BRI MONITOR

Melaka Gateway

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Introduction

The Melaka Gateway is a planned integrated seashore development project in the coastal areas of Melaka, a state at the southern tip of the Malaysian peninsula. It was conceptualised as a maritime centre that would host the largest private marina in Southeast Asia, reinstating Melaka's reputation as a renowned trading zone while reviving the state's economy.[1] The project design initially included the development of four islands, or PMEs (an acronym for Pulau Melaka East), as they are termed by KAJD[2]: two reclaimed (PMEs-1 and 2), one existing (PME-3), and one an extension from the shore into the sea (PME-4). PME-1 was intended to host a tourism and entertainment hub with a theme park and an esplanade, while PME-2 was planned to serve as a Free Trade Economic Zone with financial institutions that would make it the "premier international business and finance centre for Southeast Asia."[3] The existing PME-3, Pulau Panjang, was slated for development into a deep seaport for liquid cargo, while PME-4 was meant to be a maritime industrial park.[4]

The Melaka Gateway was inaugurated by then-Malaysian Prime Minister Najib Abdul Razak in 2014.[5] In May 2017, the local developer for the project, KAJ Development Sdn Bhd (KAJD), inked an agreement with three Chinese state-owned companies—PowerChina International Group Limited, Shenzhen Yantian Port Group, and Rizhao Port Group—to invest and develop PMEs-1, 2, and 3 under the project.[6] The local developer also announced the involvement of the provincial government of Guangdong, China to develop PME-4.[7] The inaugural ceremony for the development of PME-3 was held on October 19, 2016, with the Melaka Gateway Port planned to be fully operational by 2021.[8] The groundwork for the reclamation of PME-1 started on April 19, 2017.[9] The Melaka Cruise International Terminal, which was intended to be built on PME-1, was expected to be completed by September 2020. The entire project was expected to be completed by 2025, but in November 2020,

1 Francis E. Hutchinson, "The Melaka Gateway Project: High Expectations but Lost Momentum?", ISEAS – Yusof Ishak Institute Analyse Current Events, September 30, 2019, 2, https://www.iseas.edu.sg/wp-content/uploads/pdfs/ISEAS_Perspective_2019_78.pdf.

2 "Melaka Gateway," *Twin Helix Infinity* https://twinhelixinfinity.com/melaka-gateway/; "Press Release: KAJD signs investment collaboration agreement in Beijing, China with its three (3) strategic partners on the investment & development of Melaka Gateway", *KAJD,* May 13, 2017, 1 https://melakagateway.com/wp-content/uploads/2017/07/KAJD-Press-Release-13May2017-Belt-and-Road-Forum-Beijing_final-2.pdf.

3 "Island 2," *KAJD*, 2019, http://melakagateway.com/island-2-pme2-special-economic-zone/.

4 "Press Release: Construction and development of Melaka Gateway Port (Pulau Panjang) begins with inaugural foundation laying ceremony", *KAJD,* October 19, 2016, p. 1 http://melakagateway.com/wp-content/uploads/2016/11/Press-Release-19October-2016-Inaugural-Foundation-Laying-Ceremony-Melaka-Gateway-PortPulau-Panjang-.pdf.

5 Najib Razak, "The Official Launch of Melaka Gateway", *Najib Razak,* February 7, 2014, https://najibrazak.com/the-official-launch-of-melaka-getaway/.

6 Hutchinson 4.

7 "Press Release: KAJD signs investment collaboration agreement in Beijing, China with its three (3) strategic partners on the investment & development of Melaka Gateway", *KAJD*.

8 "Press Release: Construction and development of Melaka Gateway Port (Pulau Panjang) begins with inaugural foundation laying ceremony," 1.

9 "Press Release: KAJD signs investment collaboration agreement in Beijing, China with its three (3) strategic partners on the investment & development of Melaka Gateway,", *KAJD* 1.

the Melaka government issued a notice of its termination.[10] In April 2021, the project was canceled indefinitely, and its land reclamation projects were rebranded as the Melaka Economic Waterfront Zone (M-WEZ).[11]

In March 2022, however, the Melaka Gateway was surprisingly reinvigorated and returned to its private developer by the state government, in an "amicable solution" to a series of lengthy legal disputes.[12] Malacca's industrial and investment committee chairman, Datuk Seri Ab Rauf Yusoh, told reporters that: "We have no problem with KAJ Development continuing with the development."[13] KAJD has now pledged to complete the Melaka International Cruise Terminal in fifteen months, and the project's theme park by 2025.[14] Both infrastructures will cost RM 1.5 billion, but Ab Rauf has vocalised that the project is "expected to attract a net investment totalling RM 46 billion, including foreign direct investments."[15]

The Melaka Gateway has been identified as one of China's Belt and Road Initiative (BRI) projects in Malaysia by a slew of parties, including China's Minister of Transport, who called it "the forefront flagship in support of the One Belt, One Road Initiative initiated by the People's Republic of China."[16] Several Chinese companies involved in the Melaka Gateway also highlight their involvement in the BRI on their websites.[17] On the official project website managed by KAJD, the project was "earmarked as a key port of call" along China's BRI expansion, with a development plan that "aligns with the principles of [the BRI] as strategized by China."[18] The project supported China's interest in improving connectivity between continents through what PRC President Xi Jinping calls "the Maritime Silk Road of the 21st century," and its location in the Straits of Malacca, through which most of China's exports and imports pass, made it all the more attractive.[19] The Melaka Gateway port facilities would have provided China direct access to one of the most important trade routes in the world—one that has been historically dominated by Singapore, a nation more politically aligned with the United States than with China.[20]

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10 Hazlin Hassan, "Controversial Melaka port project scrapped by state govt", *Straits Times*, November 21, 2020, https://www.straitstimes.com/asia/se-asia/controversial-melaka-port-project-scrapped-by-state-govt.

11 Thomas Huong, "Game-changer for Melaka," *Star (Malaysia)*, April 9, 2021, https://www.thestar.com.my/business/business-news/2021/04/09/game-changer-for-melaka.

12 RSN Murali, "Melaka Gateway project goes back to developer," *The Star*, March 9, 2022, https://www.thestar.com.my/news/nation/2022/03/09/melaka-gateway-project-goes-back-to-developer.

13 Ibid.

14 "KAJ secures investors for Melaka Gateway mega project," *New Straits Times*, March 16, 2022, https://www.nst.com.my/business/2022/03/780614/kaj-secures-investors-melaka-gateway-mega-project.

15 Murali, *The Star*.

16 Wade Shepard, "Inside The Belt And Road's Premier White Elephant: Melaka Gateway," *Forbes*, January 31, 2020, https://www.forbes.com/sites/wadeshepard/2020/01/31/inside-the-belt-and-roads-premier-white-elephant-melaka-gateway/.

17 "Introduction 集团介绍," Kasen International Holdings Limited, accessed December 15, 2021, https://www.kasen.com.cn/about#page0; "Port Overview," Shandong Port Group Rizhao Port, accessed December 15, 2021, http://en.rzport.com/zoujingangkou.jsp;jsessionid=5GugMXxJ5fa6RFlsrMjQhXvluCWbFzWMvC6EwPEnHquuUJJHJpLl!-1605087333.

18 "One-Belt One-Road Initiative," *KAJD*, 2019, https://melakagateway.com/one-belt-one-road/.

