Introduction

Why do major development projects get delayed while others progress? Where do these projects encounter opposition? This paper examines the sources and nature of delays in major development projects. While literatures on development financing are substantive, scholars continue to treat project completion or cancellation as a byproduct of weak institutions (Dueñas-Osorio & Vemuru 2009), lack of technical capacity (Pinto & Mantel 1990, Diallo & Thuillier, 2004), or the financing institution’s decision to withdraw (Mashatt et al. 2008). However, when these concerns are insignificant or already accounted for, what factors enable—or inhibit—project progression? As the World Bank researchers found (Legovini et. al 2015), financiers – foreign banks, firms, or international organizations – spend millions to compensate for delays in major projects, leading to significant political and economic costs. In order to better explain project outcomes, I examine three comparable cases of Chinese railway projects in Southeast Asia. Specifically, I investigate the Bicol South Rail Project (BSRP) in the Philippines (2016-), High-speed rail (HSR) in Indonesia (2014-), and the East Coast Railway in Malaysia (2016-). I ask, what have been the sources of delays in the major Chinese railway projects and what has allowed them to progress despite these issues? Where and when have Chinese railway projects encountered opposition?

I develop a framework that looks at major development projects as a two-level game. While there are many that have examined the interaction between international actors and host states as a two-level game

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1. The literature on foreign aid and financing point to different mechanisms that shape project success or failure, ranging from information asymmetry (Williamson 2010).

2. “Major” does connote subjectivity. However, this term corresponds with “market-making” capital that could qualitatively transform the host state economy due to the sheer amount of money and potential impact.
game, two notable works stand out. First, Putnam’s (1988) framework, which was developed in response to international agreements, argues that international organizations and states negotiate for one outcome while state and domestic actors advocate another. Second, examining the degree of FDI-liberalization, Ramamurti (2011) investigates how the bargaining between multinational corporations and states impact subnational actors during negotiations. Similar to Putnam and Ramamurti’s works, this paper applies the logic of a two-level game to international development finance. However, unlike both works, my framework emphasizes the relationship between the host state regime and the variety of host state opposition, their interests, and their capacities. Host state opposition can instigate delays during the project, usher in political turnover or elite circulation, or engage in behaviors costly to the project.

My framework’s two-level game goes as follows. At the first level, which corresponds with the international level, financiers and the host state regime need to form what I call a financing coalition in order to combine their political, economic, and organizational resources to build the project. Financiers are international organizations or states willing to fund major development projects, export technology in order to gain influence, or policy banks with an explicitly lending mandate. Host state regimes are governments, administrations, or party-states in the receiving countries who need to build projects in order to achieve economic development ends or bolster their legitimacy. Once the financial coalition has formed, the second stage of the game occurs at the subnational level between the financial coalition and host state opposition, ranging from competing firms in upstream or downstream industries, host state opposition against the project or regime, or both. Competing firms can be found in one or both upstream industries or the right to construct, operate, and build the tracks, and downstream industries that relate to land acquisition, real estate development, and other consumption-related activities via transit-oriented development (TOD). Competing firms mobilize to delay the project in hopes overturning the coalition. Host state opposition mobilize to capture political power, weaken the regime, or acquire key political concessions. The host state opposition includes all or any of the following: the mainstream political parties who would oppose most projects that benefit the regime, fence sitting elites who would take advantage of the situation to bandwagon, or regional-local elites who want to ensure their own benefit.

I argue that the major development projects get delayed because the financial coalition is unable to subordinate or compromise with host state opposition who have engaged in costly political behaviors that derail project progress or usher in a political turnover. Conversely, project continuation occurs when the financing coalition subordinates or incorporates the host state opposition in the project, in order to limit project delays. When delays occur, project cancellations become highly likely unless the financial coalition and the host state opposition strike a compromise. Successful compromise entails a new agreement that incorporates a wide range of actors and interests. Unsuccessful ones will lead to project cancellation or prolonged negotiation. Empirically, Chinese policy banks constitute the financiers while the host state regime are the specific governments of the borrowing country. These two actors coalesce into a financing coalition in order to consolidate China’s economic resources and the political power of the regime. Host state opposition are the national opposition parties, local elites, and competing firms in the host state. I demonstrate that the major Chinese railway projects in Indonesia, Malaysia, and the Philippines have experienced delays due to the opposition of competing firms or the mobilization of the political opposition, temporarily delaying the project or rupturing of the financial coalition. ECRL was temporarily delayed by a political turnover, whereas Jakarta-

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3 There is some sequence associated with the two levels, but these levels are defined by participants – international banks and the central state at the first level and multiple domestic opposition at the second level – rather than sequence alone. In addition, this framework applies to major development projects regardless of the financier’s identity, the host state’s regime type or economic capacity, or the nature of the financing deal.

4 Domestically, competing firms are owned by oligarchs or the domestic economic elites. However, not all receiving countries have domestic firms that could compete in the upstream industries in railway construction. As such, competing firms may also be international firms. In Southeast Asia, Japan is China’s biggest competitor in infrastructure and investments.

5 Some deals tie the financier to a group of contractors, require a TOD, or tie the loan to a specific price or commodity. Nonetheless, the project could apply to any of these conditions.
Bandung and the BSRP continued when the financial coalition incorporated the host state opposition. China’s coalition with Najib Razak’s (2009-2018) Malaysia began smoothly. Najib’s corruption cascaded into a massive electoral backlash against the United Malay National Organization (UMNO). Despite the concentration of power in the UMNO, an institutionally mandated election led to the unexpected victory of *Pangkatan Harapan* (PH), which ruptured the initial coalition. Mahathir Mohamad placed a moratorium on and renegotiated the railway project with China. Apart from the enormous costs, the participation of Malaysian SOEs were limited by the project’s contract and design, which the Malaysian side wanted to remedy. The new contract accorded a greater role to the Malaysian domestic firms in downstream industries and slashed the overall project cost by a third (Lokman 2019).

In Indonesia, China formed a consortium with Indonesia’s Joko “Jokowi” Widodo’s government (2014-) to construct the Jakarta-Bandung Railway. A consortium of Indonesian and Chinese firms funded by the Chinese Development Bank (CDB) won the contract. In response, the losing Japanese firms in concert with the host state opposition mobilized to delay the project in hopes of stalling the railway’s progress until the elections. However, Jokowi won the elections which gave the project and the coalition some sense of certainty. Jokowi incorporated the opposition in his new cabinet and integrated the needs of the Japanese firms by awarding Japan the Jakarta-Surabaya railway (Gorbiano 2019, Yuniar 2019). In addition, despite encountering procedural and implementation problems (Maulia 2016, Negara & Suryadinata 2018), Jokowi’s new executive orders (EOs) allowed the project to progress steadily.

In the Philippines, China and Rodrigo Duterte’s (2016-) government agreed upon the BSRP in 2017. However, at the onset of the project, oligarchs mobilized to limit the BSRP’s progress in the hopes of delaying the project until the next elections, tapping the congressmen and mayors in the Southern Luzon provinces. Instead of mobilizing, factions of regional-local elites coalesced to lobby a greater number of train station stops for their own provinces. However, Duterte subordinated the regional-local elites through his political power and allowed Chinese online gambling that led to the massive windfall profits for the oligarchs, winning the latter’s consent until the next selection.

