

ECRL project expected to create jobs and contracts for Malaysians

PETALING JAYA: The multibillion ringgit East Coast Rail Link (ECRL) project is expected to benefit the local economy through contracts awarded to Malaysian companies and jobs created.

Upon completion, the RM60bil project which will link Port Klang to Pengkalan Kubor, Kelantan, will also ensure a more efficient movement of people and goods, through 24 stations.

However, the full estimated contribution to GDP will depend on the pace of spillover effects towards other economic sectors, said MIDF Research.

It forecasts that the ECRL will contribute 4.6% to domestic growth, with the boost for growth expected to kick in from inception until completion of the project.

“Moving forward, the railway project will affect economic expansion via direct and indirect effects in the long run, partly by job creation, opening up new areas, foreign direct investment, increased external trade activities and strengthening

domestic demand,” it said in a report.

Local contractors, it noted, were expected to secure contracts worth RM15bil or 30% of the ECRL’s total cost of RM60bil.

“We surmise that the packages of civil works for site clearing, sub-structure soil reinforcement, and the design and build for stations would potentially be snapped up by local construction companies,” it said in a report.

It said IJM Corp Bhd would be a top contender for the design and build package for the Kuantan Port City 1 and 2 stations as well as for site clearing or civil works.

The research house said this was due to the proximity of the station sites and Kuantan Port, which is a subsidiary of IJM and Malaysia-China Kuantan Industrial Park.

It also expects Gabungan AQRS to benefit from its proximity and involvement in the development of Kota Sultan Ahmad Shah (Kota SAS), Kuantan, through which the ECRL runs.

“Notably, AQRS could clinch prospective packages for Kota SAS and Kuantan Sentral (provisional) stations,” it said.

The railway project is also expected to contribute to 5.3% expansion in the real estate sector.

“With the ECRL in place, we can anticipate an increase in new township areas and better town development in existing areas along the railway link,” it said, adding that Kelantan, Terengganu and Pahang, in particular, would reap the economic benefits of the project.

In an earlier report, Nomura Global Markets Research said the improved freight connectivity via the ECRL was likely to increase the viability of the east coast states for manufacturing activity, supporting regional development.

It also noted that the 668 km ECRL, which is targeted for completion in 2024, would create a land bridge over Peninsular Malaysia between Kuantan Port and Port Klang, allowing freight to bypass Singapore and parts of the Strait of Malacca.