19 Xi Jinping, "Speech by Chinese President Xi Jinping to Indonesian Parliament" (speech, Jakarta, Indonesia, October 3, 2013), *ASEAN-China Centre*, ed. Xu Rui, http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm.

20 Shepard.

This project was chosen as a case study to provide insight into the governance gaps in BRI projects that are owned by local private companies but primarily funded by Chinese entities, with limited host country financial support. The Melaka Gateway is unlike Malaysia's two previous case studies, the Gemas–Johor Bahru Electrified Double Track (GJBEDT) and the East Coast Railway Link (ECRL), which are owned by Malaysia's state-owned companies and funded mostly by loans from Chinese banks.

This paper outlines key governance gaps in the Melaka Gateway project's development that may have contributed to its initial failures, focusing on the project's initiation, the involvement of foreign entities (primarily Chinese), and the effectiveness of its overall governance before it was recently reinvigorated. With the project's sudden and unexpected revival, a critical assessment of the Melaka Gateway and its turbulent history is more pertinent than ever.

Timeline for the Involvement of Chinese Entities in the Project

The Melaka Gateway project was launched by then-Prime Minister Najib Razak in February 2014 as an initiative to boost Malaysia's tourism industry.[21] Chinese state-owned enterprises (SOEs) were not involved initially, but several days after the launch, KAJD announced that it had secured investment from five international private companies: TRE Development Pte Ltd (Singapore), Skyye Group Pte Ltd (Italy), Rinani International AeroMarine (a South Korean-Malaysian joint venture), Kasen International (China), and Royal Caribbean Cruise (United States).[22]

While it was officially launched in 2014, plans for the project appear to date to at least as far back as 2000.[23] An academic study suggests that the project was part of Melaka Maju 2010, a plan introduced in 2000 by Chief Minister Mohd Ali Rustam to establish Melaka as a developed state by 2010.[24] At that time, Ali and the Chief Minister Incorporated (CMI)— Melaka's governmental investment arm—pursued various development projects to catalyze Melaka's development. Among these were mega-transport infrastructure projects propelled by engagement with international investors, companies in the private sector, and state developers.[25] These efforts focused on transport infrastructure and infrastructure development in general, as they were identified as key means of achieving economic growth and social development, and reflect the heightened efforts of the state governor and CMI to procure mega infrastructure projects at the time. The plan for the project also appears in the 2013 "Master Plan and Feasibility Study on the Establishment of an ASEAN Roll-on/Roll-off (RO-RO) Shipping Network and Short Sea Shipping" conducted by the Japan International Cooperation Agency (JICA).[26]

21 Najib Razak, "The Official Launch of Melaka Gateway," *Najib Razak Blog*, February 7, 2014, https://najibrazak.com/the-official-launch-of-melaka-getaway/.

22 Melaka Gateway Secures 5 Foreign Investors," *Sun Daily* (Malaysia), February 10, 2014, https://www.thesundaily.my/archive/952676-ERARCH240534.

23 "Statement By Datuk Michelle Ong, CEO Of KAJ Development Sdn Bhd And Founder Of Melaka Gateway," *World of Buzz*, 30 November, 2020, https://worldofbuzz.com/statement-by-datuk-michelle-ong-ceo-of-kaj-development-sdn-bhd-and-founder-of-melaka-gateway/.

24 Ahmad Fadhli Ghazali, "Planning for a Developed State: A Case Study of Melaka", *SSRN*, November 12, 2012, 57 https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2174689.

25 Ghazali, 59.

26 "The Master Plan and Feasibility Study on the Establishment of an ASEAN Roll-On/Roll-Off (RO-RO) Shipping Network and Short Sea Shipping: Final Report," *ASEAN,* March, 2013, https://asean.org/wp-content/uploads/images/2013/economic/transport/EIJR13069_FR_Main_vol2.pdf.

Chinese government entities became involved in the Melaka Gateway towards the end of 2015. In August that year, the Malaysian cabinet approved a proposal to establish a "friendly state and province" status between Melaka and Guangdong. [27] In September 2015, the Melaka state and Guangdong provincial governments signed a Memorandum of Understanding (MoU) to cooperate on land development, tourism, and knowledge-sharing in trade and investment.[28] The MoU also identified areas of cooperation, including developing a Maritime Industrial Park and the construction of a deep seaport in Melaka, the latter of which seemed to have been part of the Melaka Gateway.[29] In November 2015, Chinese Premier Li Keqiang visited Melaka after attending the ASEAN–China and ASEAN–East Asia Summits.[30] In this visit, Li was briefed about the plan to develop an industrial park and port as well as the involvement of the Guangdong government in the project.[31]

Almost a year later, a new Chinese entity entered the picture. In September 2016, KAJD signed a memorandum of agreement with PowerChina International Group Limited to develop PMEs-1, 2, and 3 under the Melaka Gateway project.[32] Guangdong's provincial government remained responsible for developing the industrial park, which was planned to host a maritime industrial park and container terminal in cooperation with the Chief Ministry Incorporated, a government-owned company run by the state of Melaka. In May 2017, two other Chinese entities were brought into the project: Shenzhen Yantian Port Group and Rizhao Port Group. It is unclear whether the initial investors that were announced by the KAJD were still involved at this stage.

In June 2017, KAJD appointed Sinohydro Corporation (M) Sdn Bhd, a wholly-owned subsidiary of PowerChina International to the role of engineering, procurement and construction management (EPC) contractor.[33] Established in 1998, Sinohydro Corporation Malaysia provides professional engineering services and is based in Kuching, Sarawak.[34] KAJD CEO, Michelle Ong, reaffirmed that PowerChina was the project's contractor in 2018 and added that their investors had "[contributed] billions in foreign direct investment" and were from the United States, the Netherlands, Germany, the Middle East, and South Korea.[35]

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27 Rozanna Latif and Hana Naz Harun, "Guangdong province a twin city for Malacca," *New Straits Times*, August 1, 2015, https://www.nst.com.my/news/2015/09/guangdong-province-twin-city-malacca.

28 Bernama, "Melaka signs MoU with China province Guangdong," Astro Awani, September 21, 2015, https://www.astroawani.com/berita-bisnes/melaka-signs-mou-china-province-guangdong-74070.

29 Ibid.

30 "Li Keqiang Visits Malacca, Indicating to Carry Forward China-Malaysia Peace and Friendship and Create a Future of Mutually Beneficial Cooperation," *Ministry of Foreign Affairs of the People's Republic of China,* November 23, 2015, https://www.mfa.gov.cn/ce/cegv//eng/wjyw/t1318284.htm.

31 Ibid.

32 "KAJ Development Sdn Bhd signs RM30 billion agreement with PowerChina International for investment, development and construction of Melaka Gateway," Melaka Gateway & KAJ Development Sdn Bhd, September 1, 2016, https://melakagateway.com/wp-content/uploads/2016/09/Joint-Media-Release_MoA-KAJ-Powerchina_01September2016.pdf.

33 Sulhi Azman, "Melaka Gateway project remains on-track, says concessionaire," *Edge Markets* (Malaysia), July 16, 2018, https://www.theedgemarkets.com/article/melaka-gateway-remains-ontrack-says-concessionaire.