Though China’s railway projects have been delayed across these three states due to the contention of competing firms or other host state opposition, all the projects continue to progress. The nature of the delays and the type of opposition against the projects all vary across the three states, which reflect the degree of central government’s bargaining power over local elites and financier as well as the degree of subnational opposition. In Malaysia and Indonesia, host state opposition targeted the electoral cycle in order to delay the project. However, either the financier was able to successfully establish another coalition with the new regime, or the financial coalition was able to integrate the needs of the host state opposition. In the Philippines, opposition to the Chinese projects originates from the competing Filipino oligarchs and regional-local elites. While the BSRP has not been cancelled by any political or electoral cycle, the Filipino regional-local elites delayed the initial phases. The financial coalition later incorporated these specific host state opposition.

The empirics of this paper are built on in-depth qualitative analysis at the project- and regime-levels. Such levels of analysis enable the examination of causal pathways through which the initial causes are translated into their political and economic manifestations. Between 2018 and 2019, I conducted semi-structured interviews with politicians, Chinese investors, and local elites across these states. These interviews reveal how hidden scripts are transformed into public actions, which in turn are translated into the intensification or attenuation of contention, leading to either the progression or delays of the Chinese financing project.

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6 Fieldwork conducted in mid-2017 and late 2018. Though the formal procedures have yet to begin at that time, the regional-local elites and oligarchs were preparing for the government’s actions.

7 I visited the Philippines’ Quezon and Bicol provinces in 2017 and 2018. For Malaysia, fieldwork in Selangor and Pahang was conducted in February and March 2019. Subsequent fieldwork in Jakarta and Bandung was done in April and September 2019.
Project Details

In November 2016, the 1Malaysia Development Bhd (1MDB), a state-owned enterprise, was saddled with debts that amounted to billions of USD. In order to resolve this, elites around Najib, the former prime minister, secured a loan from a Chinese construction contract. Najib and China Communications Construction Company (CCCC), a major national SOE, acquired the loan, which was awarded to state-owned Malaysia Rail Link (MRL) to finance the proposed 688 km-long East Coast Rail Link (ECRL) (Liu & Lim 2019). This project involved a China Export-Import (CHEXIM) bank loan that would award the CCCC and their activities in Malaysia an overvalued contract worth RM55 billion (Ngeow 2019). Rahman Dahlan, a key UMNO elite closely and the Economic Planning Unit minister, defended the contract’s worth, suggesting that the government sees the ECRL as a state-funded infrastructure funded by a Chinese loan that needs to be repaid over 20 years with a favorable interest rates. Furthermore, Rahman also argued that regardless of the funding situation (Arbee 2016), the ECRL’s goals would remain the same, i.e. link the wealthier Selangor province to the Eastern coast of Pahang, bolster economic activities in the region, and generate jobs to the population.

The Japanese-backed Jakarta-Bandung HSR has been in the pipeline since 2008 (Mediaindonesia, 2019). Former President Susilo Bambang Yudhoyono or SBY (2004-2014) and Japan agreed upon a deal to finance an HSR between Jakarta and Bandung, the largest and second-largest Indonesian cities. The Japanese firm conducted the initial phases of due diligence, feasibility studies, and layout of the HSR. However, China offered Jokowi better terms than Japan originally, including incentives like no state guarantees, the Chinese firm and state shouldering the construction costs, and joint production of trains between the Indonesian and Chinese firms. In October 2015, China Development Bank (CDB) awarded China Railway Group Limited (CRCL) a loan to cover 75% of the project cost over a tenure of 40 years, with the remaining cost covered by the Kereta Cepat Indonesia China (KCIC), a new consortium between the CRCC and the four Indonesian SOEs (Salim & Negara 2016). In the KCIC, the Indonesian SOEs own 60% of the company while the CRCC with other Chinese firms control the rest (Negara & Suryadinata 2018). Worth USD 5.5 billion, the HSR covers approximately 140 km between Jakarta and Bandung, conveniently located on the island of Java. While China provides the funding, procurement, and operations, Indonesia deals with land acquisition, local negotiations, and the initial landmarking. The project plans to build 6 major stops along with an envisioned transit-oriented development (TOD) along each stop, allowing Chinese and Indonesian companies to build real estate, malls, and other business ventures.

In the Philippines, the BSRP was designed to connect Southern Tagalog’s poorer regions to Metro Manila and Central Luzon, BSRP started construction when Duterte’s tenure commenced. The project was first proposed in the 1990s when the World Bank and the then-Ramos administration envisioned grand development plans for the Philippines. However, numerous hurdles impeded the BSRP, particularly opposition of oligarchs and regional-local elites—governors, mayors, and congressmen—who contested land acquisition or wanted their own train stops. Arroyo attempted to negotiate Chinese funding for the BSRP, but the progress of initial development aid and foreign direct investment (FDI) were hindered by opposition senators, oligarchs, and mayors, thus abruptly ending talks. Later, Duterte and China agreed that CHEXIM would provide funding of US$3.3 billion for a 639 km medium speed railway. The project could potentially include a TOD around the train stops where Chinese companies would be allowed to bid to generate business activities in and around the provinces. Eventually, the construction contract was awarded to a consortium comprising China Railway

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8 See (Malgeri 2019) for a detailed elaboration of project negotiation and renegotiations.
9 Interview with Indonesian foreign affairs specialists, Jakarta, October 2018.
10 Interview with KCIC Official, Jakarta, May 2019. Also see the following (Cornelis 2019, Dharma & Suryadina 2018),
11 The four Indonesian SOEs are PT Kereta Api Indonesia, PT Wijaya Karya, PT Perkebunan Nusantara VIII and PT Jasa Marga.
Design Corp (CRDC) and Guangzhou Wanan Construction Supervision Co (WACC), with the Philippines’ Department of Transportation (DOTr) assisting them.

### Table 1: Summary of the Financing Terms of Chinese Railway Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Distance</th>
<th>Cost in Billions of USD</th>
<th>Funder</th>
<th>Consortium</th>
<th>MOU Signed</th>
<th>Financing Terms Signed or Start of Implementation</th>
<th>Current Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines - Bicol South Railway or PNR South Long-Haul</td>
<td>639-KM</td>
<td>$3.3</td>
<td>China EXIM</td>
<td>CRDC-WACC &amp; DOTr</td>
<td>November 2017</td>
<td>August 2019</td>
<td>Land negotiation in the Manila &amp; Laguna area</td>
</tr>
<tr>
<td>Malaysia – East Coast Railway Link</td>
<td>650-km</td>
<td>$15 (original) to $10</td>
<td>China EXIM</td>
<td>CCC &amp; Malaysia Rail Link Sdn Bhd</td>
<td>November 2016</td>
<td>August 2017</td>
<td>Terms currently being negotiated (November 2019)</td>
</tr>
</tbody>
</table>

