Evaluating the Diverse Impacts of Megapropjects: The Case of Forest City in Johor, Malaysia

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Abstract

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Large urban megaprojects costing billions of US dollars, erected with the promise of great economic benefits but controversial due to their environmental and social impacts, are becoming more common throughout the world. Most popular in the Middle East and in Asia, such projects exemplify how forces of globalization engage with urban form. Urban megaprojects are increasingly pursued by foreign developers looking to expand abroad but often face challenges operating in unfamiliar political and regulatory settings. Chinese developers, in particular, have global ambitions but may conflict with local priorities as they extend their reach overseas. Forest City is a vast luxury real estate development by Chinese developer Country Garden on 14 square kilometers of reclaimed land spread over four islands on the Malaysian side of the Straits of Johor, the strip of water which separates it from Singapore. This study uses Forest City as a case study to investigate the key themes associated with large urban mega projects and the impacts they have on a region. Among them is the notion that such projects are considered “exceptional” and therefore bypass traditional planning and development controls. Actors external to planning and development are suspected of co-opting the process for their own interests. Evidence collected during fieldwork from July-August 2015 and January 2016 suggests that Forest City fits neatly within these patterns and sheds light on the patterns of influence in urban development throughout the region. The case also suggests several lessons for Chinese developers operating abroad.

Thesis Supervisor: Lawrence Susskind
Title: Ford Professor of Urban and Environmental Planning
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Marcel Williams

May 2016
List of Acronyms

CDP - Comprehensive Development Plan
CGPV - Country Garden Pacificview
DAP – Democratic Action Party
DEIA – Detailed Environmental Impact Assessment
DOE – Department of Environment
EIA – Environmental Impact Assessment
IM – Iskandar Malaysia
IRDA – Iskandar Regional Development Authority
JPA – Johor Ports Authority
KPRJ – Kumpulan Prasarana Rakyat Johor (Johor State investment arm)
MFA – Ministry of Foreign Affairs (both Singapore and Malaysia)
NPP – National Physical Plan
PAT – Penilaian Awal Tapak (Protected Area Assessment)
PTP – Port of Tanjung Pelepas
RM – Ringgit Malaysia, Malaysian currency (at the time of writing US $1 = RM 4.1)
SIIC – Shanghai Industrial Investment Company
SJER – South Johor Economic Region, the previous name of Iskandar Malaysia
UDC – United Development Company, Qatar
UPEN – Johor State Economic Planning Committee
UTM – Universiti Teknologi Malaysia

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I. Introduction

Thesis statement

A growing number of large urban megaprojects undertaken in various parts of the world by foreign investors have faced serious challenges because the developers are unfamiliar with the political and regulatory settings within which they are operating. As Chinese developers in particular seek opportunities abroad, the potential for conflict and contestation between local priorities and developers with international ambitions will probably grow. The case of Forest City in Johor, Malaysia, illustrates many of these challenges. Dramatic shifts in the design of the Forest City project occurred after the developer, Country Garden Holdings Ltd., had begun construction, reflecting the costs involved in accommodating regulators and responding to harsh reactions from local, regional, national and even international actors.

The objective of this thesis is to use the case of Forest City to dissect the government-developer-community interactions surrounding megaproject development by an international investor operating outside their home country. This study examines how inter-scalar forces shape the development process in ways that are not initially obvious to developers operating on foreign soil.

Statement of Need

There has been relatively little research on the development of megaprojects in Southeast Asia, especially efforts headed by foreign developers. Yet, we can expect many more such projects in the years ahead. This case study of Forest City seeks to address both these voids and offers a fresh perspective on the growing theme of Chinese development abroad. The Forest City project is an especially compelling case because it lies in a transboundary setting in the so-called “growth
triangle”¹ of Malaysia, Singapore and Indonesia. Many more local-global interactions in urban
development are sure to follow. According to Altshuler and Luberoff, "efforts to realize large-scale
investment projects often provide an unusually revealing window on patterns of influence in urban
development politics."² For Southeast Asia and beyond, Forest City provides just such a window.

Figure 1: Context Map for Forest City, Google basemap

Synopsis of Forest City

For much of its history Johor Bahru, Malaysia has been a scrappy border town across the
narrow Straits of Johor from booming Singapore. Located in Malaysia’s southernmost state, Johor,
the area shares much its history with its dynamic southern neighbor. Over time, though, stark

¹ Several sources use this concept, including Matthew Sparke, James D. Sidaway, Tim Bunnell, and Carl
Grundy-Warr, "Triangulating the Borderless World: Geographies of Power in the Indonesia–Malaysia–
² Alan A. Altshuler and David E. Luberoff. Mega-projects: The Changing Politics of Urban Public Investment
contrasts have emerged between the two locations. In the past few years, however, Johor has witnessed a dramatic increase in investment, including a number of ambitious real estate projects by Chinese developers. The sheer scale of these projects is astounding -- with housing planned for hundreds of thousands of people, often involving extensive land reclamation.

Country Garden Holdings Ltd., a private firm that ranks among China’s top ten developers, began work in 2014 on a project that was remarkable even by the standards of other massive projects in Johor. This new project, named Forest City, hopes to span some 2,000 hectares. It is being built exclusively on reclaimed land in the Straits of Johor. Recalling endeavors in Dubai, it imagines a luxury community for hundreds of thousands of people. Targeting “international buyers,” it would be by far the largest such project in Malaysia. It is reported to be “very high end,” with “dazzling water features” and a number of destination attractions. All of this is intended to be within easy access to Singapore via a second link bridge.

For all this grand vision, the project site was not part of a bustling metropolis. In fact, it was a rural area dominated by palm plantations and dotted with small fishing villages. Residents plied their trade along coastal mangroves. Home to the largest seagrass bed in peninsular Malaysia, the area had for some time been considered eligible for special environmental protection. Meanwhile, its proximity to Singapore ensured that any unusual activity would attract scrutiny from across the international border.

In January 2014, coastal residents were surprised to find barges dumping large quantities of sand on their fishing grounds. No one in the community could recall being consulted or hearing about the project; it was not listed in any local, regional or federal development plan. No environmental impact assessment was prepared prior to initiating construction, despite the

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6 Dr. Serina Rahman, interview by author, Jul. 17, 2015; and Cheo Yee How, interview by author, Jan. 20, 2016.
sensitivity of the site, the project's immense scale, and Malaysian environmental laws. What emerged was that the Sultan of Johor, the state monarch and an active businessman, had received a 34 percent stake in the project. There are indications that he and close associates helped shortcut the formal approval and regulatory process. Thus, the Johor Department of Environment permitted the project to move ahead in spite of the fact that it was not in compliance with a host of plans and regulations.

Not long after the media caught wind of the project, Singapore made official inquiries, seeking more information on what was intended. It was concerned about possible adverse effects on the hydrology of the Straits as well as numerous potential environmental impacts. Singapore joined a chorus of inquiries and critical reactions by Johor fishermen, opposition politicians, environmentalists and other property developers. Many expressed a concern about oversupply of newly constructed residential and commercial space in the Johor property market. But by this point, enough sand had been deposited to smother much of the seagrass bed. Several months after Country Garden began reclamation, the Malaysian federal DOE issued a stop work order, mandating that Country Garden complete a full detailed EIA before any further work could proceed on the project.

This intensive environmental review resulted in significant changes to the project. It was scaled down by approximately 30 percent and its landform split into four islands that surrounded, rather than smothered the seagrass. A number of "mitigating" measures were required along with compensation to local fishermen. The cessation of work gave critics time to ask more questions of Country Garden and its Malaysian partners. A public information session in the village of Kampong

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7 The Sultan himself actually held 21 percent directly. Other portions were held by his close associate Daing A Malek. See Nigel Aw, "The case of Forest City and the Johor sultan," Malaysiakini, Jul. 14, 2014.
8 A letter from the Johor DOE is included in the DEIA Vol. 5 Sec. B4. For greater discussion of regulations, see Chapter IV "Lack of Compliance with Existing Regulations".
Pok turned into a public relations disaster for the developer when the developer's spokesperson announced that there was widespread community support for the project. He was attacked by irate villagers. A number of negotiations with important stakeholders followed. These resulted in further modifications to the project.

Around a year after work began, ironically, the Forest City megaproject was formally approved by the federal Department of Education (DOE) in Putrajaya. While the halt in construction led to significant changes, the basic idea of the project emerged intact. At great cost, however, the developer was forced to assume greater social responsibility.

### Geopolitical Situation of Johor Bahru

Johor Bahru is a city caught between conflicting transnational and national influences. Its proximity and close economic and labor linkages to Singapore draw it closer to its southern neighbor. Its governmental ties to Malaysia and Kuala Lumpur, however, push it in the opposite
direction. The "growth triangle" assumes increasing interdependence between Johor Bahru and Singapore, while the national capital in Kuala Lumpur/Putrajaya is trying to maintain control. This inter-scalar tension creates a difficult space for urban and regional planners, especially the Iskandar Regional Development Authority (IRDA), which is the federally chartered agency overseeing economic development in Johor.

Johor Bahru's relationship with Singapore is characterized by a daily influx of transnational workers and the spill-over of investments from Singapore. By some accounts, Singapore long ago lost its "islandness"—that is, true economic and social independence from the Malaysian mainland. Johor Bahru serves as its hinterland. These linkages seem to lend truth to Stephen Graham's argument that "traditional notions that cities, regions and nations have any necessary coherence as territorial containers [is] extremely problematic." Johor Bahru and Singapore are prime examples of "transnational urbanism"—urban space is accessed and used daily by a range of international parties.

At the same time, Johor Bahru belongs to Malaysia, which has concentrated significant resources and effort to ensure that Kuala Lumpur retains its influence. Political rhetoric at the national level in Malaysia suggests more an attitude of competition with Singapore rather than integration. While Johor may benefit from stronger ties with Singapore, this does not necessarily align with national priorities in Malaysia. Strengthening international networks between Singapore and Johor may well come at the expense of control over national governmental functions. Kuala Lumpur contends with Singapore in global city rankings, and these carry with them a sense of

12 Agatino Rizzo and Shahed Khan, "Johor Bahru's response to transnational and national influences in the emerging Straits Mega-City Region." Habitat International 40 (2013): 156-159.
national pride. IRDA was created as a federal agency answerable directly to the prime minister. It was tasked with coordinating development (i.e. a new growth corridor) in and around Johor Bahru. Viewed in this context, development in Johor can be seen as a means that Kuala Lumpur is using to overtake Singapore, rather than prioritizing the needs of Johorians.  