34 "Sinohydro Corporation Sdn Bhd (Malaysia)," EMIS, October 12, 2021, https://www.emis.com/php/company-profile/MY/Sinohydro_Corporation_Sdn_Bhd_en_2380775.html.

35 "Melaka Gateway developer to meet gov't authorities, clear the air," *NST Online*, July 16, 2018 https://www.nst.com.my/property/2018/07/391345/melaka-gateway-developer-meet-govt-authorities-clear-air.

Since the announcement of the Melaka Gateway's termination in November 2020, there have been no published updates concerning the Chinese entities that were involved in the project. According to KAJD's Company Commission of Malaysia (Suruhanjaya Syarikat Malaysia, or SSM) records from July 2021, an unspecified charge of RM724.6 million (USD $173.9 million) was made on February 8, 2018, to Sinohydro Corporation (M) Sdn. Bhd.[36] The latest company records from April 2022 show that this charge remains unpaid,[37] but while the company's SSM status in 2021 showed that it was 'winding up'[38] and going into liquidation, its status has now been updated to 'existing.'[39]

Project Initiation Timeline

Coastal development and land reclamation in Malaysia are regulated by several rules which seek to provide guidelines for these projects. Among them are the General Administrative Circular No. 5 of 1987, the Environmental Quality Act of 1974, the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order of 1987, and the Town and Country Planning Act of 1995 (Act A 933).[40] Approval for coastal reclamation and development comes from state governments, which have constitutional authority over land in Malaysia. The above rules require the developer to submit an application to the Land Office, including the development layout. The Land Office then seeks views and comments from various government agencies. The state government executive committee provides approval based on the Land Office's recommendation. For a reclamation project that exceeds 50 hectares (123.6 acres), the developer must submit an Environmental Impact Assessment (EIA) to the Department of Environment. The developer must also submit the development proposal to the Department of Irrigation and Drainage. No physical works are allowed to commence until approval is given by the Department of Environment.

Approval for the four islands of the Melaka Gateway appear to have been obtained gradually. A report by KAJD showed that the Macro EIA for PMEs-1 and 2 (to host tourism and entertainment facilities and logistics and financial centers, respectively) were obtained from the state government by 2015, and that KAJD had been given permission to start the works.[41] The EIA for PME-3, to host the deep seaport, was obtained in 2013 but expired in 2015. The local community association raised concerns over this EIA, claiming that it was produced by the developer of the previous coastal reclamation project and that the Melaka Gateway developer had not carried out any EIA.[42] As a result, according to the association, a stop-work order was issued to the developer in March 2015.[43] Reporting stated that

36 Suruhanjaya Syarikat Malaysia, "Corporate Information: Particulars of Directors/Officers for KAJ Development Sdn. Bhd.," July 30, 2021, 5..

37 Suruhanjaya Syarikat Malaysia, "Corporate Information: Particulars of Directors/Officers for KAJ Development Sdn. Bhd.," April 12, 2021, 5.

38 Suruhanjaya Syarikat Malaysia, 2021, 1.

39 Suruhanjaya Syarikat Malaysia, 2022, 1.

40 "Guidelines on erosion control for development projects in the coastal zone," *Ministry of Environment and Water* https://www.water.gov.my/jps/resources/PDF/GUIDELINES_ON_EROSION_CONTROL.pdf.

41 Melaka Gateway: Integrated World-Class Development: Investment Book," *KAJD,* May 2017, 50 https://www.msiglobal.org/wp-content/uploads/2019/12/Investment-Book_-9Sept-5.pdf.

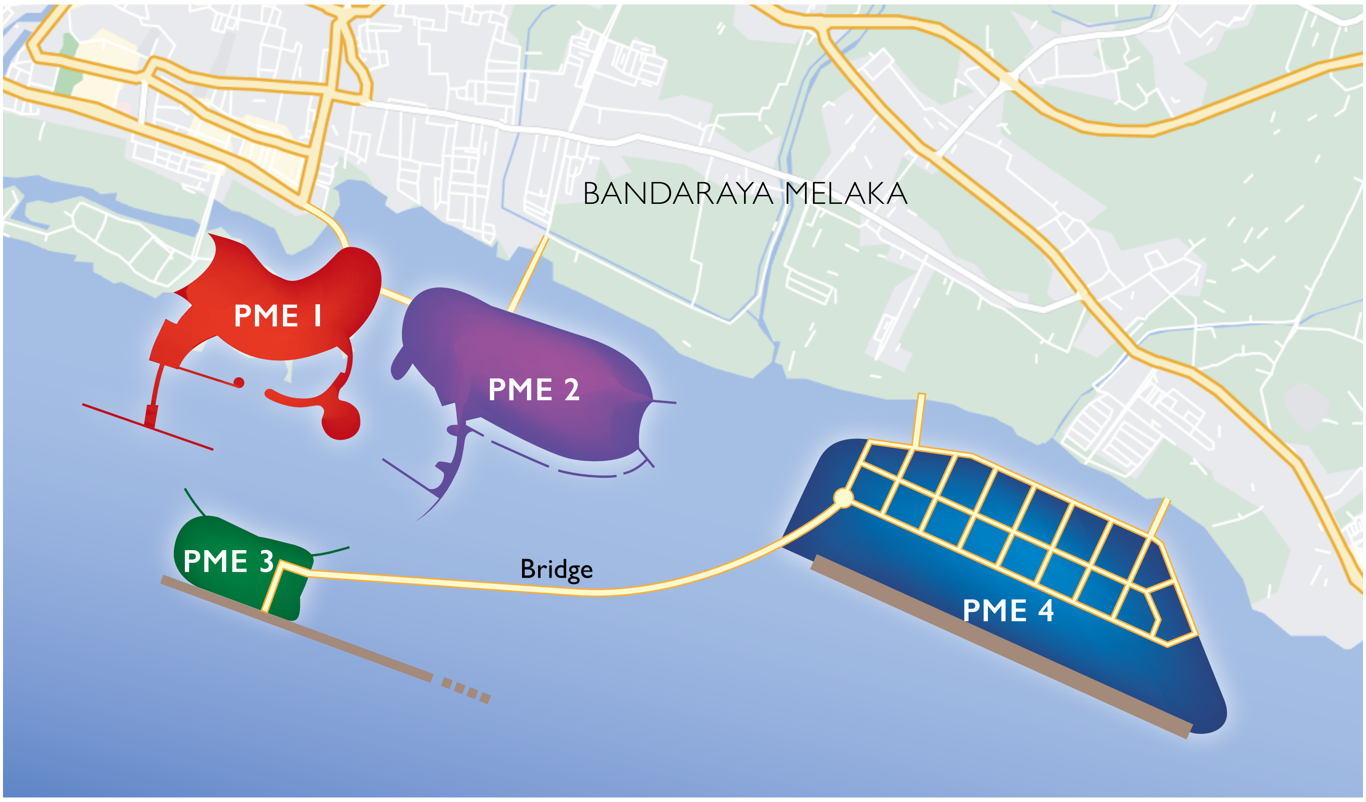
42 Kamles Kumar, "Malacca Portuguese upset over land reclamation," *MalaysiaKini*, March 25, 2015, https://www.malaysiakini.com/news/293207.

