<sup>14</sup> Presumably related to the planned route, there is also variation in reporting on the railway's length: at the project's launch in 2018, the rail length was said to be 197 km.<sup>15</sup> A 2020 news report states that the double track stretches 192 km.<sup>16</sup> The Land Public Transport Agency's (Agensi Pengangkutan Awam Darat or APAD) website, however, lists the length of the track as 195 km.<sup>17</sup>

10 Francis E. Hutchinson and Kevin Zhang, “The Gemas-Johor Bahru Railway Electrified Double-Tracking Project: Steady Progress towards Completion,” *ISEAS Yusof Ishak Institute*, 72 (July 2020) [https://www.iseas.edu.sg/wp-content/uploads/2020/06/ISEAS\\_Perspective\\_2020\\_72.pdf](https://www.iseas.edu.sg/wp-content/uploads/2020/06/ISEAS_Perspective_2020_72.pdf)

11 Francis E. Hutchinson and Kevin Zhang, “The Gemas-Johor Bahru Railway Electrified Double-Tracking Project: Steady Progress towards Completion,” *ISEAS Yusof Ishak Institute*, 72 (July 2020) [https://www.iseas.edu.sg/wp-content/uploads/2020/06/ISEAS\\_Perspective\\_2020\\_72.pdf](https://www.iseas.edu.sg/wp-content/uploads/2020/06/ISEAS_Perspective_2020_72.pdf)

12 China Communications Construction Company, “Railway project in southern Malaysia is won by CCCC consortium,” November 2, 2016 [http://en.ccccltd.cn/newscentre/companynews/201611/t20161102\\_50676.html](http://en.ccccltd.cn/newscentre/companynews/201611/t20161102_50676.html)

13 China Communications Construction Company, “Railway project in southern Malaysia is won by CCCC consortium,” November 2, 2016 [http://en.ccccltd.cn/newscentre/companynews/201611/t20161102\\_50676.html](http://en.ccccltd.cn/newscentre/companynews/201611/t20161102_50676.html)

14 New Straits Times “[EXCLUSIVE] Gemas-JB rail line delay explained,” September 16, 2017 <https://www.nst.com.my/news/nation/2017/09/280372/exclusive-gemas-jb-rail-line-delay-explained>

15 New Straits Times, “Gemas-JB double tracking project to be completed by Oct 2022,” June 21, 2020 <https://www.nst.com.my/news/nation/2020/06/602265/gemas-jb-double-tracking-project-be-completed-oct-2022-nsttv>

16 The Star, “Gemas JB Rail Project gets green light to restart works,” April 24, 2020 <https://www.thestar.com.my/metro/metro-news/2020/04/24/gemas-jb-rail-project-gets-green-light-to-restart-works>

17 APAD was established in 2018 to replace the Land Public Transport Commission (SPAD). Official portal of the Land Public Transport Agency (APAD). <https://www.apad.gov.my/en/projek-program/kereta-api-projek-program/senarai-projek-kereta-api#section-id-1604579087969>. Accessed on 4 October 2021.

## Project Background and Timeline

### Pan-Asian Railway

While GJBEDTP does not follow the typical financing pattern of BRI projects, it is important to understand how the project fits into the larger context of the Pan-Asian Railway route and the BRI's objective to improve infrastructure connectivity between China and Southeast Asia. In 2000, at the Fourth ASEAN Informal Summit in Singapore, ASEAN member states agreed to pursue the development of the Singapore–Kunming Railway Link.<sup>18</sup> This ambitious multinational infrastructure project was first raised by then-Prime Minister Mahathir Mohamad during the 1995 ASEAN Summit.<sup>19</sup> Also known as the Pan-Asian Railway, this massive cross-country infrastructure project was planned to span some 5,600 km and start in Singapore, traverse Malaysia, Thailand, Cambodia, and Vietnam, and finally end in Kunming, China. The route would later be amended to include connecting lines to Myanmar and spur lines to Laos. This project to connect ASEAN nations by a single continuous railway line would become one of the priority agenda items under the Master Plan on ASEAN Connectivity.<sup>20</sup>

Sino–ASEAN transport connectivity cooperation was formalized with the signing of a Memorandum of Understanding (MoU) between ASEAN and China in 2004, highlighting infrastructure construction as a core area of cooperation.<sup>21</sup> In 2013, less than a month after Chinese President Xi Jinping's first speech announcing the BRI in Kazakhstan, he reaffirmed the importance of transport cooperation with ASEAN as part of the BRI and highlighted China's support in providing financing for infrastructure development in ASEAN.<sup>22</sup> Various portions of the Singapore–Kunming Railway Link would become key “BRI projects” in ASEAN, among them the GJBEDTP.<sup>23</sup>

### West Coast Rail Line Electrification

Around the same period, the Malaysian government sought to modernize the country's railway infrastructure by upgrading and electrifying existing lines, renovating existing stations, and constructing new stations. The existing West Coast railway line runs from the Padang Besar railway station near the Malaysia–Thailand border in Perlis, where it connects with the State Railway of Thailand, to the Johor Bahru station, where it connects to the Woodlands Train Checkpoint in Singapore. In 1995, Kereta Tanah Melayu Berhad (Malayan Railways Limited), state-owned railway company, began operating the

