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Malaysia to head working group on rail link project

Kamarul Yunus

MALAYSIA will assume the chairmanship of the Special Working Group on the Singapore-Kunming Rail Link (SKRL) project from next year, with the task to get the US\$2.5 billion (US\$1 = RM3.80) project off the ground as soon as possible.

Association of South-East Asian Nations (Asean) secretariat deputy secretary-general Tran Duch Minh said Malaysia will take over as chairman from Myanmar from January 2003 for a three-year term.

Malaysia assumed the chairmanship of the first and the second Special Working Group meeting held in Kuala Lumpur in December 1996 and September 1997, respectively.

In line with the third Asean-Mekong Basin Development Cooperation (AMBDC) ministerial meeting held in Chiang Rai, Thailand, in 2001, Myanmar assumed chairmanship of the group on the rail link project for 2002. The third Special Working Group meeting on SKRL was held in Yangon on May 14 and 15 2002.

"Much will now depend on how Malaysia can excite the private sector to be actively involved in this mega project and also develop feasible funding mechanisms to move the project forward," Minh said in response to Business Times queries via e-mail.

He was asked on the conclusions reached during the fourth ministerial meeting on AMBDC in Siem Reap, Cambodia, held from August 9 to 10.

Malaysia was represented by Ministry of International Trade and Industry (Miti) parliamentary secretary Datuk Fu Ah Kiow at the meeting.

Meanwhile, Dr Pola Singh, head of the Initiative of Asean Integration unit said the working group to be chaired by Malaysia will seek innovative ways to make the project viable and to attract the private sector to join forces.

"One must remember that no railway entity in the world makes profits. This is because of the high investment cost involved but low rate of returns as governments always want to keep fares and freight rates down. Hence, there is always a subsidy element in the rail fares or freight levels," he said.

Before the hard infrastructure is installed (where the bulk of the investment will come from), Pola said there needs to be feasibility studies on missing sections such as the Poipet-Sisophon route in Cambodia and the spur lines - subsidiary lines connecting to the main line.

The working group will also have to look at mobilising technical assistance grants or funding support from Asean dialogue partners such as China, Japan and South Korea and from Asian Development Bank and other international aid agencies.

Pola said the working group is also tasked to encourage interested Asean private sectors to initiate project development and construction through joint-venture, consortium arrangements, or through Build Operate Transfer/Build Transfer/Build Own Operate Transfer arrangements.

He also said the working group will encourage bilateral or sub-regional approach to the project implementation and fund mobilisation.

Pola said the working group will welcome various forms of grants or in-kind contribution from interested Asean countries and explore viable project financing arrangements from established railway operating organisations or companies.

"A lot is expected from Malaysia for the next three years... there is a

lot of high expectations.

"The AMBDC meeting has every confidence that with the strong leadership displayed by Malaysia, the implementation of this project will gain momentum and become a reality in the not too distant future.

"Much now falls squarely on the shoulders of Malaysia to demonstrate its ingenuity and resourcefulness as well as capability to turn around this mega project.

"Funding and the active involvement of private sectors remain key issues," he said.

He also said that the Transport Ministry is expected to take the lead in this project, alongside other ministries and agencies such as Miti and the Economic Planning Unit.

Mooted by Prime Minister Datuk Seri Dr Mahathir Mohamad, the SKRL was proposed at the Fifth Asean Summit in Bangkok in December 1995, with Malaysia as the project coordinator. The rail link project is the core of the AMBDC programme.

In line with the Fifth Asean Summit meeting in Bangkok in 1995, the Special Working Group on SKRL was established on June 17 1996, given the task of examining the feasibility of the link in terms of technical, financial and economic point of views.

A team of Malaysian consultants undertook the feasibility study for the SKRL in March 1997 and completed it in August 1999.

The study examined six routes to link Singapore with Kunming. All the six routes have a common sector from Singapore to Bangkok via Kuala Lumpur. The consultants recommended Route 1 which involves Cambodia, Vietnam and Laos.