43 Michael Singho, "Portuguese settlement not consulted over Melaka Gateway," *New Straits Times*, November 12, 2015, https://www.nst.com.my/news/2015/11/portuguese-settlement-not-consulted-over-melaka-gateway.

a new EIA for PME-3, the EIA for PME-4, and an EIA for the whole development should be completed by 2017.[44] In October 2016, the company held an event to mark the laying down of the foundation of the port, which is located in PME-3.[45] It is unclear whether the new EIA had been completed at that time. Interestingly, the reclamation and development agreement between the state government and KAJD seems to have been signed in October 2017, which may indicate that the developer had started reclamation works before the required documentation and papers were completed.

Project Scope, Structure and Financing

Figure 1: Map visual of Melaka Gateway's four islands (PMEs-1, 2, 3, and 4)



PME 1

Tourism & Lifestyle

- Tourism
- Cruise Terminal & Ferry
- MICE & Hotels
- Residential
- Commercial
- Health
- Education, Vocational Training
- Innovation Business Park
- Maritime Business Park

PME 2

SMART-Commercial

- Innovation, Knowledge, Greentech, R&D
- Insurance, Banking
- Offshore Financial
- Corporate Training Centres
- Business Support, BPO
- Port Industry Offices
- Support space for 2 Cities: "…. half way between SG & KL"

PME 3 (PP)

Deep Sea Port Facilities

- Bulk Handling
- Bulk Storage
- Bunkering, Trading
- Oil & Gas

PME 4

Maritime Industrial Park

- Marine Repair & Maintenance
- Container Facilities
- Services & Logistics
- Shipyard & Offshore Fabrication
- Ship & Marine Equipment Manufacturing

44 Ibid.

45 "Press Release: Construction and development of Melaka Gateway Port (Pulau Panjang) begins with inaugural foundation laying ceremony," *KAJD*.

News reports give varying sizes for the Melaka Gateway. Most reports give 609 acres as the size of the project, which seems to include only PMEs-1, 2, and 3. However, some news reports give the size of the project as around 1,350 acres.[46]

As previously mentioned, the project aimed to develop four islands. When the Melaka Gateway project was launched in February 2014, the reclamation process of PME-1 had been ongoing for about a month and was expected to be completed by July 2015.[47] In September 2016, the development of the port started, and KAJD indicated that the port would be ready by 2019.[48]

News reports on the gross development cost of the project vary, but it is generally estimated to be about RM43 billion.[49] Unlike the three other case studies (the ECRL, GJBEDTP and TSGP), the Melaka Gateway did not involve financing from the host country government. It was not funded by the government budget as the GJBEDTP was, nor was it financed by a loan guaranteed by the government, as in the cases of the ECRL and TSGP. In 2018, CEO Michelle Ong stated: "As a privately funded project, both the state and Federal government did not need to inject a single cent into the development nor provide us with any form of guarantees."[50] She added that KAJD "succeeded by forging long-term sustainable and effective partnerships between the private and public sectors to create a platform of appropriate risk allocation and value for money outcomes."[51] The Melaka Gateway seems to fit the public-private partnership arrangement wherein a government issues a license (concession) for a private operator to build and operate facilities—in this case, a deep seaport—and even put some equity in one of the projects (the industrial park).

As previously mentioned, the project's main developer and concession holder is KAJD, and they partnered with a consortium of three Chinese SOEs: PowerChina International, Shenzhen Yantian Port Group, and Rizhao Port Group. PowerChina was expected to invest RM30 billion (USD $7.2 billion) over two years.[52] A later press release indicated that the investment of the three Chinese SOEs would make up 50 percent of the total equity in the Multipurpose Integrated Deep-Sea Port at PME-3 (Pulau Panjang). These Chinese SOEs were expected to operate the multipurpose integrated deep seaport.

46 Newspapers that reported the size that is consistent with this are *The Edge* (see https://www.edgeprop.my//content/870701/melaka-gateway-developer-ropes-china-state-firm) and the *New Strait Times* (see https://www.nst.com.my/news/2016/09/170052/kaj-development-signs-mou-develop-melaka-gateway)

47 The Editor, "#Update* PM unveils RM40b Melaka Gateway mega development," *The Edge Malaysia*, February 7, 2014, https://www.theedgemarkets.com/article/update-pm-unveils-rm40b-melaka-gateway-mega-development.

48 "Press Release: Construction and development of Melaka Gateway Port (Pulau Panjang) begins with inaugural foundation laying ceremony," *KAJD*.

49 Bernama, "Melaka Gateway project is still ours — KAJD," *New Straits Times*, February 1, 2019, https://www.nst.com.my/news/nation/2019/02/456524/melaka-gateway-project-still-ours-kajd; FMT reporters, "Cancelled: RM43 billion Melaka project to build three islands," *Free Malaysia Today*, November 16, 2020, https://www.freemalaysiatoday.com/category/nation/2020/11/16/cancelled-rm43-billion-melaka-project-to-build-three-islands/; Salim, "Melaka Gateway developer cries foul over project termination," *The Edge Markets*, November 21, 2020, https://www.theedgemarkets.com/article/melaka-gateway-developer-cries-foul-over-project-termination

50 "Melaka Gateway developer to meet gov't authorities, clear the air," *New Straits Times,* July 16, 2018, https://www.nst.com.my/property/2018/07/391345/melaka-gateway-developer-meet-govt-authorities-clear-air.

51 Ibid

52 "KAJ Development Sdn Bhd signs RM30 billion agreement with PowerChina International for investment, development and construction of Melaka Gateway," *KAJD*.

The remaining 50 percent was to be owned by KAJD.[53]

KAJD is a local company for general construction, labor subcontracting, and property development that was incorporated on January 5, 2007. The company was given a license to reclaim and develop the coastal areas in Melaka by the state government. Melaka Gateway seems to have been the first property development project that the company undertook. KAJD's previous managerial roles included the maintenance of the Melaka Zoo, which it operated from 2012-2018, and local river cleaning and beautification.[54] From the beginning, the Melaka Gateway seemed far outside the scope of the company's experience, which is a potential cause for its severe delays.

PowerChina International is a hydropower, electricity, and infrastructure construction company wholly owned by the Power Construction Corporation of China (a company 100 percent owned by the PRC State Council).[55] It has offices in more than 100 countries and a total contract portfolio of more than USD $100 billion. Based on the company's own reports, in 2013, PowerChina oversaw 837 contracts signed in 87 countries with a total value of USD $66.68 billion.[56] The company's highest number of projects are located in Africa and Asia—with 350 and 443 ongoing projects respectively—while Oceania is at the lowest, with only four PowerChina projects.

In September 2019, PowerChina's Fitch Rating was lowered due to its poor score under Fitch's Government-Related Entities Rating Criteria, moving their Issuer Default Rating from an "A+"—as China had reported—to a "B-."[57] Significantly, Fitch Ratings has noted that the company holds a "leading position in China's engineering and construction market" but also has "a weak financial profile with high leverage."[58]

The Shenzhen Yantian Port Group is a provincial SOE with a track record in port construction and operation founded in 1985. The Group also runs Yantian Port, the largest and most profitable container port managed by a single operator.[59] The Rizhao Port Group is wholly owned by Shandong Port Group, another provincial SOE with expertise in bulk shipping of items such as oil, soya beans, and flour.[60] As with PowerChina, these two port groups had a stake in PMEs-1, 2, and 3. As Datuk Ab Aziz Kaprawi stated in 2016, the Guangzhou provincial government was also supporting the project with an interest in PME-4.[61]

53 "KAJD Signs Investment Collaboration Agreement in Beijing, China with Its Three (3) Strategic Partners on the Investment & Development of Melaka Gateway," *Melaka Gateway*, May 13, 2017, https://melakagateway.com/wp-content/uploads/2017/07/KAJD-Press-Release-13May2017-Belt-and-Road-Forum-Beijing_final-2.pdf.