18 Association of Southeast Asian Nations, *The Fourth ASEAN Informal Summit 22-25 November 2000, Singapore*, November 25, 2000 [https://asean.org/?static\\_post=the-fourth-asean-informal-summit-22-25-november-2000-singapore](https://asean.org/?static_post=the-fourth-asean-informal-summit-22-25-november-2000-singapore)

19 P.Y. Chin, “Double-Tracking Rail Vision,” *Perdana Leadership Foundation* archives, November 16, 2003 [http://lib.perdana.org.my/PLF/Digital\\_Content/Prominent\\_Leaders/Mahathir/News\\_1968-2004/2001-2005/nt2003aj/doail%20vision.pdf](http://lib.perdana.org.my/PLF/Digital_Content/Prominent_Leaders/Mahathir/News_1968-2004/2001-2005/nt2003aj/doail%20vision.pdf)

20 Association of Southeast Asian Nations, *Singapore-Kunming Rail Link Project to Sync with Master Plan on ASEAN Connectivity*, August 12, 2011 <https://asean.org/singapore-kunming-rail-link-project-to-sync-with-master-plan-on-asean-connectivity/>

21 Association of Southeast Asian Nations, *Memorandum of Understanding between the Governments of the Member Countries of the Association of Southeast Asian Nations and the Government of the People's Republic of China on Transport Cooperation* Vientiane, November 27, 2004 [https://asean.org/?static\\_post=memorandum-of-understanding-between-the-governments-of-the-member-countries-of-the-association-of-southeast-asian-nations-and-the-government-of-the-people-s-republic-of-china-on-transport-cooperation](https://asean.org/?static_post=memorandum-of-understanding-between-the-governments-of-the-member-countries-of-the-association-of-southeast-asian-nations-and-the-government-of-the-people-s-republic-of-china-on-transport-cooperation)

22 ASEAN-China Centre, *Speech by Chinese President Xi Jinping to Indonesian Parliament*, October 2, 2013 [http://www.asean-china-center.org/english/2013-10/03/c\\_133062675.htm](http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm)

23 Sufian Jusoh, “The Impact of BRI on Trade and Investment in ASEAN,” *LSE IDEAS and CIMB ASEAN Research Institute China's Belt and Road Initiative (BRI) and Southeast Asia*, October 2018. <https://www.cariasean.org/publications/chinas-belt-and-road-initiative-bri-and-southeast-asia-publication/the-impact-of-bri-on-trade-and-investment-in-asean/#.YVsKaRBBY3I>

country's first electrified railway service, KTM Komuter, which provided local rail services in Kuala Lumpur and the surrounding Klang Valley suburban areas.<sup>24</sup> By 2004, when the MOU between ASEAN and China signed, Malaysia has implemented the electrification of part of the line in the Pan-Asian Railway, which is Rawang-Ipoh line.<sup>25</sup>

China and India were slated to undertake the development of the entire stretch of the rail works for the double-tracking project. The Malaysian government issued letters of intent in 2001 to the Indian Railway Construction Company Ltd. (IRCON) and CREC.<sup>26</sup> IRCON was slated to handle the Northern line from Ipoh to Padang Besar, while CREC and its local partners (DRB-HICOM, Emrail, and the Kien Huat Group) were to work on the Southern line from Seremban to Johor Bahru. The IRCON-CREC bid was made through direct negotiations at a government-to-government level; the negotiations included an agreement for contract payments to be made through crude palm oil.<sup>27</sup>

Despite issuing letters of intent to the two foreign companies, the government decided to award the project to a local consortium made up of the Malaysian Mining Corporation Berhad (MMC) and Gamuda Berhad in late 2003.<sup>28</sup> Part of the reason for this surprise award was that MMC-Gamuda offered substantially lower prices than IRCON and CREC. The local companies offered RM14.3 billion, while IRCON-CREC offered RM 43 billion, though later revised it to 30 billion and then 24 billion.<sup>29</sup> A report suggest that MMC-Gamuda submitted the offer to the government in mid-2003.<sup>30</sup>

On October 31, 2003, Mahathir Mohamed stepped down as prime minister and handed power to a handpicked successor, Abdullah Ahmad Badawi. The new prime minister decided to postpone the project in December 2003, stating that the country's budgetary allocations needed to prioritize other projects in the areas of health, education, agriculture, and socio-economic development.<sup>31</sup>

In March 2007, the Badawi administration revived the double-track electrified railway project.<sup>32</sup> The Ipoh-Padang Besar section contract was awarded to MMC-Gamuda for RM12.5 billion in December 2007.<sup>33</sup> The contract to build the Seremban-Gemas portion was awarded to IRCON at USD1 billion

24 Ong Kian Ming et.al, 2018.

25 Plan to develop the rail was mentioned in the 8<sup>th</sup> Malaysia Plan, p. 291, while the progress of Rawang-Ipoh line was discussed in p. 273; The Government of Malaysia, *Eight Malaysia Plan 2001-2005*, April 23, 2001 <https://www.epu.gov.my/sites/default/files/2020-03/Bab%2010%20-%20Infrastruktur%20dan%20Utiliti.pdf>

26 Bernama, "Kerajaan Masih Kaji Projek Landasan Keretapi," October 30, 2003, [http://lib.perdana.org.my/PLF/Digital\\_Content/Prominent\\_Leaders/Mahathir/News\\_1968-2004/2001-2005/2003ko/kerajaan%20masih.pdf](http://lib.perdana.org.my/PLF/Digital_Content/Prominent_Leaders/Mahathir/News_1968-2004/2001-2005/2003ko/kerajaan%20masih.pdf)