### Chinese Economic Capital & Railways

What makes Chinese financing in railways analytically useful in a question about the progression or delays of development finance projects? First, by selecting Chinese financing, this project controls for path dependency. In the early 1990s, China did not have the level of power projection and the host state networks that the developed world had. As a result, they could not influence the increases of aid inflows and the completion of developing financing projects. This makes Chinese financing a “pure case,” according to Robert Merton’s (1987, p. 2) “strategic research sites,” whereby the phenomenon to be “interpreted to such advantage and in such accessible form that they enable the fruitful investigation of previously stubborn problems and the discovery of new problems for further inquiry.” Second, railways are critical cases to examine completion or cancellation because these projects generate an asymmetric distributionary impact on the host state economy and domestic elites. Railway projects tend to be long term and cut across multiple regions, jurisdictions, and provinces, which increases the access to goods or markets of some elites but limit those of others. For instance, an elite who expects to benefit will likely support the project while those who anticipate a loss will mobilize against the project. Furthermore, other Chinese funded projects would be unlikely to generate such resistance due to a more symmetric distribution of benefits. For instance, roads tend to cut across provinces and generate a multiplier effect among host state actors. Irrigation projects do not generate a “zero sum” effect, meaning the construction of one does not limit that of others. In contrast, railways instead concentrate goods and trade in some regions over others. As such, railway projects are more contentious and likely to generate collective host state opposition.

### Malaysia, Indonesia, and the Philippines

Next, why are these host states comparable in the case of railway projects? First, the railway projects present variation on the terms and type of Chinese financier. Different types of financiers or
Chinese actors formed coalitions with the Southeast Asian regimes. CHEXIM funded the BSRP in the Philippines and ECRL in Malaysia, and the Chinese Development Bank financed the HSR in Indonesia.\(^\text{13}\) Furthermore, the financial coalitions have agreed to negotiate or consider features of the so-called “Transit Oriented Development,” (TOD) which combine train stations with smaller malls, real estate, and tourism-related ventures in the stops (e.g. Hasibuan et al. 2014). Second, though Malaysia is on the upper economic end while the Philippines and Indonesia are on the lower, these states have comparable economic growth and per capita income. By selecting countries with similar levels of economic growth, this limits the extenuating influence of wealth on the financing or development of the project. Third, these states vacillate between minimum democracies and quasi forms of authoritarianism (Case 2014). By selecting similar types of regimes, it controls for the influence of politics on the outcome. The three countries exhibit similar levels of economic capacity and political configuration as many of China's development aid recipients, making the paper’s conclusions somewhat applicable.

**Two-Level Game: Financial Coalition and Host State Opposition**

**Figure 1: Two-Level Game: Financing Coalition and Host State Opposition**

First stage: Financier and the Host State Regime

Financing coalitions are composed of a financier and a host state regime. The first stage comprises the Chinese state and the host state regime’s decision to form a coalition to build the project. In this paper, the financier could be CHEXIM or CDB, whereas the host state regimes are the administrations or parties in power. The policy banks have the financial capacity, means, and political mandate to fund major development projects in the developing world. They comprise the Chinese counterparts of many other Export-Import or development banks, making this paper’s framework applicable to the Asian Development Bank or the Korean Import-Export Bank. These financiers fund different types of projects across sectors with varying conditions and institutional requirements. Host state regimes often acquire financing arrangements from multiple financiers, leading to the co-existence of many different financial coalitions at one point in time. Due to the

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\(^{13}\) While a government-to-government (G2G) model has been adapted in the BSRP, ECRL, a business-to-business (B2B) model has been agreed upon for the Jakarta-Bandung HSR.
existence of multiple financiers, host states can bargain for better terms. Similarly, the absence of financing alternatives gives the financier the ultimate leverage to set conditions.

Previous works on China’s outward railway investments tend to focus on the relationship between the Chinese and host state government. There are works that examine the trains individually or compare across cases. For instance, Oh (2019) looks at how host states acquire leverage over their Chinese financiers, using the categories of “high,” “medium,” and “low” to explain outcomes (Oh 2018). Most other works do not conceptualize the railway situation as a two-stage game but examines the interplay of geopolitics and domestic situations (Pavlićević & Kratz 2017; 2018, Zhao 2019). These works examine the rail projects where the Chinese and host state governments takes precedence. While this explains bargaining between international and domestic actors, this framing ignores how opposition groups matter to the stability of the host state regimes, which need to incorporate or placate politicians, economic elites, regional-local leaders, and mass-based organizations to survive. As such, the decision of the host state to work with the financier not only depends on security issues or bargaining, but also on the demands of the host state opposition. As such, my framework focuses on the tensions between the regime and opposition.

Second Level: Regime and Host State Opposition

While the financier and the host state regime may form a coalition, the governments – as administrations or political parties in power – can always be captured by or constrained by host state opposition through political or electoral transition. Host state opposition can usher in elite circulation or a change of elites in power, which could occur in two ways. First, in non-democracies, a coup d’état against the leadership leads to a political turnover that changes the administration in power, transferring state power from old to new leaders. Second, an electoral turnover ushered in by the institutions, elites, and people also changes the elite composition of the regime. As such, elite circulation is a key mechanism that delays the railway projects, which makes previous project commitment far more difficult to enforce since the new regime may have other demands and even attempt to take credit for the project. New terms, financing, or timeline may be laid out in the new agreement, or a decision to disengage from each other in exchange for appropriate monetary compensation, will indefinitely delay the project and increase the incentive to cancel. However, if and when there has already been some progress made on the development project, disengaging becomes more difficult.

In the host state opposition, there are three types of elites with distinct interests and capacities to block the project. First is the economic elite, which refers to oligarchs, national capitalists, or the “new rich” of the host state. Economic elites have enormous amounts of material wealth that becomes economic rent, referring to physical and liquid assets, stocks, and properties, which could be used by political and regional-local elites (Winters 2011). These economic elites often own competing firms in upstream and downstream industries. Second is the political elite, such as senators, congressmen, regents, or SOEs of the host state. Political elites hold official positions that allow them to directly or indirectly influence state policies through committee membership, executive decision making, or bureaucratic appointments certain positions (Khan 2012). And finally, the regional-local elite (Mitra 2002), which comprise governors, mayors, or some local kampung outside the core cities of the host states, are concerned of maintain their power in their locality. Regional-local elites hold powers similar to those of their political counterparts on a far smaller scale, but their real power lies in their local embeddedness. Regional-local elites have strong place- and locality-specific powers, which could mean the difference between delaying or allowing the project. In addition, international firms from competing countries could mobilize against the financial coalition, often by working with one or more of these elites.

In the second level of the game, the financing coalition needs to subordinate or incorporate the host state opposition in order to forward their project. However, host state opposition can also contest the regime’s power in the coalition. A negotiation process between the financial coalition and host state opposition can lead to a series of compromises that evens out the benefits across the power holders. However, there are
times when the financial coalition cannot offer anything substantial to the opposition, which would lead to an inevitable clash. If and when the host state regime can subdue or meet the demands of any of the three types of elites through a combination of political and economic rent, the elites will agree and then, the financing coalition can proceed with the project. However, when the financial coalition cannot subordinate or incorporate the opposition, especially in situations when regime stability depends on one or more of these host state elites, a political or electoral turnover becomes highly likely. At that point, any of these three types can use their power to delay the project or, in the worst case scenario, usher in a new regime altogether.