54 Hutchinson, 7.

55 "ChinaPower Construction Co., Ltd 中国电力建设股份有限公司," *QCC*, accessed December 15, 2021, https://m.qcc.com/firm/385b334d3a7568ccade968fbbd639005.html.

56 "Partnering for Sustainable Development," Powerpoint slides, *PowerChina International*, https://www.eemaxx.it/doc/POWERCHINA.pdf.

57 "Rating Report: Power Construction Corporation of China", *FitchRatings*, September 18, 2019, https://www.fitchratings.com/research/corporate-finance/power-construction-corporation-of-china-18-09-2019.

58 Ibid.

59 Yantian Port Group, "Group Profile", *Yantian Port Group*, November 1, 2018, http://yantian-port.com/English/GroupProfile/AbouttheGroup/201811/t20181101_709.html.

60 "Shandong Port Group Co., Ltd 山东省港口集团有限公司," *QCC*, accessed December 15, 2021, https://m.qcc.com/firm/fcefdbaf3371f33cdf1036c7f1d9e99b.html.

61 Opalyn Mok, "Construction for Malacca Gateway Port to start next year," *Malay Mail,* November 8, 2016, https://www.malaymail.com/news/malaysia/2016/11/08/construction-for-malacca-gateway-port-to-start-next-year/1245209; Hutchinson, "The Melaka Gateway Project: High Expectations but Lost Momentum?," 4.

Another local player in the project was the CMI, which was established in 2002. They had a stake in PME-4, which was planned to host an industrial park. The management and consultancy firm was owned by the Melaka State Government, administering portfolio assets of RM380 million (USD $91.2 million).[62]

Project Status

In early April 2021, the KAJD-developed Melaka Gateway project appeared to have been canceled indefinitely. As mentioned in the introduction, however, the project was unexpectedly reinvigorated in March 2022.

The project's status appeared to fall into limbo when Malaysia experienced a change of government in 2018. The Barisan Nasional Government, which had been in power since the 1950s, was defeated by the Pakatan Harapan Coalition in the 14th General Election. The new government promised the public to review all major infrastructure projects, including those deemed to be part of the BRI. As part of this exercise, then-Transport Minister Anthony Loke revoked KAJD's port operating license on October 5, 2018 after criticising the Melaka Gateway's lack of progress in July.[63] As a result, KAJD filed a judicial review application against the government to appeal the government's decision, on the grounds that the project was expected to bring tourism and a new maritime industry to the state and that the previous Barisan Nasional had approved the project licence in March, 2018.[64] KAJD's license was reinstated shortly thereafter, although no official reason was given, and the company withdrew the suit.[65] Land reclamation projects resumed soon after.[66]

On November 16, 2020, the state government of Melaka issued another notice of termination for the Melaka Gateway project.[67] KAJD filed for a judicial review of this termination under the Temporary Measures to Reduce the Impact of Covid 19 Act, which limits the cancelation of contracts due to "the inability of any party or parties to perform any contractual obligation" within governmental regulations imposed to prevent the spread of COVID-19.[68] On April 9, 2021, the Court of Appeal dismissed this appeal on the grounds that the contract was commercial and not covered by public law,

62 "Profil CMI," *CMI Melaka*, https://web.archive.org/web/20200221123521/cmimelaka.gov.my/index.php/2014-07-15-09-59-55/2014-07-15-10-01-20/profil-cmi.

63 Sergio Grassi, "The Belt and Road Initiative in Malaysia: China's Geopolitics and Geoeconomics Challenged by Democratic Transformation," Friedrich Ebert Stiftung (February 2020), 11 http://library.fes.de/pdf-files/iez/16766.pdf; Hafiz Yatim, "Melaka Gateway developer seeks review of minister's decision to cancel licence," *Edge Markets* (*Malaysia*), April 2, 2019, https://www.theedgemarkets.com/article/melaka-gateway-developer-seeks-review-ministers-decision-cancel-licence.

64 Yatim, "Melaka Gateway developer seeks review of minister's decision to cancel licence."

65 Hafiz Yatim, "Melaka gateway developer to resume projects, withdraws suit", *Edge Markets (Malaysia)*, May 29, 2019, https://www.theedgemarkets.com/article/melaka-gateway-developer-resume-projects-withdraws-suit.

66 Ibid.

67 Hassan, "Controversial Melaka port project scrapped by state govt."

68 Yatim, "Melaka Gateway developer fails to overturn judicial review leave rejection", *EdgeProp (Malaysia)*, April 9, 2021, https://www.edgeprop.my//content/1829122/melaka-gateway-developer-fails-overturn-judicial-review-leave-rejection; Azmi & Associates, "The Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020," November 26, 2020, https://www.legal500.com/developments/thought-leadership/the-temporary-measures-for-reducing-the-impact-of-coronavirus-disease-2019-covid-19-act-2020/.

and the Melaka Gateway project appeared to be canceled indefinitely.[69] The state government did not explain the reason for the termination, but news reports citing the Malaysian National News Agency claimed the termination was due to the developer's failure to complete the reclamation process within the stipulated time of three years, although KAJD argued that the government's Movement Control Order (MCO) and entry restrictions on foreign consultants to combat the COVID-19 pandemic caused the delay.[70] The company was required to return the project site upon the Melaka Gateway's termination, and as of July 30, 2021—eight months after the state government ordered the termination of the Melaka Gateway project—KAJD's official company record shows that the company is now in the process of liquidation.[71]

At the end of 2020, the state's Chief Minister, Datuk Seri Sulaiman Md Ali, announced that the project would not be abandoned but taken over by a new developer.[72] In April 2021—the same week of the Melaka Gateway's cancellation—Sulaiman launched a new coastal development project called the Melaka Waterfront Economic Zone (M-WEZ) that covers the area in which the Melaka Gateway project was supposed to be built.[73] The M-WEZ has attracted its own share of controversy from residents and politicians alike, with one former Barisan Nasional assemblyman calling it "a waste of state funds." In November 2021 the assemblyman claimed that, as the new project also involves several phases of land reclamation, simply continuing with the Melaka Gateway would have produced the same result.[74] In defence of the M-WEZ, Sulaiman stated that it was a rebranding of the state's existing land reclamation projects and one that he intended to use as an oversight body to monitor those (such as the Melaka Gateway) that had been previously mishandled.[75] As of April 2021, the only known reclamation and development license for the project was issued to the investment holding company LBS Bina Group Berhad.[76]

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69 Yatim, "Melaka Gateway developer fails to overturn judicial review leave rejection."; This decision was to affirm the decision issued by the court on February 17, 2021. Hafiz Yatim, "Melaka Gateway Developer Fails to Challenge State's Directive to Halt Project", *Edge Markets (Malaysia)*, February 17, 2021, https://www.theedgemarkets.com/article/melaka-gateway-developer-fails-challenge-states-directive-halt-project.