27 P.Y. Chin, 2003

28 "Malaysia Pushes Ircon Rail Contract Off Track, India May Retaliate," *Financial Express*, November 1, 2003, <https://www.financialexpress.com/archive/malaysia-pushes-ircon-rail-contract-off-track-india-may-retaliate/87900/>

29 Wong Sulong, "Double tracking – it all boils down to price," *The Star*, November 6, 2003 <https://www.thestar.com.my/business/business-news/2003/11/06/double-tracking--it-all-boils-down-to-price>

30 Leslie Lopez, "Bidding War Brews in Malaysia Over Construction of Railway," *The Wall Street Journal*, July 11, 2003 <https://www.wsj.com/articles/SB105786635312530500>

31 Wong Chun Wai, "Double-track railway not priority, says Abdullah," *The Star*, December 12, 2003, <https://www.thestar.com.my/news/nation/2003/12/12/doubletrack-railway-not-priority-says-abdullah>

32 Z. Ibrahim Klang, "RM9 billion double-tracking project – penny-wise and pound-foolish," published in Lim Kit Siang for Malaysia on March 20, 2007, <https://blog.limkitsiang.com/2007/03/20/rm9-billion-double-tracking-project-penny-wise-and-pound-foolish/>

33 MMC-Gamuda, "MMC-Gamuda win RM12.485 billion double tracking project," December 14, 2017 <https://www.mmc.com.my/14122007%20MMC%20GAMUDA%20WIN%20RM12.485%20BILLION%20DOUBLE%20TRACKING%20PROJECT.pdf>

(RM 3.37 billion<sup>34</sup>) in May 2008.<sup>35</sup> The government, however, did not appoint the contractor for the Gemas-Johor Bahru portion at the same time. It took nearly ten years to finally award the GJBEDTP to the consortium of three Chinese companies in 2016.

Table I. West Coast Rail Line Double-Tracking (past and ongoing projects)

Section (km)	Contractor	Year of Award	Contract Value	Status
Padang Besar–Ipoh (329km)	MMC-Gamuda	2007	RM 12.5 Billion	Opened in 2014
Ipoh–Rawang (180 km)	DRB-Hicom, replaced by UEM Construction Sdn Bhd in June 2005 (Infrastructure), Mitsui (Electrification & Signalling)	2000	RM 2.58 Billion (Infrastructure), RM 1.9 Billion (System)	Opened in 2008
Rawang–Seremban (105km)	India Railway Engineering Company (IRCON)	1992	USD 62 Million	In 2016, the government decided to upgrade the section and appointed Dhaya Maju LTAT Sdn Bhd. The status is unclear as the contract has been cancelled in December 2020
Sentul–Port Kelang (53km)	India Railway Engineering Company (IRCON)	1992	USD 66 Million	
Sentul–Batu Caves (7.5km)	YTL Construction	2006	RM 515 Million	Opened in 2010
Seremban–Gemas (98km)	India Railway Engineering Company (IRCON)	2008	RM 3.37 billion	Opened in 2010
Gemas–Johor Bahru double-tracking	Consortium of China Railway Construction Corporation Ltd. (CRCC), China Railway Engineering Corporation (CREC), and China Communications Construction Company Ltd. (CCCC).	2016	RM9.5 billion (US\$2.26 billion)	Ongoing; expected to complete by October 2022