**Empirical Analysis**

**Indonesia**

Indonesia’s ruling Partai Demokrasi Indonesia Perjuangan (PDIP) has had a long-term collaborative relationship with the Chinese Communist Party (CCP). Indonesia’s first president, Kusno Sosrodihardjo, or Sukarno, met with Mao Zedong and started the “Third World” movement in the 1960s (Liu 1997). When Sukarno was deposed by Suharto, the Indonesian government and military in 1965. Suharto’s rule benefited key oligarchs and political elites during his time, especially the Salim Group and specific Chinese Indonesian families (Winters 1996). Nonetheless, after the reformasi, Indonesia became a major natural resource exporter to China. Chinese development finance and FDI took a minor yet growing role in the early 2000s. During Susilo Bambang Yudhoyono’s (SBY) regime (2004-2014), he favored the oligarchs in infrastructure construction through the Public Private Partnership (PPP), which limited development finance throughout his reign.

Jokowi’s administration reasserted the state’s role in infrastructure and economic development. As Jokowi settled in his term, his regime focused on acquiring foreign capital to build railways, ports, and industrial parks. More short-term gains, state-led development and geopolitical ambitions explain Jokowi’s approach to Chinese development finance. As a government strategy intended to expand railways, industrial parks, and roads across Java, Sumatra, and Eastern Indonesia, the “Global Maritime Fulcrum” (GMF) began in 2014. The GMF needs a massive amount of capital to fund the multiple infrastructure project across Indonesia. Japan, Australia, and China have been at the front and center of the GMF. However, among the three actors, China has been the most active one.

At the first stage, coalition formation between the China and Indonesia was clear. SBY initially awarded the Jakarta-Bandung’s MOU to Japan, but Jokowi’s government used the deal to negotiate better conditions from China, leading to the KCIC consortium. In contrast to Japan, China pursued a “B2B” strategy, one that relies on foreign direct investments to the KCIC. For Indonesian political elites, loans can also be politically harmful to the incumbent. Loans will harm Indonesia’s annual budgetary outlook, which would hinder the state’s capacity to raise money for many other infrastructure projects. It was also crucial to make China share the risk, create jobs, and generate revenues for the state. When asked about the “long-term” impact of FDI, which would give Chinese SOEs and private firms the opportunity to be long-term shareholders in Indonesia than that of loans, an Indonesian political elite said that, “that is okay, so long as they play a positive role in

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14 The substance of the clash and whether or not it can be reconciled depends on the nature of the project between the coalition and the host state elites.
16 While Jokowi’s recent Presidential speech (2019) and the administration’s official documents do not mention the GMF, the infrastructure and development strategies remain the same. Rather than statements or announcements, what’s crucial to look at is the relative increase in state funding to the infrastructure sector.
17 Interview with Official from the Ministry of Industry, Jakarta, October 2019.
the economy, give jobs to people, and build transportation across regions.”

At the second stage, the Jakarta-Bandung HSR encountered two major sources of opposition. First, Japanese firms across island of Java mobilized in 2015 against the HSR. In Java, there are dozens of industrial parks that produce microchips, garments, and car parts for the commodity chain (Dwiatmoko et al. 2018). These parks include Japanese, Australian, Taiwanese, Korean, and American manufacturers. However, 70-80% of the companies located in the affected areas are Japanese. Due to Japan’s lost bid, the KCIC needed to appropriate some of the land for the project and require the firms to relocate. These firms paid for civil society organizations (CSOs) to mobilize and stop the bid. An interview with a rival CSO indicates that, “the Japanese wanted to delay the Jakarta-Bandung until the next election, which might create an opportunity for the project to get canceled if the opposition wins.”

Second, contention also came from Gerindra, the major opposition party led by Prabowo Subianto. When Jokowi decided to give the project to China, Prabowo voiced his displeasure for the project (Yuniar 2018). During the construction process, Prabowo encouraged the CSOs to oppose the HSR. During the campaign period, Prabowo focused on China’s “debt trap” diplomacy and the issue of “illegal Chinese workers” that supposedly came from the Chinese projects. Prabowo repeatedly attacked Jokowi for kowtowing to the Chinese (Gelora News 2019). However, as other political party members have pointed out, Prabowo’s own brother works with Chinese firms, indicating that the attacks on the Chinese projects do not amount to much. Had Prabowo won the elections, China might have needed to renegotiate their terms with the new administration or deal with eventual cancellation. Nonetheless, political insiders suggest that Prabowo’s actions against China was merely political rhetoric. They point out that Prabowo would have changed his tune about China, opting instead to keep and take credit for Jokowi’s success. There is some evidence to this as when Jokowi won his second term, his new administration incorporated Prabowo and some Gerindra party members, effectively creating cohesion between the major parties.

While key oligarchs benefited from their connection to Jokowi, most Indonesian oligarchs hedged their bets, donating money to all the major political parties during elections. Competing for the train project was initially in the minds of some conglomerates through the PPP. However, even during SBY’s government, the oligarchs have given up on the project, focusing instead on the downstream industries that accompanied Jakarta-Bandung. As the Chinese HSR would potentially open the downstream industries or TOD to the Indonesian oligarchs, many of them did not see the project as detrimental to Indonesia or their own profits. However, in an interview with a representative of the Harita Group, one of them questions the profitability of the operation: “we don’t really mind the Chinese coming in to build the real estate and condominiums... after all, we all have these buildings somewhere in Indonesia... the question is, will there be enough wealthy Chinese tourists to go to these places?.” For the Salims, the concern revolves around, “what’s important is that these spaces are open to competition and for the government to make sure that government stability is enforced... we don’t want an unrest to happen that can affect Indonesia’s development.”

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18 Ibid.
19 Interview with KCIC Official, Jakarta, May 2019.
20 Ibid.
21 While most CSOs revolve around land rights and housing mobilized against the project, some of these groups have worked with the Japanese firms. Nonetheless, most CSOs are concerned about land values increase and unemployment. Their political support has vacillated between the Islamic National Party and the Democratic People’s Party.
22 Interview with CSO representative, Depok, September 2019.
23 Ibid.
25 Interview with Harita Group Representative, Jakarta, October 2019.
26 Interview with Salim Group Representative, Jakarta, October 2019.
In many Indonesian projects, regional-local elites or local groups can also shape project implementation. To prepare for the GMF and the HSR, Jokowi consolidated political and organizational power in order to suppress opposition around the project. In 2015, he implemented Executive Order (EO) 14 that would expedite land appropriation and utilize the Indonesian military to enforce the policy. Prior to EO 14, land appropriation in Indonesia took a long time. Property owners contested the government’s land appropriation in through the courts (Artharini 2015), resulting in a prolonged approval process. During that time, the landowners also enlisted the help of the local elites to prevent land appropriation (Artharini 2015). Furthermore, the Indonesian government could only offer up to a certain amount in exchange for the land. With EO 14’s implementation, the Indonesian government can offer better financial terms to the owners of the land (Sugianto 2019). In the event of a disagreement, the Indonesian government can mandate an expedited court hearing within 30 days. Should the landowners lose that hearing and then refuse to leave, the Indonesian government can use force in order to facilitate the eviction. After the EO, 95% of the landowners in Java have agreed to leave in exchange for better financial terms. The remaining 5% of the residents were forcibly evicted.