Forest City lies at the nexus of this tension between national and transnational forces. Its development trajectory begins with an intention to leverage connections between Johor and Singapore. Once it began it faced federal and international interventions from Kuala Lumpur and Singapore as each sought more of a say about how the megaproject would proceed. The case speaks volumes about the power structures and complex interplay of inter-scalar forces that shape development.

**History of Johor**

After a long period of rule under a Sultan, the British came to exert control over the region in the mid-19th century after establishing a trading post in Singapore. They eventually consolidated their holdings in the Malay Peninsula, then known as British Malaya, a profitable exporter of rubber and tin. Following World War II, the region gained some autonomy as the Federation of Malaya, achieving full independence in 1957. After Singapore’s expulsion from the fledgling Federation in 1965, the two states’ paths diverged. Singapore raced ahead to become an international center of finance and trade, while Johor modernized slowly. Stark differences emerged across the Straits. Johor Bahru, Johor’s largest city, came to be known as a border town.

Johor’s development took a dramatic turn following the creation in 2006 of Iskandar Malaysia (IM), a special economic development region. Encompassing much of the area around Johor Bahru and southern Johor State, the national governmental sought to provide economic incentives to attract foreign investment and capitalize on existing linkages with Singapore. A special regional planning authority, the Iskandar Regional Development Authority (IRDA), was created to

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administer the regional economic development project. Its comprehensive development plan advocates a holistic, sustainable approach to development, with the goal of transforming IM into a "metropolis of international standing."

The approach was partially successful as Iskandar attracted billions of dollars in investment, drawing high-profile international clients such as Legoland and satellite campuses of several British universities at EduCity. An increasing share of investment was channeled into real estate development, particularly in a thin band along the Straits. Much of this early development came from Singapore. This soon changed after Country Garden announced in early 2013 it had committed to a major project. Thereafter, a veritable torrent of Chinese money followed, with multiple projects announced in subsequent years.

**Role of the Sultan**

The Sultan of Johor is one of Malaysia’s nine traditional monarchs, each of whom acts as a steward of Islam for their respective states. As constitutional monarchs, the Sultans do not participate directly in governance, but do have some limited discretionary power. While they are figureheads, in practice they exert considerable influence and are often involved in the political and economic affairs of their states. The Sultan of Johor in particular had proven himself an active businessman who had found his way into a number of deals worth billions of dollars.

Following the early success of a project in Danga Bay, Country Garden committed to a second large real estate development in Johor. According to media reports, Sultan of Johor Ibrahim Ismail invited them to embark on the project. Under the Iskandar masterplan prepared by the Iskandar Regional Development Authority (IRDA), the southeastern side of the state had become

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19 Choong En Han, "Country Garden to launch maiden Malaysia project with GDV of RM 10bil," *The Star*, Jul. 29, 2013.
21 Danga Bay was Country Garden's first overseas venture in Malaysia, located closer to region's central business district in Johor Bahru. The project resembles more closely Country Garden's township developments in mainland China. It consists of a parking podium with high-density residential towers and ground-level retail.
the focus of new development and investment. Desiring more evenly balanced development, the Sultan convinced investors to develop a marine site on the neglected southwestern side. A project director later praised the Sultan as "very visionary...he is the one who urged investors to come in." A professor of hydrology at UTM (Universiti Teknologi Malaysia), Dr. Maketab Mohamad, described the Sultan as "the key player that made this project happen." He said that there was something unwritten that all major decisions require the tacit approval of the Sultan—part of an invisible yet inexorable power structure. The Sultan took a sizable personal stake in the US $121 billion project through a combination of direct ownership and holdings by a close associate. He presumably tried to shortcut the early approvals process in order to move the project forward. Country Garden's regional president for Malaysia, Kayson Yuen, has stated that the company studied the project for more than a year before they decided to invest. If true, this would place conception at some point in 2012.

22 Nigel Aw, "Johor sultan ‘initiated’ Forest City mega project," Malaysiakini, Mar. 19, 2015.
23 Ibid.
24 Dr. Maketab Muhamad, interview by author, Aug. 6, 2015.
25 Chen Shaua Fui, "Forest City resumes but GDV shrinks 25% to RM450b," The Edge Markets, Mar. 20, 2015.
Rationale for Siting Forest City in Johor

The southern state of Johor, with its proximity to Singapore, was seen as the ideal site for Country Garden’s first large-scale Malaysian venture. While Singapore is an island, it is far from isolated. Economic and labor linkages between Johor and Singapore bring more than two hundred thousand people across the causeway every day. Workers live in Johor (where housing prices are much lower) but commute to work in Singapore. Dramatically lower costs in Johor justify for many what can be a two-hour crossing due to immigration and security checks. Through its economic dynamism, Singapore has created increasing demand for housing near its borders. In many ways its “hinterland” is Malaysia, where many industries have moved and supplies are sourced. Even a growing number of Singaporean firms have moved back offices to Johor in an effort to cut costs. Interest in developing more housing in Johor is further strengthened by skyrocketing real estate prices in Singapore.

Country Garden's interest in Johor is motivated by an effort to seek returns overseas amid a slowing domestic property market in China and higher barriers to investing elsewhere. Lower prices and fewer market restrictions than in places like Hong Kong have made the region attractive. While Singapore itself presented strong appeal, it is an expensive, mature market with fewer excellent development opportunities. Compared to other Asian nations, Malaysia has been politically stable and maintained relatively good relations with China. In light of disputes over islands in the South China Sea, Chinese investments in Vietnam and the Philippines carried political risks. Other potential sites for investment, such as Thailand, restrict foreign ownership of property. Cultural similarities and the large number of Chinese-speaking Malaysians no doubt further enhance Johor's appeal.

A large and established following in China gave Country Garden confidence that it could generate demand in China for new Malaysian homes. Country Garden Holdings sales and marketing general manager Nicholas Hum epitomizes this optimism, claiming that "we have one million owners in China, and it's like a fan club. Wherever we go, there are just buyers that buy without any questions." Forest City's planned educational partnerships, including agreements with international boarding schools, were seen as a powerful enticement: "A lot of them are concerned about their kids. They plan quite far ahead," said Hum.

Country Garden expectations were likely buoyed by the initial success of its first Malaysian venture at Danga Bay, also along the Straits of Johor. Upon releasing around 9,000 units at once, 6,000 were reportedly taken up in a short period, as fast as a day after hitting the market. Still

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29 There are ongoing disputes over the sovereignty of small islands and reefs in the South China Sea. China continues an active program of land reclamation in a bid to claim control of the islands, which it argues also entails rights to territorial waters. Others suspect a military objective. See "Such quantities of sand," The Economist, Feb. 28, 2015.
31 Marissa Lee, "Iskandar developers: China buyers will mop up excess units," The Straits Times, Feb. 23, 2015.
more remarkable, the sale preceded completion of the units by several years. Danga Bay involved some land reclamation, although most of the project was built on existing land.

**Criticism and Broader Context**

Some commentators have questioned the need for land reclamation when Johor clearly has no shortage of open development sites. An executive at a rival Chinese firm, Dr. Jeffrey Yee, explains that in order to attract high-value international buyers, developments need to be by the sea. "You can't just put up a cluster of towers in the middle of JB [Johor Bahru] and expect to attract that much attention," he noted. Presumably, reclaiming new land allows the developer to maximize the number of units near the water and increase overall development value.

Country Garden sees similarities between Johor and Shenzhen in China, where it has launched several large developments. Both areas are positioned next to much wealthier, more developed neighbors that are global hubs of trade and finance. By leveraging close linkages with Hong Kong, Shenzhen emerged as a manufacturing powerhouse and a destination in its own right. While the analogy is incomplete—Singapore and Malaysia are separate countries, Hong Kong is a special region of China—Country Garden was optimistic that Johor could benefit from its ties to Singapore in the same way that Shenzhen benefitted from its ties to Hong Kong. Increasing costs in Singapore had already begun to drive factories and offices to relocate in cheaper areas across the border, just as had occurred in Hong Kong. Well before Forest City, other large development projects "mushrooming along Malaysia's shoreline facing Singapore," had invited the comparison.

**Accounting of Stakeholders**

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33 Dr. Jeffrey Yee, interview by author, Aug. 13, 2015.
35 Ibid.
Fishermen living in small villages, or in Malay, were among those most directly affected by the project. Kampong Pok and Kampong Pendas are close to Forest City and dependent on the sea. Fishermen living there were the first to notice the project and among the first to express their opposition. They feared for their livelihoods, as extensive land reclamation threatened to reduce and pollute their fishing grounds. Country Garden was eventually compelled to establish a compensation fund disbursing RM 104 million for the fishermen, administered through the Johor Fisherman’s association. The developer acknowledged, however, that they had no future at sea and instead encouraged them to seek more “modern employment.”

Opposition politicians, particularly those in districts near Forest City, were outspoken opponents of the project. Individuals such as Cheo Yee How, an environment spokesman for DAP (Democratic Action Party), drew attention to the risks to the seagrass and mangroves. Other DAP members, such as Boo Cheng Hau and Lim Kit Siang, also criticized the project and posed many questions to the developer. Boo Cheng Hau asked how the project began without an Environmental Impact Assessment (EIA) and argued that the community had the right to know whether large-scale land reclamation would cause adverse environmental impacts. In a later published review of the project he claimed that project benefits would be distributed unequally and expressed his concern for the indigenous Orang Seletar community. Lim Kit Siang, meanwhile, sought to determine the project’s impacts on fishermen.

Within the Singapore government, the Department of Environment and the Foreign Ministry were the most closely involved in monitoring the project, but other agencies and boards

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36 “Johor Sultan says Forest City property project will boost state economy,” The Malay Mail Online, Mar. 18, 2015.
37 Forest City DEIA Vol. 5 Sec. B6
39 Eileen Ng, “Johor fishermen’s income halved due to reclamation work, says Ismail Sabri,” The Malaysian Insider, Mar. 25, 2015; Cheo Yee How, interview by author, Jan. 20, 2016.
42 Eileen Ng, “Johor fishermen’s.”
were also involved. A few months after reclamation commenced, the Foreign Ministry sent two diplomatic notes requesting more information and asking for an Environmental Impact Assessment. A previous dispute over land reclamation in 2003 no doubt influenced Singapore’s behavior. The Environment Ministry was principally concerned about possible impacts on the hydrology of the Straits. Singapore emphasized the need for Malaysia to comply with international law. At one point both prime ministers were engaged in discussion of the project.