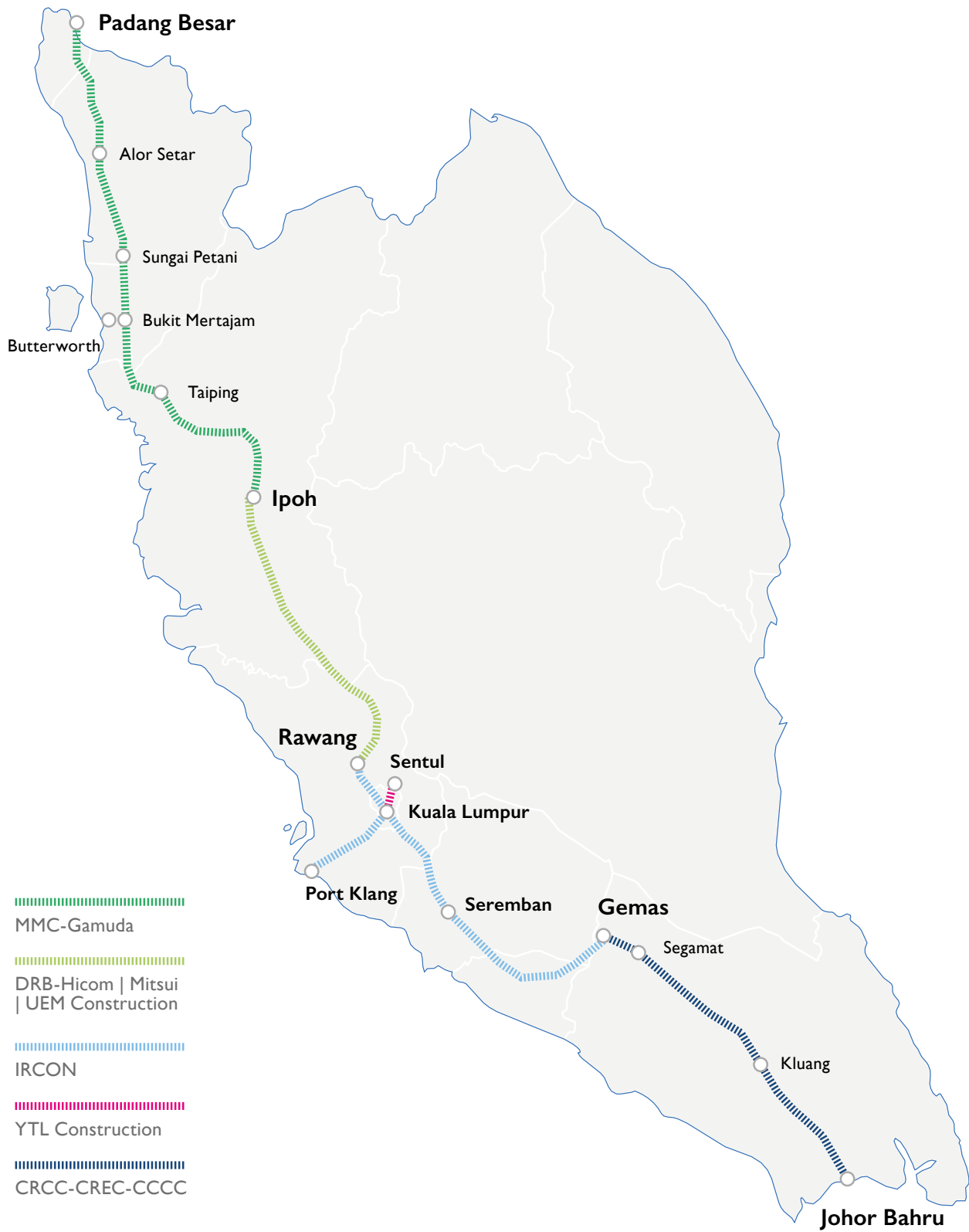
Source: MMC-Gamuda, 2017; *The Star Online*, 6 November 2009; *ircon.org*, Completed Project, 2021; *klia02.info*, Batu Caves KTM Station, n.d.; *ccccltd.cn*, Company News

34 The ringgit amount is based on this article: Chairman Railway Board's Malaysia Visit To Boost Ircon's Operations, High Commission of India website. Accessed on 4 October 2021 at <https://bit.ly/3EVz7VO>

35 "Ircon signs \$1 billion project contract with Malaysia," *Economic Times*, May 16, 2008 <https://m.economictimes.com/industry/transportation/railways/ircon-signs-1-billion-project-contract-with-malaysia/articleshow/3047245.cms>



Figure I: Sections of West Coast Rail Line



## The Gemas-Johor Bahru Line (GJBEDTP)

The previous section shows that while the contractors for the Ipoh-Padang Besar and Seremban–Gemas lines were selected at the end of 2007, the contractor for the Gemas–Johor Bahru line (GJBEDTP) remained unclear.

Our research suggests that no development took place in 2008 regarding the project. In 2009, news reports suggest that at least two companies submitted bids to the government for the project.<sup>36</sup> The first bid came from Global Rail Sdn Bhd and China Infraglobe Consortium, while the second bid came from DRB HICOM and MMC Corp.<sup>37</sup> By that time, Malaysia's new administration under Prime Minister Abdullah Badawi had granted awards for the two rail lines at the end of 2007. Badawi resigned in April 2009 and handed over the country's leadership to Najib Abdul Razak. At the end of 2009, Prime Minister Najib announced that the contract to build the Gemas-Johor Bahru line would be awarded to a Chinese company, without disclosing its specific name.<sup>38</sup>

By 2011, at least three competing Chinese companies submitted bids separately. Negotiations between these companies and the Malaysian government continued between 2011 and 2015. A news report suggests that one of the causes for delay in awarding the contract was because each Chinese bidder had a different local partner who was well-connected; those three companies are: CRCC, CREC and CCCC.<sup>39</sup> At the same time, there was also a report that the Chinese Road and Bridge Corporation (CRBC) with its local partner Gamuda Bhd were awarded the project, but the report was denied by the Minister of Transport.<sup>40</sup>

The Minister of Finance mentioned the project in the 2012 Budget Speech on October 7, 2011, and the Minister of Transport noted the project was expected to be completed by 2016 at the ASEAN CEO Railways Conference later that month.<sup>41</sup>

The Malaysian government submitted a project plan to the Land Public Transport Commission (Suruhanjaya Pengangkutan Awam Darat or SPAD) for public inspection.<sup>42</sup> These proposed plans for the GJBEDTP were displayed for public comment or objection from October 27, 2015 to January 27, 2016, as required under Section 84 (2) of the 2010 Land Public Transport Act.<sup>43</sup> The specific records and documents displayed during this period have not been archived or made available; however, an article published during the public review period states that the information available to the public included plans for the route alignment and "a book of references with the names of proprietors and lessees of

36 "DRB hicom bids Gemas-JB rail job," *The Edge Markets*, June 28, 2009 <https://www.theedgemarkets.com/article/dr-b-hicom-bids-gemas-jb-rail-job>.

