

For Immediate Release

9 May 2019

PRESS STATEMENT BY MRL TO CLARIFY MISCONCEPTION ON THE IMPROVED ECRL PROJECT

Following a recent opinion piece by a columnist that was published online, Malaysia Rail Link Sdn Bhd (MRL) wishes to point out that the improved deal for the 640-km East Coast Rail Link (ECRL) project is *rakyat*-centric and driven by transparency and accountability.

Reiterating what Prime Minister Tun Dr. Mahathir Mohamad announced on 15 April 2019, the Government of Malaysia (GOM) had to work within the constraints of the existing engineering, procurement, construction, and commissioning (EPCC) Agreement for the ECRL that was inked between MRL and China Communications Construction Company Ltd (CCCC) back in November 2016.

MRL would like to note that the GOM faced with a choice of either renegotiating the EPCC Agreement, or to pay a hefty termination cost amounting to RM21.78 billion. As the GOM's main concern was always the high cost of the ECRL, it was then decided for renegotiation of EPCC Agreement with CCCC and the Government of the People's Republic of China (PRC) for a more equitable deal and with the *rakyat* in mind.

What is pertinent is the renegotiation of the ECRL project resulted in a win-win situation that mutually benefited Malaysia and the PRC. This include an impressive reduction of RM21.5 billion or 33 percent of the project's cost to RM44 billion, the establishment of a 50:50 joint-venture company between MRL and CCCC for the operation and maintenance of the ECRL, and increased in local participation of Malaysian contractors in the project's civil works.

Hence, it is noteworthy to mention that neither the GOM nor MRL have claimed that the savings of RM21.5 billion for the improved ECRL project was purely from the element of "overpricing" as suggested by the columnist. In fact, this was not the basis of the negotiations with the PRC at all.

MRL would like to stress that Malaysia entered into negotiations with the PRC on a cooperative basis to find ways and means to reduce the cost of the ECRL without losing the essence of the rail network. For the record, both countries chose to enter the negotiations in a spirit of diplomatic goodwill, with the aim of achieving the construction of the ECRL at a lower cost.

As project and asset owner of the ECRL, MRL would also like to point out that Special Envoy of the Prime Minister to head the ECRL negotiation, Tun Daim Zainuddin, did not have the sole responsibility to undertake the negotiations of the ECRL with CCCC or the PRC.

Although Tun Daim was the chief negotiator for the ECRL taskforce, the taskforce members that were involved in the negotiation process also comprised senior officials from the Attorney General's Chambers, Ministry of Finance, Ministry of Transport, and MRL among others.

Furthermore, the local and international community were very much aware that the ECRL taskforce managed to handle the negotiation process successfully, as the outcome was highlighted in numerous reports in newspapers, news portals and TV stations both in Malaysia and abroad. Any individual whom has interest or concerns on the ECRL project would have kept himself abreast of all the latest development of ECRL.

With regards to a new Feasibility Study and Environmental Impact Assessment (EIA) report that was mentioned in the opinion piece, MRL would like to highlight that renegotiations were conducted on the premise that the original EPCC agreement was still in place. In short, it was not a negotiating process to reach a new EPCC Agreement but to facilitate the resumption of the ECRL via the Supplementary Agreement (SA) that was inked on 12 April 2019 in Beijing.

Moreover, MRL takes cognizance of the fact that as a legal document, the original EPCC Agreement could not simply be cast aside. This itself negated the need for a new Feasibility Study since we were working on the premise to avoid paying termination fee at a staggering RM21.78 billion.

MRL would like to note that it is fully aware for the need to commission a new EIA report now that the 640-km ECRL rail network now involves a new Southern alignment and realignment on certain

stretches. Therefore, we expect to work on the new EIA report in the third quarter of 2019 as the entire rail alignment would be detailed out by then.

We would also like to state that while the 17.8 km long Genting Tunnel is no longer part of the ECRL project, a twin-bore tunnel approximately 7.0 km in length to be constructed in the Jekebu-Semenyih area would help reduce the loss of forest and minimize impact on wildlife. The tunnel together with the design of the alignment to avoid water catchment areas are among the measures taken for environmental safeguards under the Southern Alignment.

On another point, where the columnist mentioned that a McKinsey study cited by Tun Daim had recommended construction of the ECRL to take place over 18 years, MRL would once again remind that we were bound by a valid legal document between two Governments and could not be cast aside simply because one party was not pleased with the agreement.

Nevertheless, MRL welcomes comments on the ECRL project but it should be constructive and based on facts.

-Ends-



Released by the Corporate Communications Department of Malaysia Rail Link Sdn Bhd. For further information, please contact: Rosmah Mahmud at (03-6411 5800 ext. 5830 / rosmah@mrl.com.my) or Yong Min Wei at (03-6411 5800 ext. 5835 / mwyong@mrl.com.my).