Country Garden, and more particularly its Malaysian subsidiary CGPV, was Forest City’s developer. CGPV was created as a joint venture between Country Garden Holdings Ltd, the Chinese developer, and Esplanade Danga 88, described as a representing the Johor state investment arm, but in reality a holding company for the share of the Sultan. It is headed by Datuk Othman Yusof, who would frequently act as its spokesman and headquartered at Danga Bay in Country Garden’s first Malaysian development. Successful development of large townships in Southern China propelled Country Garden to the top ranks of Chinese developers. The Danga Bay project was their first foreign venture and Forest City would be their flagship project.

\[\text{References}\]


44 "Transcript of Senior Minister of State for Foreign Affairs Masagos Zulkfi’s reply to Parliamentary Questions”.

45 In that case, the positions essentially reversed as Malaysia protested Singapore’s reclamation work at Tuas and Pulau Teekong. Attempts at a negotiated resolution broke down after Malaysia demanded that Singapore suspend reclamation as a precondition of any subsequent talks. Singapore refused, and Malaysia responded by bringing its case to the International Tribunal for the Law of the Sea (ITLOS). The court eventually compelled Malaysia and Singapore to cooperate and resolve their differences on the basis of an objective study by independent experts. See Chandrasekhar Rao, "Separate Opinion," *ITLOS Case No. 12*.


51 Dr. Runze Yu, interview by author, Jan. 16, 2016.
A number of environmentalists and environmental NGOs protested against the project.\textsuperscript{52} They were concerned that precious natural heritage in the form of mangroves and Malaysia's largest seagrass bed were under direct threat from the development. They drew attention to the lack of a required environmental impact assessment and the failure to consult with either environmentalists or villagers during the design process.\textsuperscript{53}

\textbf{Research Resources/Methodology}

A central component of the research for this thesis involved conducting eighteen open-ended interviews with a range of stakeholders involved in the Forest City project. These included fishermen from villages near the reclamation site, planning staff at IRDA, representatives from Country Garden, Johor environmentalists, marine researchers, rival developers, and Johor politicians. An open-ended, unstructured format facilitated conversations with each interviewee that highlighted their concerns and their knowledge of what had happened.

The vast majority of interviews took place during fieldwork in Johor and Singapore between early July and late August 2015. Interview durations ranged from about fifteen minutes to over two hours. Virtually all conversations were conducted on-site in locations convenient to the subjects. In a handful of cases involving fishermen in the village of Kampong Pendas, Dr. Serina Rahman served as a translator. Interviews were recorded if the subjects gave verbal consent. In two cases, subjects were unable to be interviewed in person and instead answered questions by email.

A subsequent set of interviews was conducted during a return visit in January 2016. During this time the author attended a global press conference in Singapore during which Country Garden officially launched the project. Another researcher fluent in Mandarin, MIT Urban Planning student Libbie Cohen, traveled to Shanghai and Singapore during fall 2015 to conduct two additional

\textsuperscript{52} Ooi Boon Leong, email message to author, Aug. 19, 2015. See also Fernando Fong, "DEIA study must engage locals, says environmentalist," \textit{The Rakyat Post}, Sep. 25, 2014.

\textsuperscript{53} Vincent Chow, interview by author, Aug. 12, 2015.
interviews, both with Sasaki Principal Michael Grove. A table of everyone interviewed is included in appendix A.

Requests to speak with the Sultan of Johor or a member of his office were not returned. Great efforts were also made to interview officials in the Singapore government, particularly its foreign ministry and department of environment. These were perfunctory and yielded no new information. Similarly, requests to interview members of the Johor department of the environment, the Johor State Economic Planning committee or members of the local council directly involved in approving the Forest City project all went unanswered or were flatly denied. The absence of interview information from any of those government agencies in Johor and Singapore, as well as from the Sultan of Johor, leaves gaps in this study. However, a review of articles, transcripts and newspaper accounts has been used to fill in these gaps.

The Detailed Environmental Impact Assessment that was ultimately prepared for Forest City served as a chief source for many of the technical details about the project. It includes plans, environmental studies, descriptions of mitigation measures and social impact estimates. It also includes summaries of key focus-group discussions and responses to formal questions put by officials that in some cases are the only authoritative indication of Country Garden’s viewpoint.

A variety of sources were used to uncover investment and economic figures for Johor and Iskandar Malaysia. A number of planning documents, including those prepared by both state and federal agencies, also proved valuable. These include IRDA’s shoreline management plan,54 the Iskandar Malaysia Comprehensive development plan,55 reports by Khazanah Nasional (the Malaysian federal investment fund),56 among others. Finally, promotional materials provided by Country Garden itself, either online, through brochures available at its sales gallery or materials

given to attendees of its global press conference in Singapore yielded important information about developer Country Garden.57

More than 150 reports were found through an exhaustive media search encompassing virtually every web-published report about the project from mainstream news outlets in English. Additionally, a smaller number of media reports were gathered from Malay and Chinese (Mandarin) sources that were subsequently translated. Supplementing these articles were newscasts and videos in multiple languages, including drone footage of the project recorded by activists, some of them posted to YouTube. Articles and media reports originally published in Mandarin were translated by Libbie Cohn. Additionally, a number of Malay language (Bahasa Malayu) articles were machine-translated and subsequently reviewed for correctness by various native Malay speakers.

Figure 4: Rendering of Forest City Source: Country Garden promotional brochure distributed at Forest City global press conference in Jan 2016.
II. Global Megaprojects and Globalization Literature

Definition of Urban Megaprojects:

There is no fixed and widely accepted description of an urban megaproject. Definitions vary based on context, type and size of a project. Yet, there seems to be agreement that they are extremely large investment projects sited in metropolitan areas. A noted scholar of megaprojects, Bent Flyvbjerg, describes them as costing over US $1 billion and “attracting a high level of public attention or political interest because of substantial direct impacts on the community, environment and budgets.” Altshuler and Luberoff offer a similar formulation: “initiatives that are physical, very expensive and public.” These projects are extremely complex, often involve new infrastructure, and are frequently linked to global networks of some kind.

County Garden’s Forest City project meets or surpasses all the commonly accepted attributes of urban megaprojects. It is intended to span more than 14 square kilometers, involve a massive 20-year reclamation effort and investment totaling US $45 billion. At its peak it will employ more than 5,000 workers, require the construction of new roads, power plants and a vast network of supporting infrastructure. Country Garden suggests they will construct 300,000 units of housing accommodating hundreds of thousands of people and creating tens of thousands of jobs. While the project is headed by a private Chinese developer, the Johor State government is invested in Forest City through a stake held by KPRJ (Kumpulan Prasarana Rakyat Johor), its public investments arm. Thus, the project is something of a public-private partnership. The project has

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2 Altshuler and Luberoff, Mega-projects, 2.
4 Ibid.
enjoyed significant government support and is now integrated into the formal regional
development strategy.\textsuperscript{5}

**Urban Megaprojects and Globalization:**

Globalization is broadly defined as a process of international integration through
technology and the spread of culture.\textsuperscript{6} Urban megaprojects are one manifestation of globalization. The international financial system has seen broad restructuring since the 1980s with more actors participating and fewer barriers to the movement of international capital. Foreign direct investment during this period has also increased dramatically. One key component of this system, the international property market, has seen an explosion of foreign investment as balanced geographic portfolios become essential to minimizing risk. An increasing share of the estimated US $800 billion in annual global commercial real estate investment is driven by foreign capital.\textsuperscript{7}

Meanwhile firms and highly paid employees that are part of this system have concentrated in major cities putting pressure on real estate prices. Transnational corporations increasingly play a role in large development projects, partnering with global consultancies and networks of “experts.” In addition, social relations have become more global through a growth in travel and the emergence of worldwide social networks and “epistemic communities.”\textsuperscript{8}

Scholarship over the past three decades has linked the growth of urban megaprojects to processes of globalization, especially the movement of international capital. Urban megaprojects are sometimes seen as an effort to bolster the competitiveness of particular metropolitan regions and position them eminently on a global stage as they seek to attract new international

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\textsuperscript{5} Medilyn Manibo, “Malaysia’s Forest City primed for green development,” *Eco-Business*, Mar. 11, 2016.


investment. Indeed, cities are continuously vying for global investment in a “competitive landscape,” and therefore must be “entrepreneurial” in their own right. As a result, urban space has been reconfigured and repackaged not for locals, but to appeal to wealthy outsiders.

Compounding this effect is a shift towards the private sector playing a leadership role in the instigation of major development projects. Such projects are emblematic of the “financialization of the built environment.” New urban spaces created through megaprojects are aimed at generating "returns" to city, state and national governments but operate mostly under the leadership of private development interests.

The rise of global city rankings continues to situate urban space in a global hierarchy. Castells argues that this hierarchy plays a greater role in shaping city-to-city economic linkages than national boundaries. He further sees globalization resulting in a “network society” where cities, especially major global cities, are the main nodes. Meanwhile a class of affluent urban consumers has emerged, driving a rise in malls, shopping complexes and other consumption-oriented projects hosting international chain stores and franchises. Swyngedouw concludes that urban megaprojects are the “very catalysts of urban and political change.” They are the preeminent manifestation of “neoliberal systems of governance” and “postmodern forms.”

Many authors argue that forces of globalization have reoriented local governance towards new development rather than redevelopment or conservation. The process of assembling land for

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15 Swyngedouw et al., “Neoliberal urbanization,” 546-547.
urban megaprojects requires a restructuring of the economy in the service of global forces rather than local needs. Castells adds that global flows of all kinds suppress and diminish the unique personality of places.\textsuperscript{16} Indeed, the architecture and planning of urban megaprojects is often loosely based on generic international (and therefore Western) standards. This means that the unique cultural, historical and environmental features of areas seeking global investment are at risk of being significantly compromised.

The reality is more nuanced than a unidirectional transfer of models from the West to the developing world. Kris Olds notes that globalization is a “contingent, dialectical, non-uniform and undulating mesh of processes, which do not lead strictly to homogenization.”\textsuperscript{17} Local interpretations and transformations, including the appropriation and adaptation of eclectic sources, remain an important component. Exactly how the balance between homogenization and maintenance of unique local attributes is worked out in each urban megaproject is not at all obvious.

**Characteristics of Megaprojects:**

Located in city districts that often connect with development corridors and networks of global cities, urban megaprojects combine the advantages of facilitating capital accumulation (at least over the long term) and improving a city's stature on the regional or world stage.\textsuperscript{18} A body of research has found that as a result of their scale and uniqueness, urban megaprojects often lie outside the formal planning and development system. They are generally not integrated into existing urban or regional plans, which must be modified or adapted to accommodate them.