37 "DRB hicom bids Gemas-JB rail job," *The Edge Markets*, June 28, 2009 <https://www.theedgemarkets.com/article/dr-b-hicom-bids-gemas-jb-rail-job>.

38 "China finally gets rail job," *The Edge Markets*, November 12, 2009. <https://www.theedgemarkets.com/article/china-finally-gets-rail-job>

39 Jose Barrock, "Warlords battling for RM8bil Gemas-JB Rail Job," *Kinibiz*, March 11, 2013. <http://www.kinibiz.com/story/corporate/8124/%E2%80%98warlords%E2%80%99-battling-for-rm8-bil-gemas-jb-rail-job.html>

40 "Kong not aware of rail contract award," *Malaysia Today*, December 27, 2011. <https://www.malaysia-today.net/2011/12/27/kong-not-aware-of-rail-contract-award/>

41 House of Representatives Malaysia, *The 2012 Budget Speech by YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak*, October 7, 2011. <https://www.mof.gov.my/arkib/budget/2012/bs12.pdf>; Sharidan M. Ali, "Project to be ready in 2016," *The Star*, October 20, 2011. <https://www.pressreader.com/malaysia/the-star-malaysia-starbiz/20111019/281492158084691>

42 Chester Tay, "RM8 bil Gemas-JB Double-track Rail Plans up for Inspection," *Edgeprop.my*, October 28, 2015. <https://www.edgeprop.my/content/rm8-bil-gemas-jb-double-track-rail-plans-inspection>

43 Tay, 2015

the land required for the project.”<sup>44</sup> The results of the public display exercise showed a 99.6 percent support rate out of the total 2,304 feedback forms received, with traffic, safety, and environmental issues being the most common concerns raised by respondents.<sup>45</sup>

A local newspaper reported on November 3, 2015 that the Malaysian government had issued a letter of intent to the Chinese consortium.<sup>46</sup> The consortium was then given two months to submit a tender proposal after the letter of intent was issued, a period that ended on November 30, 2015.<sup>47</sup> After several years of delays since the tender was initiated, the contract for the Gemas–Johor Bahru EDTP was finally awarded to the Chinese CRCC-CREC-CCCC consortium on October 28, 2016, during Prime Minister Najib Razak’s tenure. The Award Letter was granted by the Minister of Transport, Liow Tiong Lai, with a contract value of RM8.9 billion.<sup>48</sup>

The consortium appointed SIPP Railway Sdn Bhd and Syarikat Pembinaan Yeoh Tiong Lay (YTL) Sdn Bhd as the sub-contractors in February and December 2017, respectively. SIPP, a company known to be owned by Sultan of Johor Ibrahim Sultan Iskandar, was selected as the first subcontractor because the project involves land acquisition. YTL was chosen slightly later as there was another company, Fajarbaru Builder Group Bhd, that seemed to be considered as a sub-contractor to the project.<sup>49</sup>

After the letter of intent was issued in late 2015, the construction was expected to begin at the end of 2016.<sup>50</sup> However, the project experienced another delay which, according to a news report, was caused by modifications to the several underpasses and overhead bridges as well as the land acquisition process. The MOT held another consultation meeting with Johor state government representatives and other stakeholders.<sup>51</sup> Based on this meeting, in September 2017 the MOT announced that several planned underpasses and overhead bridges between Kluang and Johor Bahru required alterations. Additionally, the construction of two overhead bridges planned to be built towards the end of the project were moved up, requiring an amendment to the work schedule. There were also ongoing issues related to the relocation of residents that had occurred during the initial land acquisition process.<sup>52</sup> Although a majority of residents were successfully relocated, a total of 1,360 squatters of various categories were reluctant to agree to the relocation were recorded along the GJBEDTP route.<sup>53</sup> Through Statement of Need (SON) Clause 1.8 issued by the MOT, RAC was given the responsibility to remove all obstructions (squatters) at the project site.<sup>54</sup>

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44 Tay, 2015

45 Ministry of Transport Malaysia, *Result of Public Inspection on Electrified Double Track Project Between Gemas to Johor Bahru*, accessed on October 4, 2021. <https://www.mot.gov.my/SiteCollectionImages/epenyertaan/keputusan%20Gemas-JB.pdf>

46 Chinese firms get letter of intent for Gemas-JB Line, *New Strait Times*, November 3, 2015. Accessed on October 4, 2021 from <https://www.klik.com.my/item/document/10492021/nst--tue-11-2015-main-section-03026-a-sabah>

47 Tay, 2015

48 China Communications Construction Company, 2016

49 “Fajar Baru confident on winning bids for Gemas-JB rail project,” *The Malaysia Reserve*, April 3, 2017, <https://themalaysianreserve.com/2017/04/03/fajarbaru-confident-on-winning-bid-for-gemas-jb-rail-project/>

50 “Construction of Gemas-JB electrified double tracking project begin year end,” *New Straits Times*, March 11, 2016, <https://www.nst.com.my/news/2016/03/132149/construction-gemas-jb-electrified-double-tracking-project-begin-year-end>

51 A.F. Othman, “Gemas-JB rail line delay explained,” *New Straits Times*, September 15, 2017, <https://www.nst.com.my/news/nation/2017/09/280372/exclusive-gemas-jb-rail-line-delay-explained>

