



**MEDIA STATEMENT by YBhg TAN SRI MOHD ZUKI ALI
CHAIRMAN of MALAYSIA RAIL LINK SDN BHD
on ECRL LOCAL PARTICIPATION**

Kuala Lumpur, 6 January 2021: In line with the rapid progress of the construction of the East Coast Rail Link (ECRL) Project, Malaysia Rail Link Sdn Bhd (MRLSB) as project owner of the ECRL and China Communications Construction Company Ltd (CCCC) as the main contractor for Engineering, Procurement, Construction & Commissioning (EPCC), have embarked on proactive efforts to ensure the participation of local contractors and suppliers of building materials in the ECRL Project will continue to strengthen.

Local Participation Target

MRLSB and CCCC have reached an agreement for CCCC to appoint local sub-contractors and suppliers for at least 40% of the civil works of the ECRL Project excluding tunneling works. The value of the works is estimated to be up to RM10 billion for the implementation of the project from 2017 to 2026. CCCC has also agreed to accord special attention on the appointment of small contractors from the Grades G1-G3 categories that will directly benefit them as well as the overall construction industry players in the country.

ECRL Project Local Participation Update

To date, a total of 403 local contractors have successfully passed the pre-qualification process and have already been registered in the Online Registration System. Of these, 212 companies are Bumiputera contractors or 52% of the total Pre-Qualification.

“Since the implementation of the project from 2017 until 30 November 2020, a total of RM3.39 billion worth of ECRL work contracts (including permanent and temporary civil works) have been awarded to almost 2,000 local companies comprising contractors, suppliers and consultants. Of the total amount, RM1.69 billion is for works in Pahang, followed by Terengganu (RM1.40 billion) and Kelantan (RM0.30 billion),” noted YBhg Tan Sri Mohd Zuki Ali, Chairman of MRLSB.

“Local companies that have been appointed by CCCC are also eligible to apply for project loan financing from SME Bank through a tripartite MOU which was inked on 18 November 2019 between MRLSB, CCCC and SME Bank. Through this initiative, local contractors are also supported by financing options to ensure implementation of works are as per schedule and meets the high standards set by CCCC,” he added.

Subsequently, to further enhance and monitor the achievement of local participation, a Special Committee for the Participation of Local and Bumiputera Contractors of the ECRL Project was established and chaired by the Secretary General of the Ministry of Transport.

"It is hoped that with the Special Committee at the Federal level, it will function in ensuring the effective participation of qualified local companies in the ECRL Project as well as a forum in highlighting and addressing issues related to local participation," said Tan Sri Zuki.

Initiative with the State Government

To further encourage the participation of local contractors in the ECRL Project, MRLSB and CCCC have collaborated with the relevant State Governments to provide another platform for local contractors to participate in the ECRL Project.

MRLSB, as the project owner, and CCCC, as the main contractor of the project, have signed Tripartite Memorandum of Understanding (MOU) with several State Government owned companies. The MOU is aimed at establishing joint ventures between MRLSB, CCCC and also the State Government by taking full advantage of the implementation of the ECRL Project in the respective states.

Opportunities are wide open to competitive local and Bumiputera contractors

"As long as our local contractors have the ability, technical knowledge and can offer their services at competitive prices, we do not foresee any issues that would hinder CCCC from appointing the local contractors. Our hope is for the ECRL Project to become one of the Government projects that can demonstrate the ability of local contractors in implementing and meeting the high standards of any large-scale infra project," said Tan Sri Zuki.

"With the participation of local contractors in the construction of this project, it will not only act as a stimulus to the local construction sector but we will work to ensure as much technology transfer as possible as the ECRL Project is expected to be one of the most challenging engineering and construction projects in Malaysia.

"Therefore, our hope is that local contractors can benefit from the transfer of knowledge and technology which will ultimately maximize the impact of Government investment in the current challenging economic environment of the country," added Tan Sri Zuki.

ECRL Project Progress Update

Progress wise, the ECRL Project is proceeding slightly ahead of schedule driven mainly by construction works in Section A (Kota Bharu-Dungun) and Section B (Dungun-Mentakab). Currently, the project's overall completion rate stands at 19.69 percent. MRLSB targets for the overall completion rate to reach 30 percent by end of 2021.



MRLSB also expects the construction of the ECRL Project to bring significant benefits to the local construction and building materials sector. The ECRL Project will also serve as a benchmark for positive multiplication of the progress and sustainability of the Malaysian economy.

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