Swyngedouw et al. found in an analysis of large European development projects that many were

\textsuperscript{16} Castells, "Toward a sociology of the network society," 696-697.
\textsuperscript{17} Olds, "Globalization and the production of new urban spaces," 1716.
initiated by "exceptionality measures," such as the suspension of traditional planning tools and by sidestepping statutory requirements.19

Urban megaprojects have been found to short-circuit traditional means of public participation and democratic decision-making. To Swyngedouw et al. this results in "a new choreography of elite power" and a rescaling of urban governance, from local to more centralized sources.20 They further tie this to a neoliberal "New Urban Policy" regime that reflects elite-driven priorities at the expense of democratic engagement. Megaprojects stem from the aspirations of a specific assembly of actors operating at different scales who wield sufficient economic or political power to reorient development priorities of entire regions. They become "elite playing fields" where the urban future is crafted in line with the priorities of society's most powerful members. They do acknowledge, however, that grassroots efforts can occasionally shift the course of events.21

Altshauer and Luberoff explore the history of megaprojects in the USA, emphasizing their political context.22 They use political urban theory to examine case studies of different urban projects and find that technical analysis used to evaluate and justify such projects is often co-opted by powerful interest groups.

A significant break in the nature of such projects occurred around 1970. Megaprojects had become emblematic of government insensitivity in the form of urban renewal and immense environmental and social impacts. Projects were generally approved if they generated overall net benefits. There was a shift to an ideology of "do no harm," seeking to minimize impacts on existing (less wealthy) neighborhoods and the environment. Megaproject proponents reportedly feared "persuasive ideologies and new legal protections" that arose out of the environmental movement and widespread condemnation of displacement for new projects.23 The new paradigm

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19 Swyngedouw et al., "Neoliberal urbanization," 543.
20 Ibid, 542.
21 Warrack, Megaproject decision making, 8-9.
22 Altshuler and Luberoff, Mega-projects.
23 Ibid, 228.
acknowledged that even the most conscientiously planned projects would generate impacts, but sought to mitigate adverse effects as much as possible. Yet this remarkable turn towards sensitive "do no harm" planning may be more a matter of appearance than fact. Governments shifted to indirect inducements and development incentives instead of advocating projects directly. Large-scale project development continued but support coalitions became less visible and responsibility shifted almost entirely to business interests. With projects no longer under the close control of public bodies, public accountability was lost.24

Much research on urban megaprojects examines the uncertainty associated with their completion, particularly given not unusual cost overruns. To Bent Flyvbjerg, megaprojects are a "Fantasy world of underestimated costs, overestimated revenues, overvalued local development effects, and underestimated environmental impacts."25 Projects undertaken by private entities may have stronger incentives to suppress cost growth, but are still subject to these delusions.

**Impact of Megaprojects on Local Communities:**

Given their scale and dramatic impact on existing infrastructure, urban megaprojects often harm the existing social situation in their vicinity. Construction places great demands on local communities, with demand for additional workers usually met by the influx of thousands of new workers and support personnel, many of whom may be outsiders.26 Local infrastructure is subject to heavy strain as efforts are made to accommodate these workers, along with increased traffic and importation of construction materials. Social distinctions between workers and residents sometimes result in tensions and outright conflict.

The long duration of construction often forces local economies to adapt to construction conditions and worker requirements, only to lose much of its base by the time a megaproject is

completed. Dramatic shifts in patterns of employment are often announced in the context of a need to "modernize." Even if this is true, the pace of change during construction can be extremely stressful and disconcerting for those accustomed to a different lifestyle.27

The interaction between global and local forces in megaprojects can produce highly unequal results. While the public may realize significant overall benefits from a megaproject, especially over longer periods, negative effects are concentrated in specific local settings and usually occur quickly after a project has begun.28 Megaprojects are often found to exaggerate benefits and fail to deliver on promises.29 Yet, despite this relatively common pattern, public officials (often under pressure from leading business interests) continue to support new projects.

Since megaprojects often involve massive infusions of capital and foreign expertise, local businesses may suffer or find it difficult to compete.30 The special status and incentives afforded to these projects can produce an uneven playing field that exacerbates existing advantages. Often, the local labor force does not possess the appropriate skills to fully participate in new construction, so jobs are given to either foreigners or outsiders.31 Extensive planning and training programs may be necessary to ensure benefits are fully shared. Some form of welfare or financial support may be required to help people adjust to the changes brought on by a megaproject. Moreover, any failure of a megaproject is unevenly borne by the local community, and may prove insurmountable in all but the largest and most affluent communities.32

28 Warrack, Megaproject decision making, 3-5.
30 Warrack, Megaproject decision making, 4.
32 Warrack, Megaproject decision making, 5.
Particulars of Asian Urban Megaprojects:

Dozens of urban megaprojects have been launched across South and East Asia over the past few decades. While they represent a diverse range of approaches, in general they are either new cities or urban districts ranging in size from hundreds to thousands of hectares. Many developments project new populations greater than half a million. Most are self-contained, mixed-use spaces comprising everything from schools to commercial clusters and convention centers. Mirroring trends in the West, these projects represent a break from earlier state-controlled master planning and new town development. They are frequently controlled by a single, for-profit developer, occasionally with the cooperation of the government. Shatkin argues that they represent a "transformation of the urban experience through the wholesale commodification of the urban fabric."[34]

The rise of such powerful private developers has raised concerns about the "privatization of planning." A small group of developers afforded sweeping new planning powers has advanced their own strategies for metropolitan development, motivated entirely by a profit imperative. They increasingly play a role in financing mass transit and other city infrastructure formerly provided by public entities. The role of private sector developers extends far beyond real estate; firms "conceptualize and implement entire urban systems that are overlaid onto the existing urban form."[35] These developers engage in what Shatkin terms "bypass-implant urbanism" whereby congested or impoverished areas of the city are ignored (bypassed) while "new spaces of capital accumulation" are created. The growing role of such actors undermines the "public city."[36]

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34 Ibid, 77.
36 Ibid, 388.
Olds sees Pacific Rim megaprojects symbolizing a "global urban utopia." Most of these projects are mixed use, designed and planned by small teams of professionals who bring experience from working on other megaprojects throughout the world. These projects reflect "internationalization strategies" in that they target foreign firms and affluent individuals. The design language of such projects is dominated by high-profile structures, principally glass skyscrapers that are icons of modernity and the international style. Such urban megaprojects aim to "reorientate the international imagery of a city," away from place-specific markers.

Asian urban megaprojects adopt design and planning elements appropriated from the West and sometimes from elsewhere in Asia, but generally they do not follow one specific model, instead repurposing and adapting strategies from a range of influences. Their developers "re-bundle" urban elements in large new city developments that allow the affluent, or "consumer class," to live in isolation from the city at large. While densities and the form of dwelling may be different, the US suburban "Los Angeles" model of automobility, commodification of housing and consumerism has proved quite influential. Dick and Rimmer argue that "avoidance of social discomfort" is reshaping much of Southeast Asia's urban form. Tensions between Chinese and Malay/Indonesian communities in Malaysia and Indonesia have prompted affluent Chinese to escape to gated residential enclaves. Elsewhere in Southeast Asia, the threat of kidnapping and theft has encouraged middle class Filipinos to seek their own secure communities.

While these trends are both powerful and compelling, the complete or partial failure of many Asian urban megaprojects illuminates the obstacles that stand in their way. Most projects have not met the developers' initial objectives. Lippo Karawaci, a new town outside Jakarta, has achieved modest success, but will not come close to meeting its projected population of a million by

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38 Olds, Globalization and Urban Change. 1713.
39 Shatkin, "The city and the bottom line," 385.
41 Ibid.
2020.42 Bangkok’s immense Muang Thong Thani project was crippled financially after the Asian
Financial Crisis and never fully recovered, with large sections abandoned.43 Projects in India have
frequently failed to progress past the planning stage after encountering difficulties in land
acquisition, financing or public protest.44 The situation in China is the notable exception. There,
complete state control of land and a command economy have enabled many projects to reach
fruition.

Summary of Key Attributes of Urban Megaprojects:

- Large investment, often in the billions of USD
- Project capital is sourced globally or nationally
- They have strong linkages to global networks
- They have a construction lifespan measured in many decades
- Their design, planning and construction often draw on an international workforce of
  professionals, consultants, and laborers
- They are seen to bypass traditional systems of government
- Demand forecasts, cost estimates and projected benefits suffer from high levels of
  uncertainty
- Secondary benefits are expected for society at large and not just the project proponent
- It is argued that they reflect new systems of governance which prioritize elites over locally
  affected populations
- Regional and local plans often do not direct investment in megaprojects

42 Shatkin, Planning Privatopolis, 77. See also Trevor Hogan and Christopher Houston, "Corporate Cities-
Urban Gateways or Gated Communities Against the City?: The Case of Lippo, Jakarta," Critical reflections on
43 Michael Douglass and Pornpan Boonchuen,"Bangkok: intentional world city," in Relocating Global Cities:
From the center to the margins, ed. Michael Mark Amen, Kevin Archer, and M Martin Bosman (Lanham MD:
Rowman & Littlefield, 2006), 82.
44 Shatkin, Planning Privatopolis, 78.
• Actors outside planning and development often have a strong influence on the projects
• The new paradigm of megaproject development strives to minimize popular resistance and avoid displacement
• Projects pose serious concerns for urban sustainability, whether in the form of sprawl or harms to the natural environment
• They seek to position cities on a global stage to enhance the perceived competitiveness of a region
• Despite their ostensible break with megaprojects of the past, new megaprojects still adopt a top-down planning approach
III. Global Megaprojects: Examples and Analogies

Beyond its scale, the most distinctive characteristic of Forest City is its reliance on land reclamation. The proposed 14-square-kilometer reclamation spread over four islands in the Straits of Johor has few comparable projects. Land reclamation is expensive and may be difficult to justify when there is ample existing land available. The most prominent analogues are in the Persian Gulf, including the famous Palm Jebel Ali and its Qatari response, The Pearl in Doha. These iconic projects help forge a national identity while enhancing the prestige of the cities and states in which they are situated. Moreover, they exemplify the international urban enclaves discussed in the globalization literature. Yet these projects also have significant environmental and social impacts. The Palm Jebel Ali disrupted local hydrology and threatened marine life. The Pearl, meanwhile, was implicated in a number of human rights abuses involving its migrant workforce. In both cases, these impacts have a bearing on Forest City.