52 A.F Othman, 2017.

53 Railway Assets Corporation, *Annual Report 2017*, 2018. [https://www.rac.gov.my/rac/resources/Laporan%20Tahunan/RAC\\_Laporan.pdf](https://www.rac.gov.my/rac/resources/Laporan%20Tahunan/RAC_Laporan.pdf)

54 Railway Assets Corporation, 2018

The groundbreaking ceremony was finally held on April 3, 2018, and as of September 2021, the project's estimated completion date is 2023.<sup>55</sup>

**Table II: GJBEDTP Timeline**

<b>Mid-2002</b>	Ircon-Indian Railway Construction Co. (IRCON) and China Railway Engineering Corp. (CREC) were issued letters of intent from the Malaysian government to improve the West Coast railway line
<b>October 20, 2003</b>	Prime Minister Mahathir Mohamad awarded the project to a local consortium made up of MMC Corp. Bhd and Gamuda Bhd
<b>October 31, 2003</b>	Mahathir stepped down as prime minister; Abdullah Badawi took over
<b>December 2003</b>	Badawi canceled the award to MMC-Gamuda
<b>December 2007</b>	Badawi revived the plan to electrify the rail line; the Ipoh-Padang Besar contract was awarded to MMC-Gamuda in December 2007
<b>May 2008</b>	IRCON signed agreement with the Malaysian government to build the Seremban-Gemas line
<b>April 2009</b>	Badawi stepped down as prime minister; Najib Razak took over
<b>October 2011</b>	GJBEDTP was mentioned in the 2012 Budget Speech
<b>October 2015 to January 2016</b>	Public inspection for the project was carried out
<b>October 2016</b>	CCCC released a statement that the consortium consisting of CRCC, CCCC, and CREC was awarded the construction contract
<b>February 2017</b>	The first local subcontractor, SIPP Railway Sdn Bhd, was appointed
<b>December 2017</b>	The Edge Markets reported that YTL was likely to win the contract <sup>56</sup>
<b>April 3, 2018</b>	The project's groundbreaking ceremony was held.
<b>March 2020</b>	Construction activities halted due to Movement Control Order (MCO) to curb the spread of COVID-19
<b>April 24, 2020</b>	Johor government granted approval for the resumption of construction activities

55 Prime Minister's Speech. September 27, 2021. 12<sup>th</sup> Malaysia Plan 2021-2025. <https://rmke12.epu.gov.my/en>

56 Syahirah Syed Jaafar, "YTL Corp's order book expected to balloon with Gemas-JB rail project, say analyst," *The Edge Markets*, December 14, 2017 <https://www.theedgemarkets.com/article/ytl-corps-order-book-expected-balloon-gemasjb-rail-project-say-analysts>

## Project Financing and Key Stakeholders

As of June 2020, the expected cost of the project was estimated to be around RM9.5 billion (US\$2.26 billion), including RM400 million for coaches and staff quarters and RM200 million for consultation fees, as stated by Minister Datuk Seri Mustapa Mohamed during a site visit in Kulai.<sup>57</sup> The project is entirely funded by the federal government.<sup>58</sup>

The ultimate owner of the Gemas–Johor Bahru rail track is the RAC, a statutory body established under Article 89 of the 1991 Railways Act that owns and manages railway assets in Malaysia. Our research, however, did not find sufficient information to determine whether the RAC was involved in the selection of the project contractor.<sup>59</sup>

The contract for the project was awarded to the Chinese consortium of CRCC, CREC, and CCCC in 2016, three companies that together established the local vehicle CRCC-CREC-CCCC Consortium Sdn. Bhd. on March 24, 2016.<sup>60</sup> CRCC holds a 40 percent stake in the consortium, while CREC and CCCC each own 30 percent.<sup>61</sup> A joint venture between the SIPP Railway Sdn Bhd, owned by the Sultan of Johor, and Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd represent the main local subcontractors for the project.<sup>62</sup>

The three companies that form the consortium are Chinese state-owned enterprises (SOEs).<sup>63</sup> They are involved in numerous BRI projects globally. CRCC had 111 BRI-related projects in 37 countries with a value of USD15 billion combined by 2017.<sup>64</sup> CREC has been involved in 33 BRI projects as of 2017, and CCCC was the second largest player in BRI projects in 2020.<sup>65</sup>

57 "Gemas-JB rail project delay will not cost more, says Tok Pa," *The Star*, June 21, 2020 <https://www.thestar.com.my/news/nation/2020/06/21/gemas-jb-rail-project-delay-will-not-cost-more-says-tok-pa>

58 The Budget 2021 Speech, for example, mentions RM15 billion allocation for several transport infrastructure projects including the GJBEDTP; Malaysia Ministry of Finance, *Budget 2021 Speech*, November 6, 2020 <https://belanjawan2021.treasury.gov.my/pdf/speech/2021/bs21.pdf>

59 Railway Assets Corporation, *Annual Report 2017, 2018* [https://www.rac.gov.my/rac/resources/Laporan%20Tahunan/RAC\\_Laporan.pdf](https://www.rac.gov.my/rac/resources/Laporan%20Tahunan/RAC_Laporan.pdf)