In the view of officials, the roots of local landowner opposition came from the Japanese firms. In this particular case, the Jokowi government negotiated with the Japanese firms in order to get their companies on board. To placate Japan’s losses over the Jakarta-Bandung, the Indonesian government offered the Jakarta-Surabaya construction contract to the Japanese (Yuniar 2019). However, Jokowi could not enact these deals alone; he needed to follow the bidding process. EO 45 that gives the government the power to award contracts on “the basis of national security” (Surat-surat Presiden 2019). These reforms enabled the Jokowi government to get the Japanese government on board and obtain their consent to relocate in exchange for this additional contract. Nonetheless, all were not appeased by these measures, and some Japanese firms continued to fund protestors to block the HSR (Virgiawan 2019). The Jokowi government mobilized the police to arrest these protestors and even jail some of the instigators. In March 2019, the construction of the line temporarily stopped due to elections, but construction activities resumed once more in June 2019. Indeed, in the following months, the train stops in Halim, Karawang, Walini, and Teggaluar have made progress.

In sum, Jokowi’s second electoral victory limited elite circulation, which ensured continuity and the continuation of political resources in the hands of his regime and renewed capacity to incorporate the opposition. Jokowi’s regime incorporated the political opposition, regional-local elites, and the Japanese firms. Political power through the two EOs have allowed the regime to incorporate or suppress opposition. In addition, the project had favorable conditions: construction started at the onset of Jokowi’s term, had a limited geographic scope, and the central government has a strong alliance with the Bandung governor. These conditions would have amounted to nothing had his regime not use resources to get around key obstacles. Had Jokowi lost the elections, regime turnover would have led to a new round of renegotiations or coalition formation between China and Indonesia. However, Jokowi effectively won, leading to the continuation of the Jakarta-Bandung HSR construction.

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• 27 Interview with Pak Lukianto, Ministry of Maritime Affairs, Jakarta, April 2019.
• 28 Ibid.
• 29 Estimates were given by the KCIC official.
• 30 KCIC Official, CSO Representative.
• 31 KCIC Official.
• 32 As Tribunews (2019) shows, there have been protests in August 2019. However, these have been small-scale rallies. Dadong (2019) also shows a new video where protestors complained about the slow compensation of the sequestered land. Interview with Bandung local, Bandung, November 2019.
Malaysia

Area studies scholars illustrate that Malaysia reoriented its position towards China during the end of the Cold War. As a longtime UMNO official said, “stronger relations began in the 1990s, forming party-to-party links, exchanges, and links between the two...[we are] much, much closer than Indonesia and the Philippines.”33 Given these circumstances, Malaysia’s political elites were open to using Chinese FDI and development to pursue economic goals. Nevertheless, Chinese FDI, development finance, and other forms of capital inflows played a marginal role during Abdullah Badawi’s administration (2003-2009), partly because most of China’s capital exports went to the natural resource industries of Africa, mainland Southeast Asia, and Latin America. Domestic SOEs and key private firms, ranging from automotive and ports to real estate and retail, have dominated the economy. As what Malaysian specialists have observed, the party-state apparatus mobilize state firms to fulfill domestic and economic goals, choosing their foreign partners and excluding others (Gomez & Jomo 1999). For instance, Terence Gomez (2007) showed that UMNO mobilized Malaysia’s state firms to appropriate the assets of key business elites during the Asian financial crisis. Badawi and Najib’s administrations tried to reform the GLCs but many were unfit or could not follow up because of political pushback and the popular need for reforms (Brophy 2018). The political elites in power maintained its dominant control of state firms alongside their chosen economic elite allies and foreign investors allies.

When Najib welcomed BRI, the flagship program was the East Coast Railway, which established a coalition between Chinese Communication Construction Corporation (CCCC) and Najib Razak’s key political elites. Najib, UMNO, and the GLCs control over assets provided the political and technical clout to negotiate and implement the ECRL with CCCC without little domestic interference. While other Malaysian projects relied on the bureaucracy to award the projects to the Malaysian business elites, the decision to award the ECRL to CCCC and designate the role of key Malaysian GLCs was ultimately up to Najib. As such, the ECRL acquired an overinflated soft loan from CHEXIM, which was supposed to be funneled and paid by the Malaysian state to bailout the controversial 1MDB. Jho Low, a Malaysian businessman (Ong 2019), reportedly advised Najib the ECRLs’ terms and conditions.

At the first stage, CCCC’s coalition with Najib secured and allowed the ECRL to progress. The Malaysian state and SOEs started land reclamation for the CCCC. Even though the project only began in 2016, it has made substantial gains in terms of property acquisition, rail track construction, and project coordination with state governments. Malaysia SOEs conducted the land surveys and the initial procedures for the Chinese firms. Malaysian officials started to relocate residents, the police limited the demonstration, and the BN effectively shut down the PH’s legislative efforts.34 For Pahang, Teregganu, and Kelantan, the ECRL offered economic development, employment, and revenues to trickle from the West to the East. In the words of a local elite from Pahang, “we felt that the ECRL was a great idea even with all the corruption associated with it... it was difficult to oppose the BN.”35

At the second-stage, political elites contested the ECRL’s legitimacy especially when details of the project’s exorbitant cost came out. The ECRL project became one of the targets of the “Alliance of Hope” (Pangkatan Harapan)’s general mobilization against China’s projects in Malaysia.36 Some officials of the opposition

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33 Khoo Boo Teik, a long-time expert of Mahathir Muhamad, expounded Mahathir’s thought about China’s important historical and contemporary role. Malaysian scholars Kuik Cheng Chwee (2016) and Ngeow Chow-Bing (2019) elaborated on these elsewhere. Ngeow Chow-Bing (2017) listed 52 party-to-party meetings between the CCP and BN.

34 Interview with Pahang Parliamentarian, Pahang, March 2019.

35 Ibid.

36 Opposition parties further alleged a plan to double the ECRL’s cost to secure additional borrowings from China to bailout 1MDB. In addition, the ECRL was projected to be an extremely expensive project, requiring immediate payment in 7 years despite the financial returns of the project. Industry experts also were skeptical of BN’s claim that the ECRL’s cargo capacity would rise by 53 million tonnes by 2040, which, if false, would make the project commercially unviable. The ECRL was the only bidder for the project, took charge of all the procurement
attempted to derail the project. Specifically, PH’s parliamentarians, Selangor local elites, and some kampung local elites joined the initial call for cancellation. However, some Selangor local elites started to play politics with the BN, negotiating positions in the government. UMNO offered local leaders access to funds to use to key projects. Eventually, mobilization by PH officials, who were oppositional political elites, were thwarted, kampung officials were incorporated, and economic elites kept silent. The concentration of power in the Malaysian government, specifically in Najib, BN, and the Ministries, limited contention and intervention outside the official channels. The oppositional elites realized the futility of challenging the ECRL and other questionable projects before elections, focusing instead on popularizing the issues – 1MDB scandal, the corruption of Najib, and the complicity of Chinese firms to corruption – in global and national media. Details of numerous Chinese-financed projects later revealed a massive rent-seeking venture for Najib and his elites. For instance, the MPP Malacca-Johor Pipeline and Trans-Sabah Gas Pipeline (TSGP) were most likely used to illicitly transfer funds into the 1MDB fund by overpricing the project cost, which would have burdened Malaysia’s coffers, constraining medium- to long-term benefits and limiting welfare gains.

