

Can a Mouse Lift An Elephant? Explanation of Chinese Investment in Malaysia's East Coast Railway Construction

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EAI Research Seminar on China-ASEAN Norms

China's Infrastructure diplomacy and in Southeast Asian countries

❖ China's Infrastructure investment in Southeast Asia:

I. Jakarta-Bandung High Speed Railway:

The Jakarta-Bandung is a high speed railway to link the capital of Indonesia, Jakarta to the textile hub, Bandung. It is about 150 km, and the speed is between 200 km/hr to 250km/hr. The construction started in 2016, supposed to finish the project in 2021. China outwon Japan to bid this construction project, the total budget is **\$6.07bn**.

II. China-Thailand High Speed Railway:

The railway is between the Chinese city of Kunming, Thai capital Bangkok, run through Laos. It is expected to carry 250 km/hr trains by 2026, the length of the Phase One is about 251 km. the contract was signed on **30th March 2021**, is about **\$5.85bn**.

III. Malaysia East Coast Railway

Agreement with Najib Government in 2018 was **\$15.6 bn**, after changing the government in 2018, **the renegotiation in 2019**, brought down the budget to **\$10.3bn**.

Research Questions:

- ❖ Can the Chinese infrastructure diplomacy be seen as a novel diplomacy other than existing economic diplomacy?
- ❖ Who are the actors to negotiate and renegotiate the ECRL? Can Malaysia's case be a successful case to indicate recipient countries (of China's infrastructural diplomacy) have leverage to negotiate with China?

Is China as One Actor? Is Malaysia as One Actor

- ❖ The Actor Network Theory (ANT) by Latour (1996):

The definition of actor/actant is:

Something that acts or granted by other activities.

We are interested to see **how and why different actors, for what reasons to be motivated and to pursue certain activity/outcome.**

- ❖ China is NOT One Actor:

The Chinese Government's interests



The State Owned Enterprises' interests

- ❖ Malaysia is NOT One Actor:

The Malaysian Government's interests

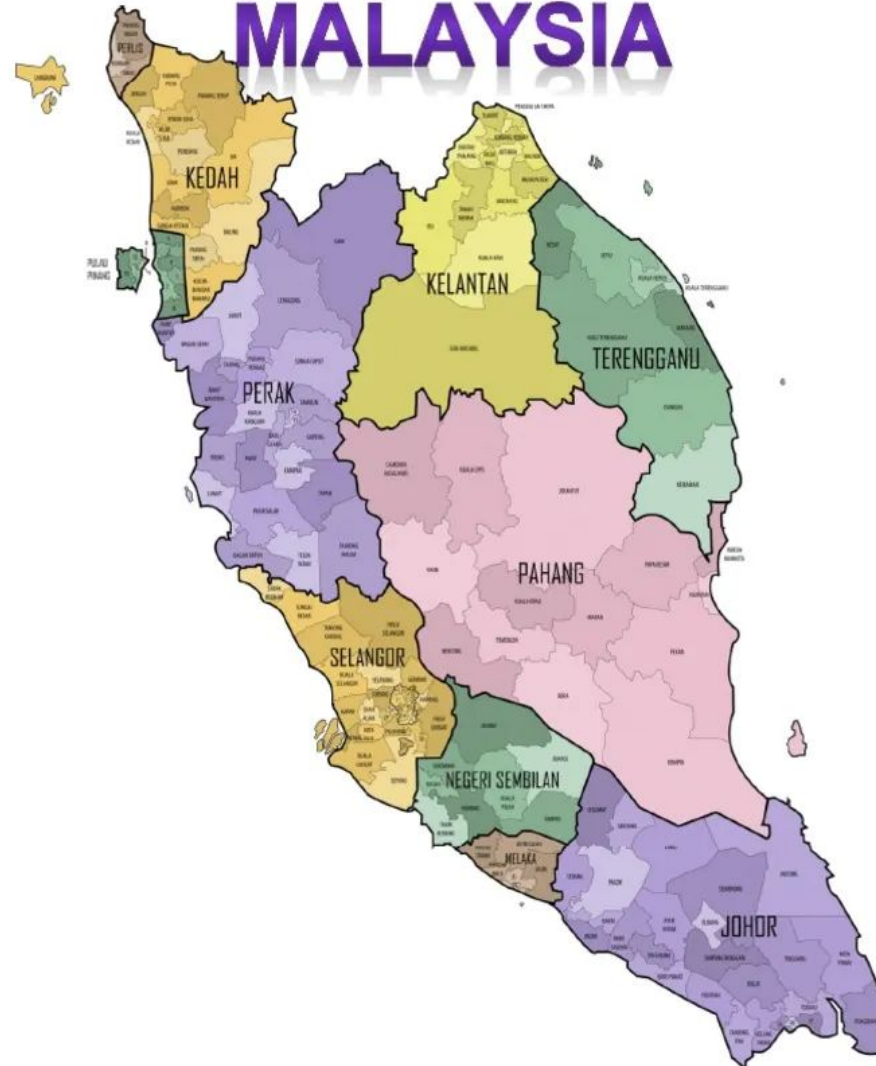


The Government Link Companies' interests

What is ECRL?