Dubai: Palm Jebel Ali

The extensive reclamation projects off the coast of Dubai are the product of a combination of factors, with the government playing the primary role in their creation. Dubai had long sought to diversify its economic base, attract additional investment and simultaneously improve its status as a global city. To this end, the government established a number of urban development corporations, each with powers to acquire land and access public funds. The strategy involved speculative public investments that would later enable profitable private development. Nakheel, a government-owned property developer, was the dominant player in Dubai, tasked not only with launching new projects, but also with enhancing the global image and competitiveness of the Emirate.¹

¹ Ibrahim Abdul Rahman al Darmaki, Globalisation and urban development: a case study of Dubai’s Jumeirah Palm Island mega project (Ph.D. diss., University of Southampton, 2008), 110-111.
Palm Jebel Ali, Nakheel’s flagship project, involved 5.6 square kilometers of new land off Dubai’s coast in the shape of a palm with individual fronds and a crescent-shaped breakwater encircling the site. The mixed-use project would involve residential villas, upmarket resorts, hotels, retail areas and a “village center.” The need to reclaim land followed strong demand for more coastal recreation areas, which in turn was driven by dramatic growth in tourist development. Nakheel and the Dubai government financed the project infrastructure, and then sought to attract companies and investment through a combination of low taxation, simplified regulation and development-ready sites. Construction costs were reported to be $6.5 billion as of 2007. Yet the project fell prey to the 2008 financial crisis that caused turmoil across Dubai and construction subsequently stalled. The price of units plummeted by up to 60 percent and in 2011 Nakheel started offering investors refunds. More recently, Nakheel has committed to completing the project, but on an uncertain time frame.

Al Darmaki (2008) expressly links the development of Palm Jebel Ali to processes of globalization. The international profile of investors drove Nakheel to adopt a primarily American and European design language, although architects were permitted some flexibility. Urban forms were directly influenced by imperatives to attract attention and investment. The primary aim for architects was to seize on an “iconic design.” The project was conceived as a powerful symbol of the city in the pursuit of international status. While Forest City aims to achieve the same goal for Johor, it is distinct in being a privately led initiative from beginning to end. Still, Country Garden’s plans to create land de novo, then attract international companies and foreign investors. This appears to mimic, at least in part, the Dubai model.

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2 Al Darmaki, Globalisation and urban development, 114.
3 Ibid.
Environmental Impacts:

Assessments of the environmental impacts of large reclamation projects in Dubai, including the Palm Jebel Ali, found that while not exclusively negative, the projects had exacted a heavy ecological toll. The most dramatic impacts involved disrupting longshore currents and sediment transport, which were linked to large-scale erosion problems along much of Dubai's natural coastline. The UAE Ministry of Information and Culture noted that more than 50 percent of the Emirate’s 66-kilometer coastline was eroding, and implicated “large-scale engineering projects offshore.” Indeed, natural beaches near the Palm required extensive re-nourishment and armoring with breakwaters. The Palm itself is not immune to erosion and will require periodic renourishment to maintain the fronds in place.

Island construction had also dramatically affected marine ecology. Large-scale reclamation activities had increased turbidity and siltation, smothering or asphyxiating benthic organisms. Developer Nakheel declined to heed the advice of its EIA consultant and did not use silt curtains. The plume of suspended sediments was therefore uncontained and spread over an area three times greater than the 25 square kilometers of the project itself. A UN University team that visited the site found that “massive dredging operations” had resulted in “substantial resuspension of finer sediments.” Sustained high levels of siltation would have “profound impacts on many benthic organisms, including smothering and death.” While Dubai Sultan Bin Sulayem claimed that “the islands can be built without disrupting the environment...not a single head of live coral has been touched in the process,” much evidence suggests otherwise. The project's EIA concluded that the

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12 This bears a remarkable parallel to comments made by the Johor Sultan that “There is not a single dugong that would be affected [by Forest City’s coastal reclamation].” See “Johor Sultan says Forest City property project will boost state economy,” *The Malay Mail Online*, Mar. 18, 2015.
existing seabed on the project site was barren and had very low biomass. Subsequent independent surveys found 10-15 percent of the seabed was coral and that more than 7.5 square kilometers may have been eliminated in the Palm’s construction. 13

While construction would inevitably stress the surrounding environment, Nakheel claimed the project would provide an excellent marine habitat and support a more diverse community of species than existed previously on the site. In fact, the fronds proved to support a relatively vibrant seagrass community. The breakwater, too, may support fish and invertebrates in greater abundance and richness than before.14 Yet even if these communities emerge, they will be fundamentally different from those that preceded them, with ultimately unknown ecological consequences. Finally, there are concerns that the low-lying islands could become victims of rising sea levels associated with global climate change.15

The parallels with the Forest City project are striking. The current site of the Palm Jebel Ali was once a protected marine reserve, considered the second most biodiverse marine system in the Persian Gulf. Control of the area passed from the Dubai Municipality to Nakheel developers to build the island.16 Similarly, the Merambong Shoal seagrass bed and surrounding region were also considered environmentally sensitive areas, but were “de-gazetted” and transferred to Country Garden for development.17 In both cases, environmental concerns centered on changes in hydrology that could result in erosion as well as the marine impacts of siltation.18 While details differ, both Nakheel’s projects and Forest City failed to comply with local regulations and commit to their EIAs.

13 Salahuddin, The marine environmental impacts, 59.
14 Ibid, 60-61.
15 Tina Butler, “Dubai’s artificial islands have high environmental cost,” Mongabay, Aug. 23, 2005.
16 Ibid.
17 Pauline Ng, “Report on Forest City project gets nod from M’sian environment department,” The Business Times, Mar. 9, 2016.
18 See, for example, “Transcript of Senior Minister of State for Foreign Affairs Masagos Zulkfli’s reply to Parliamentary Questions,” MFA Press Release, Jul. 9, 2014.
Pearl Island Project in Doha

The Pearl is Qatar's answer to the archipelago megaprojects in Dubai. Another large-scale urban development on entirely reclaimed land, it was no doubt inspired by the apparent success of its Gulf neighbor. Spread over four square kilometers with luxury housing for 45,000 people, The Pearl is a “meticulously designed, award winning” mixed-use project intended to draw investment to the nation’s capital, Doha. It has a resort atmosphere with a combination of private villas and apartment towers. Similar to Dubai, the project is headed by the United Development Company (UDC), a government entity created to implement large-scale projects and provide an “effective platform for private sector development.” Qatar uniquely permits foreign property ownership of such a project in a bid to capture investment value that would otherwise flow out of the country.

The Pearl is a reaction to both local and global-level forces. It and other large urban redevelopment projects have powerful symbolic value, announcing to the world the arrival of modernity in the region. Gardner argues that Qatar (and other Gulf states) use such megaprojects to forge “unified nationalisms” out of the disparate and fractious groups that predominated before independence. They "symbolically construct a homogeneous idea of nation" in places historically rooted in nomadism and tribalism. Extensive urban development enterprises are also a form of wealth transfer to Qatari citizens. The projects require a vast foreign professional class to construct, manage and operate. These are housed principally in compounds surrounding the city. Since only Qataris can own property, they realize the profits from extremely high rents charged to foreigners.

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20 Ibid.
who handily outnumber them. Foreign workers, dominated by South Asian migrants, comprise more than 90 percent of Qatar’s residents, the largest such fraction in the world.

Throughout its building boom Qatar has committed to the principles of sustainable development, incorporating sustainability-oriented frameworks into national and regional plans. While this is encouraging, it appears more to reflect a desire to adopt the rhetoric of other developed and affluent nations pursuing sustainability initiatives. Developments like The Pearl are sustainable only to the extent that they help diversify the economic base away from obviously unsustainable petroleum production.

There are several reasons to doubt The Pearl and other Gulf megaprojects can be sustainable in any comprehensive sense. For one, the highly top-down power structure in the Gulf runs counter to the participatory, grassroots approaches that are seen as integral components of sustainable development. Community involvement, activism and environmental justice that have been tied to notions of sustainable development all rely on democratic structures. Indeed, a lack of regulation and democratic processes has led to social fractures over who has access to the benefits of the megaprojects in Qatar and other Gulfs states. Gardner argues that “the social cultural and political context of the contemporary Gulf state meshes poorly with many of the central assumptions of sustainable development theory.”

In addition, sustainability in any true sense must encompass the entire urban realm and not just selective portions of it. The monumental megaprojects presented to a global audience disguise support industries, worker camps and other “backstage” activities that are necessary to their construction and continued functioning. Such “interstitial spaces” have a very different character

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22 Ibid, 352.
24 Planning Council Qatar, Sustainable Development Indicators in Qatar (December 2006).
from the shimmering towers and high-technology of The Pearl or Palm Jebel Ali. The risk is that the "sustainable city" will be framed as "a thematic attraction." It is difficult to see how discrete, master-planned projects, even if they are themselves sustainable, can be connected as part of a sustainable whole. Masdar, a planned new city in Abu Dhabi, was intended to have a zero-carbon footprint, yet it would require 50,000 daily commuters, who do not enjoy the benefits of low carbon living in the city. Recent reports suggest that the project's zero-carbon goals have been dramatically downscaled and that only 5 percent of the original plan has been completed.

It is worth noting that these shortcomings are not restricted to the Gulf and compromise many sustainability initiatives in the West as well. In Johor, the Forest City project touts its credentials as a "green" development, styling itself as an "eco-city." Yet it too is an enclave built with immense expenditure of energy and resources that fails to integrate with its surroundings in any particularly sustainable fashion. The consumption habits of its affluent residents will still likely exceed much of the rest of Malaysia, even if its buildings achieve green ratings. Like the Gulf projects, it has been conceived and implemented in a top-down fashion with little community participation or consultation. In a profound irony, the low-impact lifestyle of fishermen in small villages is being displaced for a "green development." The fishermen, in turn, are urged to "become modern" and take jobs in the industrial or retail sectors. While these projects may not actually address comprehensive sustainability issues, they may still serve as vehicles for spreading

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29 Ibid.
33 No public transportation is planned to link the project with other centers in Johor, many of which are many kilometers away. The project is incorporated into the Iskandar Malaysia master plan, which despite stated goals has been critiqued for failure heed sustainable principles in any comprehensive sense. See, for example, Rizzo and Khan, "Johor Bahru's response to transnational and national influences," 158.
34 See, for example, Cheo Yee How. "Disagreement with the proposed Forest City project," Democratic Action Party Malaysia, Sep. 22, 2014.
35 Forest City DEIA Vol. 5 Sec. B6, 20
awareness and introducing people to “green” principles. The danger, of course, remains that people will emerge with an incomplete notion of sustainability.