CCCC’s coalition was only effective because of Najib’s power during non-election time. However, as Mahathir and the opposition’s electoral campaign effectively won the population, PH wrestled state power away from UMNO. After Mahathir won the election, the coalition between the CCCC and Najib effectively collapsed. In the first few months of Mahathir’s term, the ECRL was eventually suspended. However, Mahathir eventually announced the project’s continuation. Despite corruption, the ECRL was more difficult to cancel because of the actual economic need to link the wealthier Malaysian states to the developing eastern regions. The Kuantan Industrial Park, which houses the Chinese firm Alliance Steel’s investment that employs locals and generates a multiplier effect on the state’s local economy, stands to benefit from the ECRL’s construction.

Planned industrial parks in Kelantan and Terengganu also gave the ECRL a stronger case to continue. In addition, the new agreement strengthened the role of Malaysian SOEs in the project. As Malgeri (2019) notes, there was renewed interests between CCCC and Mahathir’s new government to resume the ECRL. The CCCC agreed with cutting the project costs by 1/3 while Malaysia “earning a larger developmental dividend for the Malaysian community and boosting its political legitimacy domestically... [and] other agreements will support Mahathir’s domestic agenda and contribute to solving Malaysia’s economic issues.”

In sum, the Malaysian case is often touted as a classic example of a developing country “pushing back” against China’s “debt-driven” BRI, providing a “third” alternative between China and the West. But as this subsection shows, it is actually more of a case where host state opposition contest the coalition between the regime and China, leading to elite circulation or the emergence of a new set of elites to renegotiate for a fairer project with international credibility and domestic legitimacy. Though some quarters called for the ECRL’s cancellation, what is crucial is that the ECRL still provided infrastructure development consistent with Malaysia’s SOE-oriented economy that centralizes capital around the state in concert with key economic elites. In September 2019, Mahathir’s government negotiated for better terms. Previously, Malaysian SOEs could only compete for 30% of the downstream industries in the project, but in the newly renegotiated agreement, Malaysian SOEs could compete for 40% (Pei Ying 2019).

activities, and rendered all the subcontracting projects to other Chinese firms at the expense of local payers.

• 37 Interview with MCA Official, Kuala Lumpur, November 2018.
• 38 Interview with PH Official, Ampang Jaya, March 2019.
• 39 Ibid.
• 40 Mahathir’s first act was to impose a moratorium on both pipeline projects, though Malaysia needed to compensate the contractors $2 billion USD or 88 percent of the total worth of both projects for just 15% of project’s completion rate.
• 41 Fieldwork in Pahang, March 2019.
From Fidel V. Ramos’ administration to Benigno Aquino III (1992-2016), Chinese investments have been met by inter-elite conflict and social mobilization (Camba 2018a). Gloria Macapagal-Arroyo’s (GMA) administration in the Philippines (2001-2010) aside her country’s territorial claims in the South China Sea in order to strengthen bilateral ties, culminating in more than 20 major investments from Chinese state-oriented enterprises (SOEs). But, by the end of Arroyo’s term, all but one of these major projects were canceled or withdrawn (Camba 2018b). At the start of Benigno Aquino’s (2010-2016) term as president, China was open to funding more than 10 major projects. In 2011, Aquino himself acquired the commitment of the Chinese government to provide more than US$13 billion worth of aid and investment (Camba & Magat 2020). However, when the South China Sea issue erupted in 2012, these plans were shelved by both states. At the end of Aquino’s term in 2015, the Philippines only had $712 million of Chinese FDI. While this amount surpassed that of Arroyo, it’s still one of the lowest levels in South East Asia (Camba 2018a). Due to the Philippines’ stake on the South China Sea, American and Philippine military officials continue to cast doubts on China’s actions (Camba 2017).

Rodrigo Duterte (2016-) gave up the South China Sea in exchange for better relations with the Chinese state and increased access to their capital. Duterte attempted to follow Jokowi’s infrastructure strategy to draw external capital into the Philippines. In 2016, the Philippines and China passed 24 agreements during Duterte’s state visit to China, signed memorandum of agreements with companies worth $15 billion and $9 billion in loans, and began the slow restoration of political relations. Very little of the $24 billion actually manifested; most of these projects were delayed by feasibility studies, firm-level disputes, and other sector-specific issues (Camba 2019a).

For the BSRP, the Duterte government and CRDC-WACC agreed upon the BSRP. While the project MOU was only signed in November 2018 (Camus 2019), the Philippine Department of Transportation had to institute the procedures to begin the procedures in early 2017, including but not exclusive to, land reclamation, compensation and relocation, and eliciting local consent. The DOTr and CRDC-WACC, a coalition between the Philippine government and the Chinese firm, had to gain the approval of the regional-local elites since these local power holders have the juridical right to oversee right of way and land reclamation issues. In this process, Duterte encountered two hurdles. First, regional-local elites are connected to or own the transportation system across Luzon, which relies on an interconnected bus system. This monopoly has been one of their biggest sources of rents since the demise of the Philippine railway company in the 1950s. In the 1990s, one of the most profitable forms of collaboration between Philippine oligarchs and regional-local elites has been the construction of bus terminals in provincial malls (Camba 2019b). Due to the increasing income in Northern and Central Luzon, oligarchs began to build malls in the provinces: the Ayala Center, the SM Hypermarts, and Robinsons. Smaller economic elites built the Gaisonos and Star Malls as well. For regional-local elites, their buses have been agreed to be diverted in these malls, channeling potential consumers across provinces to the businesses inside the malls and allowing the oligarchs to capture a huge number of customers.

During the negotiation process of the BSRP, the Ayala’s, the Sy’s, and the Gokongwei’s all sent representatives to caution mayors and governors about the BSRP’s impact on environment, dislocation of residents, and issues around the Chinese loans. Because consumers could be diverted from the oligarch-controlled buses to the rail system, the oligarchs used various excuses to prevent its construction. Many benefited from the Aquino PPP strategy (2012-2016) that gave them domestic monopolies over key infrastructure projects.

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42 Interview with a former adviser of Rodrigo Duterte. Adviser was part of Duterte’s stint in Davao and was brought along when Duterte won the elections. However, Duterte’s key elites “cleansed” the party of disloyal elites.

43 Interview with PDP-Laban Official, October 2018.

44 Ibid.
(Camba 2017). During Aquino, some successfully competed for key segments of the North Rail project, charging the government millions of dollars for their construction. In contrast to that of Aquino, the Duterte government has been able to placate regional-local elites by convincing them not only of the greater benefit of the train system but also of the fact that the oligarchs would not retaliate against them. Specifically, the Duterte government has emphasized the benefit of taxation and employment that the BSRP would generate.

