

## PHASE 2 CONTRACT

# CCCC TO REFUND RM1B OF RM3.1B ADVANCE

RM500m to be paid within a week of April 12, RM500m more later, says PM

AZURA ABAS  
AND AHMAD FAIRUZ OTHMAN  
PUTRAJAYA  
[news@nst.com.my](mailto:news@nst.com.my)

**C**HINA Communications Construction Company Ltd (CCCC) has agreed to refund part of the RM3.1 billion advance payment under the original contract for Phase 2, double tracking and the northern extension of the East Cost Rail Link (ECRL) project.

Prime Minister Tun Dr Mahathir Mohamad said RM500 million would be refunded within a week from April 12 and another RM500 million within a month from the same date, bringing the total to RM1 billion.

"The balance will be settled within three months after deductions for verified claims due to abortive works, suspension and cancellation of the northern extension," he said yesterday.

Under the original ECRL agreement, the total project cost was RM65.5 billion, Dr Mahathir said.

"The loan amount from the Exim Bank of China, at 85 per cent

of the project cost, would have amounted to RM56.7 billion.

"Under the previous government, the current amount signed with Exim Bank was RM39.1 billion for Phase 1. The balance of the RM17.6 billion for Phase 2 and the northern extension, luckily, has yet to be signed."

With the ECRL resuming at a cost of RM44 billion, Dr Mahathir said, the loan amount from Exim Bank would be reduced substantially.

"The reduced amount is being negotiated with Exim Bank and we envisage that this will result in lessening the financial burden on the government in terms of the principal repayment amount, total interest costs and other fees," he said.

On why China had agreed to the new improved ECRL agreement, Dr Mahathir said the government had explained the financial constraints on it.

"They (the Chinese) realised the financial constraints and the cost involved (under the original deal) was too high.

"We showed them that other companies would construct the project at a lower cost. These are the reasons why the Chinese government agreed."

The Prime Minister's Office had announced on Friday that the ECRL project would resume at a reduced cost of RM44 billion,

compared with RM65.5 billion previously, following the signing of a supplementary agreement between Malaysia Rail Link Sdn Bhd and CCCC.

Besides the reduced cost, the new alignment from Kota Baru-Mentakab-Jelebu-Kuala Klang-Bangi/Kajang-Putrajaya and to Port Klang will see a reduced distance to 648km from 688km.

Dr Mahathir said the government will leverage the signing of the ECRL agreement to get China to buy Malaysian palm oil.

"Although not directly related, we are taking advantage of the signing of the agreement to work out the purchase of palm oil. That will happen."

It was reported that China had raised its intake of Malaysian palm oil exports by 500,000 tonnes to 1.62 million tonnes valued at US\$890 million (RM3.6 billion).

Last year, Malaysia exported 3.07 million tonnes of palm oil and palm oil products, with a total value of RM8.38 billion, to China.

China is Malaysia's second biggest importer of palm oil and palm-oil based products last year, with the export of Malaysian palm biodiesel to China increasing from 140 tonnes (RM5 million) in 2017 to 41,450 tonnes (RM113 million) last year.