**Social Impacts**

Labor conditions in Qatar often come under criticism, with accusations of withheld passports, unpaid wages and cramped, substandard living conditions. Labor relations are described as “exploitative,” especially with regard to the poorest of the transnational migrants. A study of South Asian migrant workers in Qatar found widespread “contractual deception” in which the position described to a migrant is dramatically different from the job they find on arrival. Such abuses extend well beyond the individual workers, as many are sent by families who pool resources to cover the cost of their passage and the fees with the expectation of remittances. Since most migrant workers are young males, their presence can skew the demographic mix and foment social tensions. Numerous investigations have found rampant labor abuses. A 2013 report from the Qatari Labor Inspection Department found that around 30 percent of companies had safety standard violations, although most shortcomings were “minor and simple.” A 2013 investigation by The Guardian on projects leading up to the 2022 World Cup found that “dozens of Nepalese migrant laborers have died in Qatar...and thousands more are enduring appalling labor abuses.” It further found evidence of forced labor and likened conditions to “modern-day slavery.” Human Rights Watch issued a report that documented “pervasive employer exploitation and abuse,” which was enabled by an “inadequate legal and regulatory framework.” They found conditions in all labor

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39 Elshaikh, “Rapid Growth in Qatar.”
camps that the representatives visited to be greatly inferior to local regulations. Worst of all, there were few avenues for redress or recourse.\textsuperscript{40}

While these findings are not explicitly tied to large megaprojects such as The Pearl, there is evidence to suggest that they share in the exploitation and substandard treatment of workers. In June 2015, for example, the company Redco Al Mana, which was building two flagship towers on The Pearl, was found guilty of negligence and safety violations when a worker fell to his death from the under-construction tower.\textsuperscript{41}

While not on quite the same scale, Malaysia itself has a sizable foreign migrant worker population and has been subject to much of the same criticism. A fifth of all Malaysian workers are migrants, amounting to a population of over two million.\textsuperscript{42} Workers are forced to remain with their Malaysian employers or risk losing their legal status, which creates ample opportunity for abuse. Amnesty International has catalogued thousands of cases of unpaid wages and unfair dismissal.\textsuperscript{43} The Malaysian labor market has been accused of "embedded and entrenched exploitation."\textsuperscript{44} Country Garden and Forest City have not been subject to any particular criticism regarding labor abuses in Malaysia. Yet Country Garden does aim to employ up to 5,000 workers, most of them foreign migrants.\textsuperscript{45} Locating worker camps and dormitories close to villages has also raised concerns from residents.\textsuperscript{46}

\textsuperscript{44} "Malaysia accused of migrant worker abuse by Amnesty,” \textit{BBC News}.
\textsuperscript{46} Cheo Yee How, interview by author, Jan. 20, 2016.
**Chinese Reclamation Projects**

Reclamation is a central component of the Forest City project, undertaken by Chinese developer Country Garden. It is therefore illustrative to examine the broader context of land reclamation in mainland China. In recent decades China has steadily scaled up its reclamation activities, which have in many areas have radically transformed the coastline. While efforts are underway to better regulate and control reclamation, much is done illegally with few or any environmental regulations. This may help explain Country Garden’s ignorance of Malaysian environmental rules and its haste to begin depositing sand without an environmental impact assessment.

Land reclamation has become an increasingly prominent feature of the Chinese coastline. It now occurs on an unrivaled and growing scale as the coastal population, industry and trade expand. Since 1949, an area well over 13,380 square kilometers has been reclaimed, equivalent to roughly the size of Connecticut. Meanwhile, *China Land* reports that the length of China’s coastline has decreased by over 2000 kilometers as a result of landfilling and sea enclosure operations. Coastal wetland areas have correspondingly decreased by 50 percent. All across coastal China, bays and harbors are retreating as more land is reclaimed, which has raised a number of questions over environmental impacts. Reclamation in China began modestly as tidal flats were enclosed to form salt pans. Subsequently, more tidal flat areas were enclosed for agricultural and mariculture (aquaculture) purposes. China’s rapid economic expansion beginning in the 1990s ushered in the current era of land reclamation, where most new land is used for ports, industry and urban

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expansion. Under recent plans, a land area greater than Singapore (700 square kilometers) is added to the Chinese coastline each year.

Coastal China is among the most densely populated regions in the world. Expansion of the coastal economy is closely linked to China's overall economic growth. Aggressive development of port and coastal facilities combined with rapid urbanization has created great demand for land. Yet China also prioritizes the security of its food production and consequently has a strict arable land management policy, which mandates minimum arable land acreage for each region. There is a substantial fee associated with destroying cultivated land, which effectively discourages development. Local governments instead resort to reclamation as the most economically viable alternative for urban development and industrial expansion.

Reclaimed land has proved immensely profitable for Chinese local governments. Estimates vary widely, but suggest reclamation costs from 50 to 200 dollars per square meter, but can be sold to developers for several times the cost. Evidence from a world survey of reclamation projects suggests costs below 250 euro/square meter, while seafront real estate values ranged from 600 euro/square meter in Rotterdam to 31,000 euro/square meter in Hong Kong. Clearly, selling reclaimed land can generate immense profits, which in China are often shared between local governments and the developers. Combined with advanced technology, and few charges other than a low "sea-use fee," incentives are aligned to generate ever greater demand for reclamation.

The increase in Chinese land reclamation has been implicated in a litany of environmental issues. Coastal wetlands, along with their valuable ecosystem services, have dramatically declined.

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50 Xiaohong and Tao, "The Besieged Sea."
51 Ibid.
52 Wang et al., "Development and management," 419.
53 Xiaohong and Tao, "The Besieged Sea."
55 Wang et al., "Development and management," 419.
Coastal landscapes have become much more homogeneous, which undermines their ability to safeguard against coastal disasters. Biodiversity has seen marked declines in species ranging from migratory birds to marine and benthic organisms. Reclamation has also threatened the spawning and nursery grounds of fishery species. China has since the early 1980s responded with a range of regulatory measures, most prominently environmental impact assessments and marine functional zoning. EIAs when implemented comprehensively can dramatically reduce environmental damage, but in China are often completed in only a few months and devote more attention to “environmental quality and economy resources” than marine ecosystem impacts. Marine functional zoning, similar to European marine spatial planning, also has great potential but suffers from “inadequate ecological data,” enabling development interests to gain an advantage. Meanwhile, most local governments in China prioritize economic development over the protection of marine ecosystems.

Evidence suggests that the current Chinese regulatory apparatus is inadequate to properly balance reclamation against ecological priorities. The State Oceanic Administration (SOA) found in 2009 that much of the land around Bohai Bay was reclaimed illegally. While projects over 50 hectares require official approval, projects totaling thousands of hectares have been able to skirt the regulatory process. Even after a court case fined the Haida Shipbuilding Company for illegal reclamation in 2004, the first such case in China, officials admit that most projects follow legal requirements. Even when companies have official permission, they often exceed their approved area. The national bureau of oceanography indicated that companies failed to have planning

60 Wang et al., “Development and management.”
discussions with the government, did not conduct EIAs and had no legal permission to undertake reclamation. A case study of land use changes in Bohai Bay, near the northern Chinese port city of Tianjin, powerfully demonstrates the role of land reclamation in the changing dynamics of a region. The population of the region increased dramatically between 1989 and 2008, which was accompanied by a 250-percent increase in the level of urbanization. New housing was often constructed without clearing old houses in rural areas, placing even more pressure on land. Over the same period, growth in industrialization eclipsed even the change in urbanization, with GDP growing by a factor of 82. Consequently, Bohai Bay became the site of some of the greatest land reclamation efforts worldwide, including over 1,065 square kilometers of tidal lands and 103 square kilometers of new land from the sea. The environmental consequences have been severe. Areas affected by red tides grew by 47 times from the 1970s to 2000s. A near-collapse in fisheries and dramatic reduction in biodiversity were also observed. Land reclamation continues at high rates, however, despite such ecological damage.

Other Residential Megaprojects in Southeast Asia:

As urbanization has accelerated in Southeast Asia, the rural-urban fringe has played host to an emerging form of urbanism: massive new towns created by international developers that are an "exclusive utopia" for the affluent and urban upper middle class. These projects represent useful analogies for Forest City, representing the promise and peril of large-scale urban development in Southeast Asia.

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62 Ibid.
64 Ibid, 1194.
Phu My Hung (Saigon South), Saigon

Saigon South, one of the more dramatic such projects, covers 3,300 hectares (an area greater than central Saigon) and aims to accommodate a million people. As a development master-planned by American firm SOM, it has little in the way of community engagement and excludes vast sections of the population. Similar to other international cities, it is conceived as a self-sufficient enclave with its own shopping, recreation and top-notch educational facilities.\(^6^7\)

Saigon South markets itself as bringing a modern and brand new lifestyle to people in Vietnam. Douglass and Huang contend that the project “has all the hallmarks of utopian visions,” including a master plan and heavily top-down management. It is developed through a public-private partnership by the Taiwanese-Vietnamese Phu My Hung Corporation. The city emphasizes a sophisticated security apparatus of gates, guards, surveillance and resident rules aimed at excluding low-income city dwellers. Prices are so high that even white-collar professionals in Saigon have difficulty affording a unit. It is instead targeted at foreigners and the small handful of extremely rich Vietnamese.\(^6^8\)

The project adopts many of the hallmarks of an international urban megaproject. It embraces ecological design principles and an “internationalized urban landscape.”\(^6^9\) Its architecture does not draw from any Vietnamese influences, employing instead a general international style that bears some resemblance to American suburbs. As a private-led endeavor, Saigon South relieves the city government of service provision while generating substantial taxes from underused land. Its construction also creates demand for thousands of Vietnamese workers.\(^7^0\) Yet by creating a fortified enclave for the most affluent, it distances such people from the city at large and cedes government


\(^{68}\) Douglass and Huang, "Globalizing the city in Southeast Asia," 23.