60 WCN Editorial Team, "Consortium wins \$2.1bn Malaysian railway contract," *World Construction Network*, November 4, 2016 <https://www.worldconstructionnetwork.com/news/consortium-wins-21bn-malaysian-railway-contract>; The date of establishment is based on information in this website: <https://malaysiadata.com/company/mvdnvy/crcc-crec-cccc-consortium-sdn-bhd>

61 Tan Siew Mung, "RM8.9 bil Gemas-JB double-tracking project to spin off jobs for locals," *The Edge Markets: Malaysia Weekly*, February 20, 2017 <https://www.theedgemarkets.com/article/rm89-bil-gemas-jb-double-tracking-project-spin-jobs-locals>

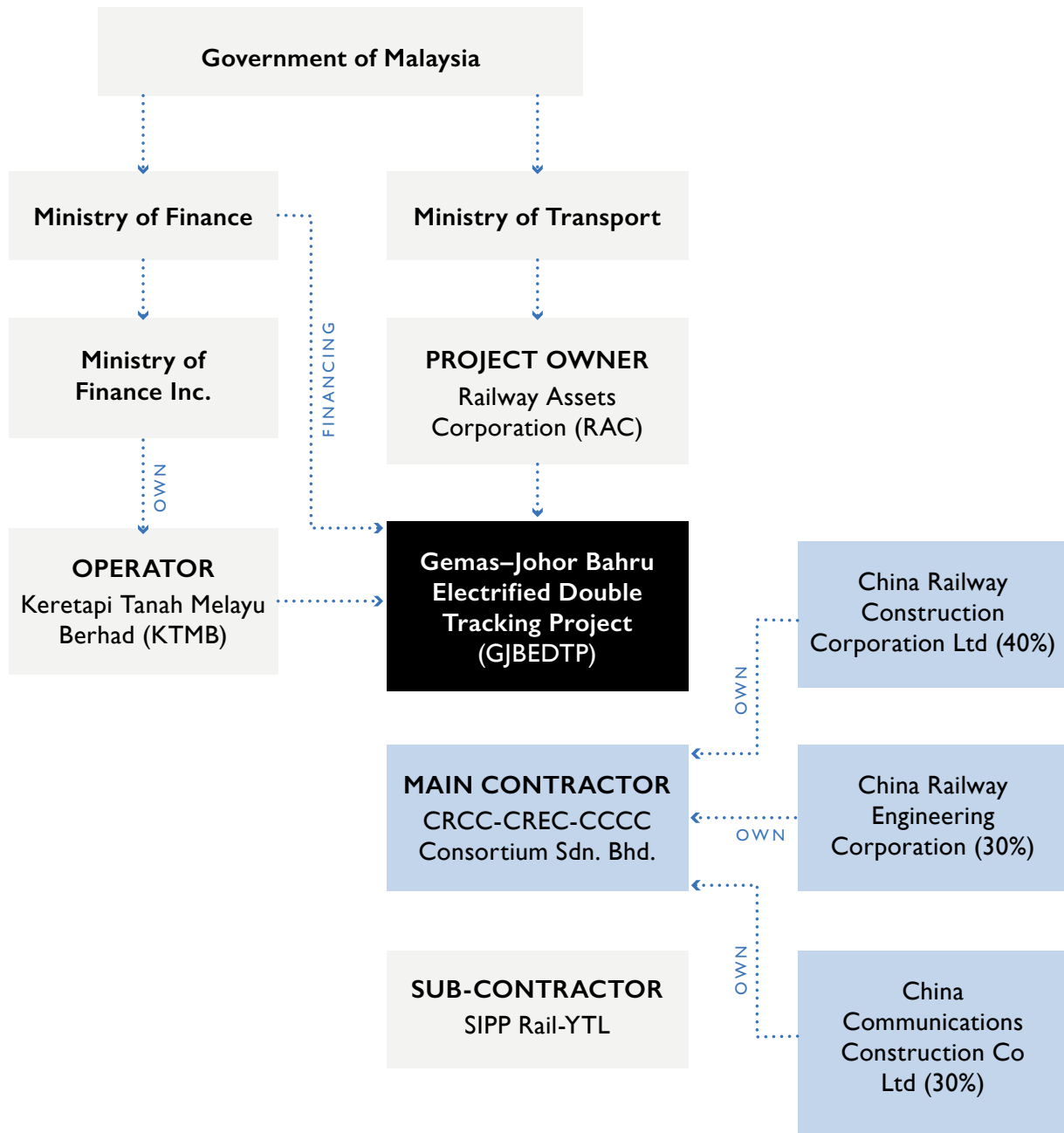
62 "RM9.4bil Gemas-JB rail project to start by end of this month," *The Star*, January 13, 2018 <https://www.thestar.com.my/news/nation/2018/01/13/rm94bil-gemas-jb-rail-project-to-start-by-end-of-this-month>

63 State-owned Assets Supervision and Administration Commission of the State Council, "Directory," accessed on October 4, 2021 [http://en.sasac.gov.cn/n\\_688\\_4.htm](http://en.sasac.gov.cn/n_688_4.htm)

64 Wade Shepard, "These 8 Companies Are Bringing The 'New Silk Road' To Life," *Forbes*, March 12, 2017 <https://www.forbes.com/sites/wadeshepard/2017/03/12/8-new-silk-road-companies-that-you-can-invest-in/?sh=7c1a4ae64db9>