Additionally, the High Court later clarified that inability to fulfil the contract was a direct result of measures taken to prevent the spread of COVID-19 and that a "mere breach of contract is insufficient to establish and 'inability' under Section 7." Peter Godwin, Tse Wei Lim, and Kin Hoe Loi, "Malaysian High Court clarifies covid-19 act relief for parties unable to perform contractual obligations," Herbert Smith Freehills (October 25, 2021) https://www.lexology.com/library/detail.aspx?g=ae335832-ecc4-4ae1-b424-81ad9ee78ea9.

70 "Developer sues over Melaka Gateway termination", *Yahoo! News*, December 18, 2020, https://malaysia.news.yahoo.com/developer-sues-over-melaka-gateway-035500516.html; Yatim, "Melaka Gateway Developer Fails to Challenge State's Directive to Halt Project."

71 Sebastian Strangio, "In Malaysia, a Gargantuan Chinese-Backed Development Bites the Dust," *The Diplomat*, November 19, 2020, https://thediplomat.com/2020/11/in-malaysia-a-gargantuan-chinese-backed-development-bites-the-dust/; "Corporate Information: Particulars of Directors/Officers for KAJ Development Sdn. Bhd."

72 P Prem Kumar, "Canceled $10.5bn Malaysia port project plays down China's role," *Nikkei Asia*, December 3, 2020, https://asia.nikkei.com/Business/Transportation/Canceled-10.5bn-Malaysia-port-project-plays-down-China-role.

73 Huong, "Game-changer for Melaka," *Star* (Malaysia).

74 Nicholas Chung, "MWEZ a waste of state funds, says ex-BN rep," *Free Malaysia Today*, November 17, 2021, https://www.freemalaysiatoday.com/category/nation/2021/11/17/mwez-a-waste-of-state-funds-says-ex-bn-rep/.

75 Robin Augustin, "MWEZ not new, just a rebranding, says BN's Sulaiman," *Free Malaysia Today*, November 17, 2021, https://www.freemalaysiatoday.com/category/nation/2021/11/17/mwez-not-new-just-a-rebranding-says-bns-sulaiman/.

76 "LBS Bina to reclaim, develop Melaka economic zone," *Star (Malaysia),* April 9, 2021, https://www.thestar.com.my/business/business-news/2021/04/09/lbs-bina-to-reclaim-develop-melaka-economic-zone.

On March 9, 2022, the news broke that the Melaka Gateway project had been returned to KAJD.[77] On March 16, KAJD announced that they had signed an MoU with Dubai Integrated Economic Zones Authority—an organization established by UAE Free Zones in 2021[78]—to collaborate in the 'investment and operation of the proposed free trade zone at PME-1.'[79] KAJ noted that the free trade zone (FTZ) is expected to turn the Melaka Gateway into a business hub for global trade.[80]

Currently, PME-1 anticipates the development of the Melaka International Cruise Terminal (MICT)—a space intended to host a duty-free mall, CIQ (customs, immigration and quarantine) facilities, and a luxury hotel driven by a RM 1.5 billion investment—and theme park, also worth RM 1.5 billion in investments, that is set to draw more than five million visitors annually.[81] For the development of the MICT, two Memoranda of Agreement (MoA) were signed between KAJD and their investors: MG Velocity Sdn Bhd, a KAJ nominee; X Infinity Property Sdn Bhd, a fintech company, and Total Group Berhad, a financial service group.[82]

Melaka Waterfront Economic Zone (M-WEZ)

The M-WEZ was officially launched on April 9, 2021, the same day the Court of Appeal denied the appeal of the Melaka Gateway developer, KAJD.[83] The name of the project appears to have first surfaced in a news report in July 2020.[84]

In a speech delivered by the Chief Minister, the M-WEZ was mooted as a game-changer for Melaka. The project intends to capitalize on Melaka's strategic geographical position within the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) regional corridor at the heart of Southeast Asia international trade routes.[85] It plans to cover 25,000 acres along 33 kilometers of Melaka's coasts and aims to secure more than RM100 billion (USD $24 billion) in investment over fifteen years.[86]

The 25,000 acres of development area is divided into five zones (see table 1). M-WEZ seems to cover all coastal reclamation and development projects currently ongoing in Melaka and has similar facilities to the Melaka Gateway, including a deep seaport, marina, and industrial park. The proposed location of the M-WEZ deep seaport is at the northern side of the project (Zone A)—for a visualisation, please refer to Figure 2 on the following page.

77 Murali, *The Star*.

78 "Dubai Integrated Economic Zones," *UAE Free Zones*, https://www.uaefreezones.com/dubai-integrated-economic-zones.html.

79 "KAJ secures investors for Melaka Gateway mega project," *New Straits Times*.

80 Ibid.

81 Ibid.

82 Ibid.

83 Huong, "Game-changer for Melaka."

84 Nor Farhana Yaacob, "Melaka bakal wujudkan koridor ekonomi baharu," *Sinar Harian,* July 21, 2020, https://www.sinarharian.com.my/article/93278/EDISI/Melaka-NS/Melaka-bakal-wujudkan-koridor-ekonomi-baharu.

85 The website includes M-WEZ vision, mission, objective, alongside its project plan and list of investors. https://www.mwez.com.my/about.

86 Huong, "Game-changer for Melaka."

In January 2022, Malaysia's Economic Planning Unit (EPU) was poised to start discussing the refinement of the M-WEZ proposal under the 12th Malaysia Plan.[87] Now that the Melaka Gateway has been revived, however, the latest plans for the M-WEZ remain unclear.

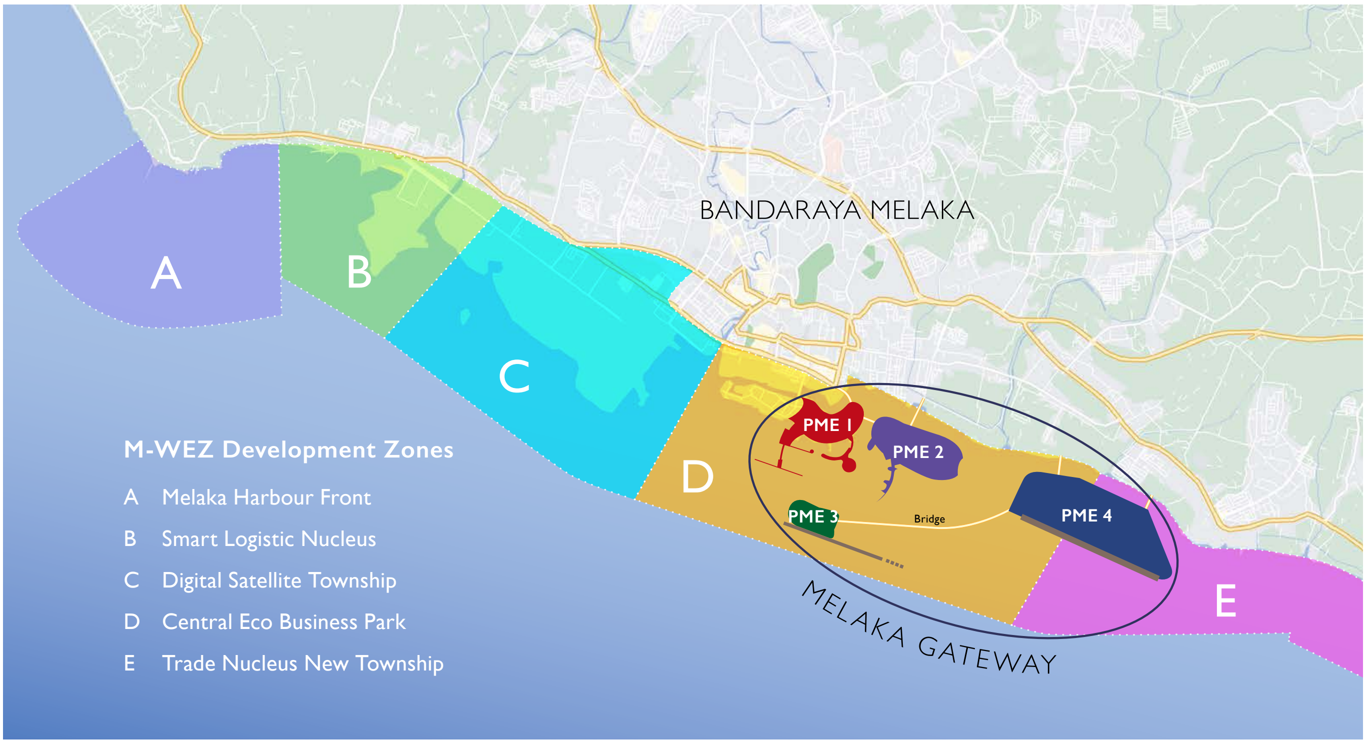
Table 1: Zones of the Melaka Waterfront Economic Zone (M-WEZ)