\(^{70}\) Kennedy, "Large-Scale Urban Planning, Culture & Environment," 13.
planning authority to external parties. While the economics may be seductive on the short term, there are serious concerns over the longer-term implications of such shifts.\textsuperscript{71}

While the development contains a wide variety of amenities, they are only available to residents, who must pay user fees to justify their use. The particular socialist context of Vietnam presents a complicated situation regarding public space. All land is theoretically owned by the government and hence has an “underlying public interest.”\textsuperscript{72} Leases transfer ownership in practice, but the government still retains regulatory rights. Privatized projects such as South Saigon render such traditions ambiguous and raise questions over who constitutes “the public.” The arrangement is further complicated by costly amenities that are accessible only to residents of gated inner zones and not the project at large. Douglass describes a “regime of planned social fragmentation and private policing.” While it may become livelier as it develops, its social life is in marked contrast to the chaotic, vibrant scene in central Hanoi.\textsuperscript{73}

**Muang Thong Thani (MTT)**

Muang Thong Thani is a cautionary tale of how an ambitious urban megaproject can go horribly wrong. Beginning in the early 1990s, developers raised billions of dollars internationally and started work on a new enclaved city for as many as a million people located 40 kilometers from central Bangkok. Its developer, Bangkok Land Co. Ltd. suggested that it would effectively secede from public life: “we have all intentions to develop Muang Thong Thani as a city, a complete city run by private-sector people.”\textsuperscript{74} Housing for 250,000 people and 8 million square feet of office and residential space had been built by 1996 in one of the region’s largest ever construction projects.\textsuperscript{75} It was to be the world’s largest private city. Yet with 1997 Asian financial crisis the project stopped

\textsuperscript{71} Michael Waibel, “The development of Saigon South New Urban Area.”
\textsuperscript{72} Douglass and Huang, “Globalizing the city in Southeast Asia,” 28.
\textsuperscript{73} Kennedy, “Large-Scale Urban Planning, Culture & Environment,” 6-7.
\textsuperscript{75} Ibid.
abruptly, leaving behind a billion-dollar ghost town. Indeed, excessive real estate development and overbuilding contributed greatly to the crisis. Most of the project remains empty today, with the exception of a sports complex and convention center.76

Muang Thong Thani is equally a story of globalization. In the mid-1980s the Pacific-Asia banking system was opened to global finance, following the revaluation of the Japanese Yen. Foreign capital poured into Thailand, much of which was ploughed into real estate development and city-making. The sector promised high rates of return on short-term capital.77 Consequently, in the early 1990s over 150,000 new housing units were constructed every year in greater Bangkok, most as middle-class apartment towers in distant suburbs. Limited zoning or other restrictions could do little to slow the pace of development. Building rapidly surpassed demand and the inevitable bubble burst in 1997, leaving 350,000 units unoccupied, a large percentage of them in the Muang Thong Thani project.78

**Baltic Pearl**

While not in Southeast Asia, the Baltic Pearl in St. Petersburg is an important example of Chinese real estate investment abroad. The Chinese consortium behind the project demonstrated remarkable sensitivity in working with its Russian hosts, successfully negotiating with both local and national levels of government. As more Chinese developers aspire to launch projects overseas, this case points to the way forward.

The Baltic Pearl is a US $3 billion residential megaproject located in suburban St. Petersburg. At the time, in 2009, it was reportedly the largest foreign investment project sponsored

by a Chinese consortium, eclipsing China's total FDI in Russia up to that point.\(^7^9\) The project had a planned area of 205 hectares, providing housing for a projected 30,000 people.\(^8^0\) By investing in Russia, the Shanghai Industrial Investment Company (SIIC) behind the project had to contend with often conflicting realities at the urban and state scale. Cooperation with China has been a critical component of the Russian effort to draw more foreign investment to the European side of the country. The Chinese, on the other hand, saw Russia as an attractive destination with more relaxed regulations and less competition than the West.\(^8^1\)

The initial interactions between the two parties proceeded essentially at a state to state level. St. Petersburg's administration had effectively chosen the site, which reflected their preferences for future development in the city. The project's scale enabled it to skirt public tender requirements by taking advantage of provisions for "strategic investors." Furthermore, the administration had indicated their plans for comprehensive redevelopment in the vicinity of the project site, ensuring the consortium had reliable state backing. Yet despite these state-level assurances, SIIC still saw the need to adopt a delicate and conciliatory approach at the local level.\(^8^2\)

The Chinese made clear concessions to local politics in St. Petersburg. The chosen site was not particularly accessible to the city's downtown, but avoided embattling the developer in struggles over infill development closer to the city center. SIIC also agreed to install new infrastructure that would help anchor the area for future development. This suggests that the municipality did not provide any specific incentives for the project. Wary of Russian aversion to perceived Chinese cultural infiltration, SIIC emphasized that the project "would not be Chinese" and

\(^7^9\) Megan Dixon, "Emerging Chinese role in shaping St. Petersburg's urban landscape: Interscalar investment strategies in the development of a residential megaproject," Eurasian Geography and economics 51, no. 6 (2010), 804.
\(^8^1\) Dixon, "Emerging Chinese role," 808.
\(^8^2\) Ibid, 809.
instead bring “the most popular, successful European lifestyle to St. Petersburg.” They were quick to quash rumors that the project would include a Buddhist temple and assured local officials that Chinese would account for less than one percent of residents. The Chinese consortium also adapted their architectural designs to accommodate Russian planning constraints and reflect Soviet design sensibilities.

The Baltic Pearl is an important precedent for Forest City in that it demonstrates a sensitive, measured approach by a Chinese developer that accommodates and balances requirements across scales. Russians are far more culturally dissimilar from the Chinese than Malaysians, and the project initially generated some protest, yet the Baltic Pearl never suffered the dramatic government reaction and widespread controversy of Forest City. The Chinese strategy in Russia first ensured national government support and approval then proceeded to address concerns at the local urban level of St. Petersburg. Country Garden, by contrast, first forged specific arrangements with local power-brokers in Johor and only later addressed concerns from Putrajaya and Singapore through concessions and its DEIA. Country Garden and its Malaysian partners were insensitive to local considerations and priorities. Only after subsequent interventions were project plans adapted to account for local ecology and other important stakeholders such as the Port of Tanjung Pelepas.

**Greenland Abroad**

The state-backed Greenland Group has become one of China’s most prominent real estate developers, with a growing global portfolio of projects. In 2014 it claimed to be the world’s largest property developer by both area under construction and sales revenue. In recent years it has

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85 IRDA director Ibrahim Ismail alleged that there was “a lack of consultative process and engagement with stakeholders.” See “Iskandar Regulator plays down fears of a property glut,” *The Business Times*, Jan. 31, 2014.
become one of the most aggressive in pursuing overseas projects. Since 2013, it has launched projects in over 13 cities across nine countries, among them the US, UK and Australia. Greenland’s foreign push has followed a slowdown in the Chinese real estate market, forcing companies to look outside of China for promising returns. In addition, premier Chinese companies seek to acquire a global branding with high-profile projects in top world cities. Thus far, most Chinese developers working overseas have partnered with local developers to reduce risk and ease their market entry. This may become more difficult, however, as they grow in market share.

The recent Ram Quarter in London is Greenland’s first UK project to break ground. A residential development valued at US $922 million with 661 new units, it is representative of Greenland’s expansive vision. Plans call for “classic south-west London luxury apartments.” They are targeting Chinese investors, for whom London apartments hold great appeal. Greenland partnered with the British firm Krier to undertake the first portion of the project, which involves refurbishing a brewery complex to create new retail space. Greenland is also investing in a new tower in Canary Wharf which could become the tallest residential building in Western Europe. The projects have come under criticism for their small fraction of “affordable units,” which fall short of local council targets. An activist from Tower Hamlets Renters, Glenn McMahon, argued that the projects were “an insult to London,” which “sees property as nothing more than an investment vehicle.” Most units bought by investors would sit empty while thousands remained on waiting lists for social housing.

Another Chinese developer, ABP, is completing plans for a US $2.5 billion project in east London’s Royal Albert Dock, where it seeks to build 4.7 million square feet of office and retail space.

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87 Ibid.
89 Ibid.
92 Ibid.
The development enjoys a range of incentives as part of London's “enterprise zone” and is courting Chinese companies desiring to open UK headquarters.93

In the US, Greenland also became involved in a US $5 billion project to redevelop the Atlantic Yards in New York City, a Brooklyn apartment complex that promises to be the largest property project in the city in over 20 years. The project is a joint venture with Brooklyn-based Forest City Ratner group (no connection to Forest City Holdings Ltd. in China).94 Greenland aims to export its large-scale mixed-use model that has been so successful in China. In the US, they would target young professionals and retirees. They aim to provide a turnkey “one-stop solution”—“the garden, the daycare center, the school, and the public green space.”95 Since they work at such great scale, identifying suitable projects can be very challenging. Greenland was reportedly considering a project in San Francisco, but would not be able to provide any affordable or even middle-class housing. A Greenland representative claimed that the land needed to be very cheap and suggested “government land” be developed as part of a public-private partnership.96

Yet there have been many obstacles and setbacks for Chinese firms conducting business abroad. Greenland itself abandoned a 1,100-unit development in Melbourne after community pushback and delays in receiving approvals.97 It was also reported to be selling a significant stake in the Atlantic Yards.98 Perhaps the most high-profile failure has been the Baha Mar resort project in the Bahamas, a joint venture of the China State Construction Engineering Corporation and Bahamian partners. The mammoth project sought to reinvigorate tourism and was projected to constitute 12 percent of the nation’s GDP. Substandard construction soon caused problems for the Bahamians, who, dependent on Chinese financing, had little sway over their Chinese partners. After

95 Cory Weinberg, "One of the world’s biggest developers hunts for mega projects in Oakland, S.F." San Francisco Business Times, Jun. 30, 2015.
96 Ibid.
97 Cole, “Greenland greenlighted.”
delays cascaded into a bankruptcy filing, the case descended into acrimony. The project now faces an uncertain future. As Forest City and other overseas projects indicate, Chinese developers can expect setbacks and growing pains as they enter foreign contexts.

**Chinese Dream**

The design and marketing of large-scale commodity housing developments in China sheds light on the models and ideologies that large firms employ when they embark on such projects overseas. They amount to what has been termed "the Chinese dream," a distinct vision of the good life that is now being exported around the world through the likes of developers Greenland and Country Garden. Most of these projects are gated and targeted at the growing urban middle class. The Chinese government supports their expansion, because they represent a private mode of financing urban growth. Spending on housing also helps address concerns over capital flight overseas.

Middle and upper class Chinese housing aspirations are best understood as a reaction to the "asceticization" of the Chinese home during the Maoist era. A new lifestyle characterized by individual entitlement and consumption is a repudiation of "the severe constraints on personal life imposed in earlier decades by the Maoist work unit, or danwei." The demise of socialist housing in China has seen the rise of status-seeking consumers eager to assert their new social standing through conspicuous consumption. Almost universally, housing choices convey specific social meanings and cultural significations. Social status and position are established through the nature of

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103 Pow and Kong, "Marketing the Chinese dream home," 137.
of one's dwelling. Yet in China, these linkages are made extremely explicit. Ownership of the right dwelling has become the social signifier par excellence. A *Shanghai Star* article suggested that “owning a house is the most effective way for a young man to offer his beloved one a feeling of security.”104 Far more than space for living in, housing becomes an assertion of social stature and even suitability for marriage.

Out of this context emerges a strong motivation for group differentiation and social distinction. Place-marketing strategies for new Chinese developments consequently “reflect and reinforce exclusivist housing aspirations and privatist visions.”105 Pow and Kong suggest two key resulting themes: “an aura of social prestige” and “the cultivation of a sense of landscape exclusivity.” Chinese developments inevitably emphasize upper class lifestyles and the promise of affluent social homogeneity. Projects are in turn made exclusive through elaborate security, use of renowned architects and proximity to cultural icons. Projects underscore their superlatives, whether it is the largest building, biggest clubhouse, or other attempts at spectacle.