After Duterte ruptured the alliance between the economic and regional-local elites, the second issue came from of the infighting of the regional-local elites. Specifically, Bicol and Quezon elites lobbied Duterte for their own preferential project design. The former wanted five train stops out of nine because Bicol had lower GDP per capita, higher levels of inequality, and was struggling to obtain FDI. The latter wanted an equal distribution of train stops to maintain fairness among the elites. Duterte immediately stepped in to stop these conflicts, promising electoral support and livelihood projects. The congressmen or congressional representatives, the primary regional-local elites in the two regions, had to be dealt with properly. Between the two provinces, the congressmen from the Quezon province outnumbered their Bicol counterparts by 10. For Duterte, it was crucial to keep the Bicol congressmen in line because their support for him limited the popularity of opposition Vice President Leni Robredo who is also from this region. While Duterte needed to placate the Quezon elites, the political repercussions from upsetting them were fewer than those for the Bicol elites.

As such, Duterte negotiated electoral support for the Bicol congressmen. Duterte’s regime used political rents to bolster the power of Bicol elites. The Salcedo family, the most influential Bicol regional-local elite, subsequently won another seat in the congressional elections, further cementing power in lower house. Duterte also expedited the Quezon-Bicol expressway, to increase vehicular traffic in the two regions and profit for the businesses of the elites. Furthermore, the Bicol province received 21% of the Department of Social Welfare and Development’s budget for Luzon in 2018, placating regional-local elites in that region. Eventually, the Bicol regional-local elites agreed to stop their opposition, consenting to the original plan of an equal number of stops for the two provinces. For the BSRP to progress, the financial coalition needed to incorporate the interests of the oligarchs and the regional-local elites. Duterte enjoys popular support, many of these regional-local elites could not form a coalition to oppose him. As for the oligarchs, they do not have a direct hand in stopping the projects. Many of them could not mobilize since Duterte has brought in Chinese online gambling (Camba 2019b), which led to the massive increase of real estate values in Metro Manila, leading to increase profits for the oligarchs.

However, the BSRP’s progress has slowed down in the Laguna, Batangas, and Metro Manila area. Specifically, the BSRP has encountered difficulties in negotiating with oligarchs, industrial parks, and hacienderos around these areas. While Duterte has significant popular support, oligarchs who own land for real estate projects and industrial parks with significant political elite partners pose another problem. Land negotiation takes months if not years to finish. In addition, Manila and Laguna elites who belong to Duterte’s party own a significant amount of hacienda land, though some regional-local elites have expressed support for the BSRP.
(Orquiza 2019). The Chinese firm and Duterte have discussed moving the rail tracks, but the alternative routes are owned by oligarchs and other elites. As such, these recent issues have hindered the progress of the BSRP, which has already been delayed by two years. Nonetheless, limited elite circulation has allowed the train project to progress. Duterte has been able to incorporate the interests of the regional-local elites and the oligarchs. In the Bicol and Quezon areas, Duterte promised electoral support and state funding to the local elites. Incorporating the regional-local elites in his fold, a move that would limit the bus monopolies of the oligarchs, would not be a problem.

**Comparison**

**Figure 2: Progress of the Train Projects in the Three Countries**

All the projects started in an international agreement or financial coalition (quadrant II) and moved quickly to bargaining or contested (quadrant III). In Malaysia, the agreement started between the Chinese and Malaysian state enterprises, but subnational bargaining from the national opposition during the 2016 elections resulted in the state and local elites changing the agreement. The train project was taken back to China to be renegotiated again (Quadrant II) and another financial coalition was shortly agreed upon (Quadrant I). In Indonesia, bargaining at the international level somewhat spilled over domestically. Widodo’s government pushed forward with enforcement (Quadrant IV) immediately right after the agreement despite facing some temporary delays during the elections. In the Philippines, there was less far less international

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56 Interview with Philippine broker, Makati City, September 2019.

57 In December 2020, the project has not yet formally begun. CHEXIM only formalized the loan agreement in August 2019. However, fieldwork here focused on the initial steps and how host state opposition reacted to the expectation of a train project.
bargaining between the Chinese and Filipino governments. The train project was agreed upon almost immediately right after Duterte won the elections. However, subnational bargaining was far deeper than both Malaysia and Indonesia. A domestic political deal between national and local elites was agreed upon after negotiations, and this is contestation was far more subnational than the two other projects (quadrant IV).

The trajectory of the two-level games in the three countries differed remarkably. What led to the different trajectories in the three states? I propose two preliminary answers. First is degree of the central government’s bargaining power over local elites and the financier. In Malaysia, the central government and winning political party hold considerable power over the opposition. PH successfully opposed UMNO’s train deal during the elections. Since PH won, any hope for successful opposition against the new deal would and could only occur during the next elections. During non-election time, the central government exercises considerably more bargaining power over local elites. The new international agreement was quickly agreed upon right after the elections. In Indonesia, the bargaining between the Indonesian government and the Chinese institution involved Japan, which made the bargaining far more international than Malaysia and the Philippines. After securing the deal, Jokowi’s government immediately went to implement the agreement, which encountered contestation from the national opposition groups, local elites, and some Japanese firms. In the Philippines, the state holds the weakest bargaining power over the local elites. Unlike the Indonesian government, the Philippine government quickly gave the Chinese the contract with little-to-no bargaining from other financiers. Unlike the Malaysian government, opposition groups could contest development finance and all other projects even during non-elections time, indicating a far more local type of subnational opposition. The Duterte government gave the Japanese another train contract in the North in concert with a subway deal, which placated possible opposition. In addition, the Japanese dominate development finance and assistance in the Philippines, which mean little-to-no interference from the Japanese.

Second, the nature of subnational dispute was different. In Malaysia, the national political structures are far more centralized than that of either Indonesia or the Philippines. Though local politics still permeate over some matters, the most important political games are played through political coalitions – UMNO during Najib and PH today – as well by the Federal and the state governments. In addition, many Southeast Asian experts have long dominated by personalized and institutionalized power of the Prime Minister. In addition, ministers picked across parties and states in concert with national state enterprises enforce the government’s political platform across policy issues. This centralization makes it unsurprising that successful subnational bargaining only came from the national opposition, which ushered in a new agreement quickly. While Indonesia and the Philippines have been dealing with increased centralization in recent years, politics is far more local. However, between the two, local elites play a far more powerful role in the Philippines due to the capacity of local officials to appoint officials and contest central government decision. This explains why the BSRP needed to work with both Quezon and Bicol elites. This level of negotiation could have occurred in Indonesia had the train project been placed elsewhere. However, since Jakarta-Bandung was designated near the capital and in the island of Java, the central government played a far more powerful role.

**Conclusion**

Building on fieldwork across three countries, over 40 interviews, I argued that financiers and host states engage in a two-level game in major development projects. At the first level, financiers and the host state regime create a financing coalition in order to build the project. Rather than a question of bargaining between China and the host state, I suggest that regime is vulnerable to domestic contestation from host state opposition, specifically economic, political, and regional-local powerholders. After the coalition has formed, the next level occurs between the coalition and the host state elites, such as the competing firms in upstream and downstream industries, other host state elites, or both. For the project to progress, the coalition needs to incorporate or subordinate the competing firms or host state elite in the project. However, during periods of electoral and political turnover, these competing firms and host state elites could also mobilize against the
regime and ultimately harm the project. Projects get delayed when there are competing firms that choose to mobilize or when host state opposition have amassed enough power to delay the project or usher in elite circulation. As such, the key component that should be given greater attention is the bargaining between the host state regime and the opposition, ranging from upstream and downstream firms to the variety of host state forces.