Zone	Zone Name	Facilities
A	Melaka Harbor Front	Port, Trade, Containers and Cargo, Hydro Plant, Shipping Activities, Trade Zone Phase 2
B	Smart Logistic Nucleus	Logistics Office Hub, Containers and Cargo, Museum Theme Park, Recreation Commercial, Public Space, and Strata Housing
C	Digital Satellite Township	M-WEZ Tower, Offices and Hotels, Housing and Accommodation, Pulau Upeh (Resort Island), Marina Jetty, Digital Techno Park (IR4.0), Entertainment Park
D	Central Eco Business Park	Free Trade Zone (Phase 1: Melaka Island, Phase 2: Entire CEBP Area), CIQ Complex and Domestic Airport, M-WEZ Harbor Waterfront (Cruise Jetty and Domestic Ship and Boat Terminal), Office of Customs and Immigration, Shopping Center, Recreational & Entertainment Park
E	Trade Nucleus New Township	Mixed Development Hub, Maritime Activities, Research and Development Center, STS Services, Biodiesel Storage (Oil Storage Farm), Containers and Cargo

Source: "M-WEZ Projects," *M-WEZ* https://www.mwez.com.my/procurement.

87 Anis Hazim, "EPU to discuss Melaka Waterfront Economic Zone," *The Malaysian Reserve*, January 24, 2022, https://themalaysianreserve.com/2022/01/24/epu-to-discuss-melaka-waterfront-economic-zone/.

Figure 2: Map visual of Melaka Waterfront Economic Zone (M-WEZ), including the cancelled Melaka Gateway's four islands (PMEs)



Project Issues

a. Insufficient Economic Rationale

The economic feasibility of Melaka Gateway's ambitious deep seaport development has been repeatedly questioned due to the under-utilization of Malaysia's existing ports. As of 2019, the three largest ports in Malaysia—Port Klang, Port Tanjung Pelepas (PTP), and Port Penang—were operating at only 70 percent capacity.[88] A 2016 World Bank report recommended more intensive use of Malaysia's existing facilities instead of dispersing traffic across multiple ports, stating that developing a new port would only "cannibalize cargo" handled at the other ports and lower their utilization levels even further for several years.[89] An in-depth report of the port sector by the same organization states that, through careful planning, "the current network of eight ports will be able to cater to projected needs until 2040."[90]

With the lack of demand for additional port capacity, the focus should instead be on improving existing port facilities to compete with other regional ports. In the past few years, PTP and Port Klang have been plagued with congestion problems due to a lack of governmental strategy and coordination, resulting in cargo loss to Singapore.[91] The development of the Melaka Gateway port would only serve to shift the attention away from the dire need to address the problems of existing ports.

88 Hutchinson, 6.

89 "Crafting Malaysia's National Ports Strategy: Summary of Final Report," World Bank Group/EPU (2016).

90 Hutchinson, 6.

91 Kamarul Azhar, "Lacking a national strategy, Malaysian ports lose out to Singapore," *The Edge (Malaysia)*, February 27, 2019, https://www.theedgemarkets.com/article/lacking-national-strategy-malaysian-ports-lose-out-singapore.

The Melaka Gateway's plan to develop luxury residential and commercial areas on one of the four islands was also met with a slew of negative responses, with residents citing the oversaturation of development projects in Melaka. Throughout the last decade, there has been an oversupply of condominiums and shopping complexes in the state, many of which remain empty because they are too expensive for local Malaccans. In 2018, for example, 3,545 new high-rise units were launched, 41 percent of which were apartment buildings priced up to RM400,000 (USD $96,000).[92] The rise in these abandoned real estate projects and "ghost towns" in the state can also be attributed to the state's "bumiputera quota," which stipulates that 40 percent of all property units must be allocated to ethnic Malays.[93] This calls into question the necessity of building additional luxurious residences on the artificial islands, since there is a high probability that the project would only increase the number of unsold properties in the state, which would reinforce concerns about oversaturation. Developers across the state have cited concerns for such large-scale projects, demanding the state government first address the existing oversaturation issue before giving the green light for future real estate development projects.[94]

Along with the port, the project also aimed to build Southeast Asia's largest private marina. While the development of new marinas nationally could potentially spur the tourism industry, which has been crippled by the pandemic, this particular new marina would have been only a 5 km drive from the existing Melaka Marina. Spending state funds on improving the original marina rather than constructing a new one would likely have provided a more effective economic stimulus. In fact, in early January 2020, the Melaka Marina received more than RM 7 million (US1.68 million) from the federal government for maintenance.[95] Building another marina in the region would ultimately have defeated the purpose of this expenditure and spurred unnecessary competition between the two harbours.

b. Environmental Issues with Land Reclamation

The Melaka Gateway project has struggled to grapple with associated environmental issues ever since it was first introduced in 2014. Situated near the project site, the state's Portuguese Settlement—an area in Ujong Pasir that is home to the Kristang people, a Malaysian ethnic group of mixed Malay and Portuguese heritage dating back to the Portuguese occupation of Malacca during the 16th and 17th centuries—has been the most vocal group opposing the project's implementation.[96]

Ever since land reclamation work began, one of the major concerns among residents of the Portuguese Settlement has been a failure to comply with one of the project's critical prerequisites: a 750 m channel separating the island project from the coast of the Portuguese settlement. Currently, the channel is only 150 to 300 meters at the nearest point.[97] This violation increases the volume of mud and silt on the shoreline of the Portuguese settlement, and the residents have complained of stagnant pools of polluted

92 Faye Kwan, "Mitigation works along coastline vital, says NGO, after cancelled Melaka Gateway projects," *Free Malaysia Today,* November 27, 2021; Mark Rao, "Melaka's property market — a great balance of supply and demand," *The Malaysian Reserve*, July 22, 2019, https://themalaysianreserve.com/2019/07/22/melakas-property-market-a-great-balance-of-supply-and-demand/.