65 China Railway Group Limited, *BRI Projects*, accessed on October 4, 2021, <http://www.crecg.com/english/10059090/10059186/index.html>; Christoph Nedopil Wang, "China Belt and Road Initiative (BRI) Investment Report 2020," *The Green Belt and Road Initiative Center (Green BRI Center)*, 2021 <https://green-bri.org/china-belt-and-road-initiative-bri-investment-report-2020/>

Figure 2: The project structure of Gemas-Johor Bahru EDTP



## Issues

Based on the research above, the GJBEDTP's main issues are the long initiation periods, lack of transparency in the procurement process, and state-to-state negotiation, which limits competition for infrastructure projects. The previous section has shown that the initiation period for GJBEDTP took longer than the initiation period for the electrification of two other sections of the West Coast railway line. Changes in national leadership may have contributed to this. Three different administrations—Mahathir, Badawi, and Najib—oversaw the initiation of the project. The three administrations maintained their commitment to the project, but each had a different way of managing it. Badawi cancelled the railway line project, revived it again, and managed to award contracts for two lines, but he did not manage to finalize the contracts for the GJBEDTP. When Najib came to power, he continued Badawi's work. However, during his administration, offers came not only from the CREC, but also from four other companies who had different local partners. It took seven years to finally award the contract to a consortium of three Chinese companies.

Another issue is the way the project was procured. As a project funded by the government budget, the procurement process of GJBEDTP should follow the procurement circulars issued by the Treasury. These circulars regulate the Malaysia's procurement system. The circular requires an open tender to be called if the value of the project funded by the budget is more than RM500,000.<sup>66</sup> Additionally, the system requires the procuring entity to call the tender among local companies. An international tender should be called only when local companies do not have the expertise or capability of delivering the projects, then an international tender should be called. Even then, the foreign company must form a joint venture with local companies to allow for technology transfer.

The GJBEDTP appears to not follow these requirements. During Mahathir's administration, the government negotiated directly with foreign governments on the project, which appointed their own contractors. For instance, the Indian government appointed IRCON, while the Chinese government appointed CREC. The responsible agency, the RAC, did not seem to be involved in the process. The award to these companies was then cancelled. However, instead of calling for open tender, Mahathir's administration directly awarded the project to a consortium of local companies, MMC-Gamuda, that submitted an offer. During Najib's administration, the news reports, as discussed above, mentioned several submissions of offers from different companies. However, as was the case during Mahathir's term, it is unclear whether the tender for the project was formally called.

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66 Pekeliling Perbendaharaan Malaysia: Kaedah Perolehan Kerajaan, p. 28, Accessed June 11, 2020. <https://lpp.treasury.gov.my/>

## Conclusion

The GJBEDTP is one of Malaysia's major infrastructure projects that had been in the pipeline since early 2000. Changes to Malaysia's political leadership affect the implementation plan of the project. Ten years after it was first initiated, the GJBEDTP is still in the initiation stage: the contractor had not been finalized. When the contractor was finally appointed, Malaysia and other countries in the region, were negotiating with China on other infrastructure projects under the BRI framework. The long-standing GJBEDTP seemed to undergo 'a casual rebranding' and was labelled as BRI project.<sup>67</sup> One important lesson from the project is that changes in political administration may delay the implementation of major infrastructure project, with each administration re-evaluating the scope and technical requirements to the project. Moving forward, Malaysia needs to maintain more robust institutions that can ensure the continuity of major infrastructure despite changes in political leadership. An independent infrastructure commission and a special agency for public infrastructure, such as the National Infrastructure Commission (NIC) and the Infrastructure and Project Authority (IPA) of the United Kingdom, should be established to ensure continuity and better management of major infrastructure programs. Another platform that should be introduced to ensure continuity and oversight is bipartisan parliamentary committees, a platform that the government can use to consult parliamentarians on any changes to infrastructure projects, which could solicit public input earlier in the process, limiting the risk of delays from public pushback later in the process.



*Datuk Seri Mustapa Mohamad is on a train with Datuk Jana Santhiran Muniayan while visiting the Gemas-Johor Bahru Electrified Double-Tracking Project site – Photo from fotoBERNAMA*

<sup>67</sup> Ibid.





## What is BRI Monitor?

BRI Monitor is a collaborative effort by five civil society organizations in Southeast Asia and the Pacific: the Institute for Democracy and Economic Affairs (IDEAS) of Malaysia, Stratbase Albert Del Rosario Institute (ADRI) of the Philippines, Sandhi Governance Institute (SGI) of Myanmar, the Institute of National Affairs (INA) of Papua New Guinea and the Future Forum of Cambodia to promote transparency and accountability in major infrastructure projects funded through the Belt and Road Initiative (BRI) in the region.

These organizations have studied the regulatory environments governing these large infrastructure projects in respective countries, including public procurement, official development assistance, public private partnership (PPP), and more, to identify regulatory gaps. They have each researched a set of case studies to identify implementation gaps and governance gaps. Each case study assesses the level of transparency based on almost 40 data points, from basic project information to the tendering process to project completion. Last but not least, each organization maps out the structure of the projects in question in order to identify domestic and international entities involved in the project and to understand the degree of public financial exposure resulting from each project.

This website is intended to be a platform for the publication of our research outputs and as a knowledge repository. We also hope that the website can be used as a platform for knowledge sharing and a tool to advocate better governance of major infrastructure projects in the region.

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