In Indonesia, Jokowi’s coalition with the Chinese firm made significant progress in land acquisition and limiting the opposition. The recent election threatened the survivability of the project and the coalition. However, Jokowi’s victory limited elite circulation, paving the way for the project to continue without domestic interference. In Malaysia, Najib has been able to spearhead the ECRL despite his regime’s massive levels of corruption. PH’s opposition before elections has initially been limited. However, the election period made Najib vulnerable, leading to Mahathir’s victory, the dissolution of Najib’s coalition, and the circulation of new elites. A new coalition between Mahathir and his Chinese firm partners formed with new terms, conditions, and project costs. In the Philippines, oligarchs opposed the deal due to China’s projected participation in upstream and downstream industries. Rodrigo Duterte (2016-) incorporated the interests of the regional-local elites and the oligarchs. Limited elite circulation has allowed the BSRP to continue despite local infighting and bureaucratic disagreements about the project. However, progress has been limited to land round Laguna and Metro Manila, making it extremely difficult for the BSRP to continue.

While this article examined the progression of the railway projects across the three economies, another aspect is the railway project’s developmental impact. Chinese development finance across the three economies were double-edged. On one hand, electoral results and opposition hindered some corrosive deals and economic subjugation of the host state to Chinese firms. For instance, Mahathir’s victory prevented a politically and economically unviable project to Malaysia. On the other, it left the project with some degree of uncertainty, which delayed the progress of the project. Completing the Chinese railway could increase transportation efficiency, expand market competition, and generate employment. For instance, the Philippines has been plagued by infrastructure and transportation deficiency throughout the years, limiting provincial growth. However, as demonstrated by the recent surge of development finance, Chinese capital largely benefit Chinese firms and their partners. In other words, the impact of Chinese capital is not just an issue of whether or not the host state gains, but more of who wins and who loses across sectors and social groups. To fully understand the development implications of Chinese development finance, there must be a more systematic treatment. Future scholarship should analyze the implications of major projects across time and subnational differences. Furthermore, additional topics of investigation include the impact of Chinese development finance on more multidimensional standards of development, such as democratization, governance, and environmental sustainability. Economic impact aside, the fact is the surge of Chinese finance, or other types of economic capital more broadly, makes these countries increasingly interdependent.
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## Appendix

### Table 2: 20 Wealthiest Individuals in the three Southeast Asian States\(^{58}\)

<table>
<thead>
<tr>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
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<tbody>
<tr>
<td>R. Budi &amp; Michael Hartono</td>
<td>Robert Kuok</td>
<td>Sy Siblings</td>
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<tr>
<td>Susilo Wonowidjojo</td>
<td>Quek Leng Chan</td>
<td>Manuel Villar</td>
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<tr>
<td>Eka Tjipta Widjaja</td>
<td>Teh Hong Piow</td>
<td>John Gokongwei, Jr.</td>
</tr>
<tr>
<td>Sri Prakash Lohia</td>
<td>Ananda Krishnan</td>
<td>Enrique Razon, Jr.</td>
</tr>
<tr>
<td>Anthoni Salim</td>
<td>Lee Shin Cheng</td>
<td>Jaime Zobel de Ayala</td>
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<tr>
<td>Tahir</td>
<td>Chen Lip Keong</td>
<td>Lucio Tan</td>
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<td>Chairul Tanjung</td>
<td>Lim Kok Thay</td>
<td>Tony Tan Caktiong</td>
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<tr>
<td>Boenjamin Setiawan</td>
<td>Lau Cho Kun</td>
<td>Ramon Ang</td>
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<tr>
<td>Jogi Hendra Atmadja</td>
<td>Koon Poh Keong, Poh Ming &amp; Poh Weng</td>
<td>Ty Siblings</td>
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<td>Prajogo Pangestu</td>
<td>Kuan Kam Hon</td>
<td>Andrew Tan</td>
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<tr>
<td>Low Tuck Kwong</td>
<td>Francis Yeoh &amp; siblings</td>
<td>Inigo &amp; Mercedes Zobel</td>
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<tr>
<td>Mocthar Riady</td>
<td>Syed Mokhtar AlBukhary</td>
<td>Mercedes Gotianun</td>
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<td>Putera Samporna</td>
<td>Jeffrey Cheah</td>
<td>Consunji Siblings</td>
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<td>Peter Sondakh</td>
<td>Lim Wee Chai</td>
<td>Lucio and Susan Co</td>
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<tr>
<td>Martua Sitorus</td>
<td>Surin Upatkoon</td>
<td>Roberto Ongpin</td>
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<tr>
<td>Garibaldi Thohir</td>
<td>David Kong</td>
<td>Eduardo Cojuangco</td>
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<td>Theodore Rachmat</td>
<td>G. Granalingam</td>
<td>Robert Coyiuto, Jr.</td>
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<tr>
<td>Kuncoro Wibowo</td>
<td>Lee Oi Hian &amp; Hau Hian</td>
<td>Vivian Que Azcona &amp; Siblings</td>
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<tr>
<td>Alexander Tedja</td>
<td>Ngau Boon Keat</td>
<td>Ricardo Po, Sr.</td>
</tr>
<tr>
<td>Husain Djojonegoro</td>
<td>Goh Beng Ooi</td>
<td>William Belo</td>
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### Table 2: Notable Firms in Upstream Industries\(^{59}\)

<table>
<thead>
<tr>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
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<tbody>
<tr>
<td>PT Kereta Api Indonesia</td>
<td>YTL Corporation</td>
<td>Philippine National Railways</td>
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<td>Petronas</td>
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<td>PT Telekomunikasi Indonesia Tbk</td>
<td>MRT Corp</td>
<td>N/A</td>
</tr>
</tbody>
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\(^{58}\) List developed from Forbes 2019 list for wealthiest individuals in their respective countries.

\(^{59}\) List brought up as possible alternatives for the development of upstream industries in the railway.
Table 3: Notable Firms in Downstream Industries (Real Estate, Construction, & Consumption)\textsuperscript{60}

<table>
<thead>
<tr>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
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<tbody>
<tr>
<td>Lippo Group</td>
<td>Berjaya Group</td>
<td>SM Investment Corporation</td>
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<td>Salim Group</td>
<td>Naza</td>
<td>Ayala Corporation</td>
</tr>
<tr>
<td>Harita Group</td>
<td>Sunway Group</td>
<td>Top Frontier Investment Holdings</td>
</tr>
<tr>
<td>Bumi Laut Group</td>
<td>Genting Group</td>
<td>D.M. Consunji, Inc.</td>
</tr>
<tr>
<td>MNC Corporation</td>
<td>Usaha Tegas</td>
<td>Metro Pacific Investments Corporation</td>
</tr>
</tbody>
</table>

\textsuperscript{60} List taken from various sources, indicating firms who were interested at the potential for TOD.
The Global China Initiative (GCI) is a research initiative at Boston University’s Global Development Policy Center. The GDP Center is a University wide center in partnership with the Frederick S. Pardee School for Global Studies. The Center’s mission is to advance policy-oriented research for financial stability, human wellbeing, and environmental sustainability.

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