93 "Bumiputera definition," *Law Insider*, accessed Jan 7, 2022, https://www.lawinsider.com/dictionary/bumiputera; Radin Ghazali, "Ghost Towns Rising in Melaka," *Property Guru*, March 1, 2017, https://www.propertyguru.com.my/property-news/2017/3/147509/ghost-towns-rising-in-malacca/.

94 Kwan, *Free Malaysia Today*.

95 Bernama, "RM7m for dredging project at Melaka Marina jetty: CM," *MalaysiaKini*, January 13, 2020, https://www.malaysiakini.com/news/506956.

96 Kumar, *MalaysiaKini*.

97 Michael Singho, "Let the sea be, please," *New Straits Times*, June 21, 2016, https://www.nst.com.my/news/2016/06/153380/let-sea-be-please.

water and frequent flash floods in their area.[98] Furthermore, as water becomes increasingly turbid, it kills phytoplankton at sea, setting off the destruction of marine food chains and ecosystems.[99] The Eurasian community is highly dependent on fishing, and a lack of marine wildlife due to the increased runoff and siltation from the sand would put many of these residents out of jobs. In terms of environmental threats, research has warned that land reclamation activities have potentially widespread effects on losses of natural habitats and diversity.[100] Through the project's poor management, the Melaka Gateway's activities made these risks a very real possibility.

By law, any reclamation projects above 50 ha require an EIA.[101] Given the size of the Melaka Gateway, a Detailed EIA(DEIA) should have been required and its findings made accessible to the public, giving ample time and opportunity for feedback, discussion, and engagement before any work on the project commenced. However, no EIA studies were conducted to assess the environmental effects of the project. Instead, the developer used a 1997 macro-EIA report as its basis, an outdated document replete with inaccuracies because more than 20 years had passed since its publication.[102] The project also should have had a Social Impact Assessment (SIA) to look into the impacts of the reclamation works on the coastal communities, but no assessments seem to have been conducted.

To protest against the reclamation activities in 2018, 200 residents of the Portuguese Settlement carried several coffins to KAJD's main office. Some protestors lay in the coffins while others threw sand over them, symbolizing the prospect that the reclamation activities were going to take their livelihoods away.[103] The following year, the Malacca Portuguese-Eurasian Association (MPEA) issued a formal objection to the Melaka state government, citing the project's devastating environmental impacts towards the settlement.[104] The statement also highlighted the lack of compensation commitment from both KAJD and the state government. While these concerns originated with the now-cancelled project, they are also in danger of continuing if no alternatives are undertaken by any involved parties. These fishermen are still in danger of losing their major source of income, and the additional health threats posed by the worsening water quality and tourism losses are still potentially detrimental to their already vulnerable culture and society. This is particularly significant when compared to other states like Penang, where the state government has prepared compensation packages for fishermen involved in the Penang South Reclamation project.[105] There is, therefore, a strong impetus for the Melaka state government to stop side-lining the voices of these residents and instead make sincere efforts to uphold one of the last remaining communities of its kind in the country.

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98 Kwan, *Free Malaysia Today*.

99 Shepard, *Forbes*.

100 Su Yin Chee, Abdul Ghapar Othman, Yee Kwang Sim, Amni Nabilah Mat Adam, Louise B. Firth, "Land reclamation and artificial islands: Walking the tightrope between development and conservation," Global Ecology and Conservation 12, 2017, https://www.sciencedirect.com/science/article/pii/S2351989417301336.

101 Clive Briffett, Jeff Obbard & Jamie Mackee, "Environmental assessment in Malaysia: a means to an end or a new beginning?," *Impact Assessment and Project Appraisal 22.3,* 2004, 224 https://doi.org/10.3152/147154604781765923.

102 Singho, "Portuguese settlement not consulted over Melaka Gateway."

103 "Portuguese folk protest against Melaka Gateway project with coffins," *The Edge Markets*, July 17, 2018 https://www.theedgemarkets.com/article/portuguese-folk-protest-against-melaka-gateway-project-coffins.

104 Malacca Portuguese-Eurasian Association, Facebook post (November 1, 2019) https://www.facebook.com/184540748252199/posts/the-malacca-portuguese-eurasian-association-mpea-has-issued-a-formal-objection-b/2748336465205935/.

105 Opalyn Mok, "Penang finalises compensation for fishermen affected by reclamation project," *Malay Mail*, October 12, 2020 https://www.malaymail.com/news/malaysia/2020/10/12/penang-finalises-compensation-for-fishermen-affected-by-reclamation-project/1911905.

c. Transparency Gaps

Two former prime ministers endorsed the Melaka Gateway as a national project, but the details of the concession procurement were not made public. Although the reclaimed land belonged to the state government, the Melaka Gateway was a private development project led by KAJD, a partnership between public and private sectors in which KAJD obtained land concessions from the government prior to the project's termination.[106] However, various transparency issues concerning the structure of concessions between the government and KAJD made the detailed terms of this partnership difficult to ascertain. There was no transparency on the financing arrangements, and the owner of the port was unknown. This concern was amplified by KAJD's track record as a firm, especially since it had no previous experience owning or operating ports.

Conclusion

When it was cancelled in 2020, the Melaka Gateway was hailed as a striking example of Malaysia's "white elephant" BRI projects that were cancelled for their staggering costs and poor management. It was unique, however, in its ongoing environmental and financial setbacks as well as its continuing detrimental effects on the Kristang residents and the state's tourism industry.

Now that the project has been revived, it is crucial to monitor its progress and planned developments. As yet, there is no public knowledge about the revived project's official infrastructural plan, other than news reports about the development of a theme park and cruise terminal,[107] but it will be vital to observe whether KAJD and the Malacca state government have learned from the project's previous mistakes. The Melaka Gateway's initial infrastructural scale alone should have required significant oversight or at the very least advisory aid from the state and federal governments. It was a prime opportunity for legislative parties to ensure that infrastructure planning was strengthened for both public and privately-led projects in Malaysia.[108]

The failed project shed light on the inadequacy of infrastructure project planning in Malaysia, emphasising the need to enforce rigorous measures. Such measures should include a legal requirement for SIAs and EIAs to ensure local support and protect the local ecosystem as well as stringent financial feasibility and risk assessments before the approval of projects to establish both the economic basis for new infrastructure in the first place and that developers have the capacity and experience to deliver on their proposals.[109] The hope is that the reinvigorated Melaka Gateway project takes these recommendations into consideration, and manages this project with more transparency, accountability and better oversight than before.

106 Syafiqah Salim, "Melaka Gateway developer cries foul over project termination."

107 Rusali, *The Star*, *New Straits Times*.

108 "The latest setback with Melaka Gateway highlights the need for better infrastructure planning," *IDEAS*, November 18, 2020, https://www.ideas.org.my/ideas-the-latest-setback-with-melaka-gateway-highlights-the-need-for-better-infrastructure-planning/.

109 Ibid.

BRI MONITOR

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.

BRI Monitor is supported by the Center for International Private Enterprise (CIPE).

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