- ❖ East Coast Rail Link
- ❖ Rail linking East and West coast
- ❖ For passengers and goods
- ❖ Not a FDI
- ❖ Expected benefits:
 - Close developmental gap
 - Job creation
 - Ease the transportation of goods and people
 - Technology transfer

SEMENANJUNG MALAYSIA





<https://www.theedgemarkets.com/article/newsbreak-ecrl-could-see-change-alignment-again>

Negotiation of ECRL

- ❖ Before 2018 General Election - The government is BN
- ❖ Actors involved in the first negotiation:
 - Jho Low
 - Malaysian government (headed by Najib Razak as Prime Minister & Finance Minister)
 - China government
 - China Communications Construction Company (CCCC)

Renegotiation of ECRL

- ❖ After 2018 General Election - The government is PH
- ❖ Assumed that projects by previous government were fraudulent.
- ❖ Actors involved in the renegotiation:
 - Malaysia government (Mahathir as Prime Minister)
 - Tun Daim (Advisor to the government)
 - Malaysia's special task force (staffed with technocrats: MOT, MOF & various government agencies)
 - China Communications Construction Company (CCCC)
 - China government

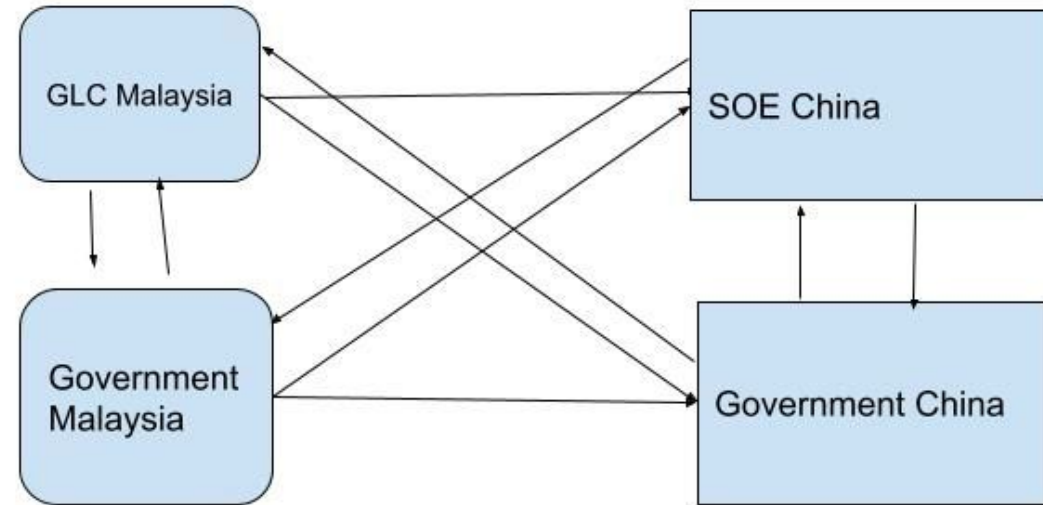
| ECRL 1.0 | Criteria | ECRL 2.0 |
|--|--|---|
| 2016 Najib administration | Start | 2019 Mahathir administration Renegotiated (Led by Tun Daim) |
| RM65.5 billion | 1) Overall Cost of construction | RM44 billion |
| RM95.5 million per km | 2) Per km | RM68.7 million per km |
| Approximately 680 km | Length of alignment | 640 km |
| 30% | Percentage of local participation in ECRL of civil works | 40% |
| China Communications Construction Company (CCCC) | Partnership | China Communications Construction Company (CCCC) |
| Malaysia Rail Link Sdn Bhd (MRL) | | Malaysia Rail Link Sdn Bhd (MRL) |
| MRL | Ownership | MRL |
| Fully by MRL | Joint Management | 50:50 CCCC + MRL |

Our methodology and interviewees (Actors in Malaysia)

- ❖ Elite interviews (anonymous)
 - Informants who are able to provide first hand information about the original version of ECRL, negotiation process, latest version of ECRL.
- ❖ Sources from newspaper, articles, academic/authority commentary, speeches
- ❖ Why PH government is willing to carry out with the project even though they opposed it while in the opposition?
 - Termination cost: RM 21.78billion (estimated about 5 billion USD)
- ❖ Renegotiation:
 - Is it successful for Malaysia?
 - Why China is willing to renegotiate with Malaysia?

Analysis of ANT

- ❖ The reasons that Malaysia can turn the negotiation table around because:
 - a. Domestic Politics
 - b. It is NOT only due to Sino-Malaysian relationship, but in consideration of China's reputation in the regions as a whole.
 - c. Although there are different actors here, but both Chinese and Malaysian sides need this railway to be operated.



Thank you.
Suggestions/discussion are welcome!



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