Gates and walls play a central role in such developments by both symbolizing and enabling social differentiation. Different spaces are created for different people, which mandates exclusion of those who would otherwise be “free riders.”106 A survey of commodity housing developments around Guangzhou (among them Shunde Country Garden), found residents almost universally associated gates with security, but also connected them to privacy, belonging and symbolism of the estate. Furthermore, attitudes towards sociospatial segregation were quite positive. The critical views of many Western scholars towards gated living arrangements are not shared by the Chinese. Even residents outside the walls expressed approval of walled estates.107

Especially germane to Forest City, nature and greenery occupy a central role in the marketing of Chinese developments. This is partly rooted in Chinese landscape concept of *shanshui*
(mountain and water) which is frequently employed to lend projects a cosmic aura. It aligns with Fraser's "oasification" in which a constructed natural environment insulates residents from the vagaries of external life.\textsuperscript{108} Nature is also seen as salubrious; developments with a high proportion of greenery are therefore regenerative and restorative. Finally, the garden landscape also has trappings of class and all-important status, private gardens having been historically associated with elite lifestyles.

Chinese urban developments make extensive use of Western styles and are themselves often modeled on Western suburbs. Foreign devices are seen as symbols of modernity, conferring status and prestige on their residents. The application of foreign devices is often jarring: Western architecture and urbanism is "cut and pasted" from its historic context into a distinctly different culture.\textsuperscript{109} Developers appropriate respected Western icons to lend their projects a foreign flair and simultaneously connect residents to a modern lifestyle, which is often closely associated with a Western lifestyle. In Shanghai, the use of Western styles is even linked to nostalgia for foreign architecture from the concessionary period.\textsuperscript{110} Yet Western influences are far from complete. Many dwellings are still built according to principles of fengshui. While exteriors may appear Western, interiors are often configured along more traditionally Chinese lines.

\textbf{Country Garden and its Mainland Chinese Projects}

Country Garden was founded in 1992 in Guangdong by Yang Guoqiang, who remains its current chairman. It underwent rapid expansion, publicly listing in Hong Kong in 2006 and becoming one of Forbes "top 30 Asia-Pacific listed companies" by 2011.\textsuperscript{111} It is now among the top

\textsuperscript{108} Fraser, "Inventing oasis," 27-28.
\textsuperscript{110} Pow and Kong, "Marketing the Chinese dream home," 147.
ten largest real estate developers in China,\textsuperscript{112} with more than 200 projects spread across the country that house 1.5 million residents. Beginning in 2013, it launched its first overseas venture, Danga Bay, in Johor, Malaysia. In its own promotional materials, the company claims to "bring a brand-new living concept and style to the world." It operates on a "fast development, fast sales," high efficiency model, which engages over 1,500 designers out of more than 70,000 total employees.\textsuperscript{113} Country Garden begins a project with a demonstration zone, which has a sales center, landscaping, "commercial set," clubhouse and a range of sample units. It also emphasizes its green credentials, claiming to "pay attention to the protection of the environment."\textsuperscript{114} To this end its headquarters in Shunde, Guangdong, is covered in vertical greenery.

Country Garden's Chinese projects span a wide range of climates and styles, often juxtaposing Western and Chinese iconography. One of Country Garden's earliest projects, Shunde Country Garden, is based near the company's headquarters in Guangdong. In form it vaguely resembles a Californian villa-style suburb, but at much higher density and with dense greenery occupying narrow front yards. Other projects are themed coastal resorts, such as the Holiday Islands is Qingyuan and Silver Beach in Huizhou.\textsuperscript{115} The projects make use of Western classical motifs and architectural devices, yet also include what appear to be a traditional Chinese temple compound. Galaxy Palace in Shenyang presents arresting interiors that make use of a gilded baroque aesthetic including tromp l'oeil ceiling frescoes with cherubs and other figures plucked from Western renaissance painting. Across its range of projects, Country Garden emphasizes green space, nature and waterways. Imagery of plants and wildlife are frequent subjects of its promotional materials.\textsuperscript{116}

\textsuperscript{112} Michael Cole, "Find out which developer led China's top 10 for 2014," Mingtiandi, Jan. 6, 2015.
\textsuperscript{113} Promotional Video "Hope"
\textsuperscript{114} Ibid.
\textsuperscript{115} Ibid.
\textsuperscript{116} Ibid; Forest City Promotional Brochure
Country Garden presents its efforts as if it had a social mission. Mo Bin, the company’s president, claimed that it is a “pioneer of urbanization in China,” dedicated to building affordable houses for the masses. Promotional materials claim “it endeavors to fulfill more people’s dreams of owning a beautiful house,” and as a result enable “more and more people to lead a beautiful and decent life.” The company emphasizes its social contributions, which amount to 2.1 billion RMB for education, poverty relief and medical care. To put this amount in perspective, Country Garden’s net profit in 2015 was almost RMB 10 billion.

As Country Garden embarks on the Forest City project in Johor, it carries with it many of the lessons it learned from over 20 years of designing, building and managing townships across China. Design attitudes, many of which reflect the “Chinese dream,” will inevitably shape the form and execution of Forest City. Yet Country Garden’s Malaysian flagship is also something fundamentally different. The company is not simply building tracts of housing or developing a coastal resort; it is attempting create a new city altogether, down to the very land on which it sits. Forest City presents Country Garden with a unique opportunity, yet also a tremendous responsibility.

![Figure 5 Phoenix City, Guangzhou, one of Country Garden’s mainland Chinese projects. Source: still from Forest City promotional video](image)

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117 Quoted in Promotional Video “Hope”
IV. Analysis of Forest City

Noncompliance and Co-optation

What emerges from the literature on megaprojects and many practical examples is a broad theme of noncompliance and co-optation. By virtue of their scale and exceptionality, megaprojects often exist outside the realm of established regulations and planning structures. Their proponents, who are frequently powerful actors external to planning and government, effectively co-opt the development system to pursue their narrow interests. For such actors, disregard for local populations often mirrors their disregard for plans and regulations; there is very little, if any engagement or consultation with local communities. The Forest City case provides a rich illustration of these processes at work.

Lack of Compliance with Plans

Experience with global urban megaprojects has demonstrated that regional and national planning efforts have minimal influence on the specific path of investment and urban development. Urban megaprojects often lie outside the formal planning system. Their scale, magnitude of investment, or strategic purpose enables them to be considered exceptional. Such projects are generally not included in urban or regional plans or are only incorporated retroactively. They are implemented with provisional measures that can sidestep statutory or regulatory requirements. The case of Forest City is remarkably consistent with these patterns gleaned from the academic literature. The project, or something like it, was not described in any national or regional plans for Johor. In fact, the development directly contradicted existing planning priorities for the site; it was

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1 See, for example, Swyngedouw et al., "Neoliberal urbanization in Europe," and Altschuler and Luberoff, Mega-projects.
initially recommended for protection as an environmentally sensitive area. National regulations, in particular, suggest the scale of reclamation would be illegal without specific approvals, which were generally not granted before reclamation commenced. Even after the project began, it was grossly out of compliance with environmental regulations surrounding an environmental impact assessment. The combination of these factors paints a convincing picture of "exceptionality," where plans, regulations and requirements were openly disregarded.

Existing Plans and Regulations

A 2011 IRDA shoreline management plan for Iskandar Malaysia indicates strong environmental priorities that are entirely incompatible with the Forest City development. The area includes the Merambong Island, a small uninhabited stretch of land near the international border, and the seagrass beds of Merambong and Tanjung Adang shoals—in short nearly the entire area that would be occupied by Forest City. The area was specifically designated for management in order to "protect marine flora and fauna, especially [the] seagrass bed." The only proposed development in this management plan was a small research platform intended to facilitate research on dugongs and monitoring of the seagrass beds. If was further classified as an environmentally sensitive area "rank one," which "disallows any development except for low impact nature tourism, research and education." An IRDA land use blueprint echoes the environmental importance of the seagrass beds, calling them "core conservation areas" where "no further development is allowed, except for eco-tourism, research and education." These appear to have been planning designations, lacking judicial and executive authority, but they nonetheless clearly signal IRDA’s intentions for the region.

3 Swyngedouw et al., "Neoliberal urbanization in Europe."
5 Ibid.
6 Iskandar Regional Development Authority, "Integrated Land Use Blueprint for Iskandar Malaysia" (2011), 18.
Furthermore, the plans indicate a formal initiative to establish the site as a “marine protected area.” At the time (2011), the site lacked formal environmental protection along the lines of nearby areas, but was noted for its environmental value. The blueprint recognizes the marine diversity of the site, its importance as a feeding ground for various marine species and its role as a critical landing ground for migratory birds. The port of Tanjung Pelepas is acknowledged as the principal threat in the area. IRDA intended to cooperate with the Johor Port Authority and Marine Department (Jabatan Laut Malaysia), the agencies with direct jurisdiction over the site, to administratively declare Merambong island and the seagrass beds as a protected area. It outlined a detailed plan to staff the new site, facilitate research, and establish a low-impact tourist industry involving local residents.

The comprehensive plan for the development of Iskandar Malaysia (CDP) includes the land around the future Forest City site as part of its “flagship C,” with primarily industrial land uses. Among the list of prescribed economic activities, including manufacturing, logistics, warehousing, and entrepot trade, residential developments are notably absent. The national physical plan demands that “sensitive coastal ecosystems shall be protected and used in a sustainable manner.” Listed among the “areas that are environmentally sensitive” are the seagrass beds of near Merambong shoal. They are noted as “a nursery and feeding ground, permanent habitat and shelters for fish.” The plan specifically profiles their role feeding areas for dugongs.

The South Johor CDP also places emphasis on protections for existing Ramsar sites of Sungai Pulai and Tanjung Piai, which are within a few kilometers of the Forest City site. The Ramsar convention of 1971, known as the convention on wetlands, establishes a framework for international cooperation on the convention and management of wetlands. Areas designated as

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8 Ibid., 23
Ramsar sites are “wetlands of international importance,” that are critical for conserving biological diversity. Underscoring the importance of this designation, the South Johor CDP identifies a need for “control measures...to protect these special areas...namely those around the Port of Tanjung Pelepas”\(^{11}\)—in other words, the future site of Forest City.

The Malaysian national physical plan (NPP), a federal document, states that any reclamation works larger than 20 hectares must be specifically approved unless already outlined in the plan. Furthermore, NPP generally prohibits coastal reclamation unless for the purposes of security or port development.\(^ {12}\) As the Forest City project was originally estimated at 2,000 hectares on entirely reclaimed land, it clearly violated all these provisions. Another set of environmental laws established requirements for Environmental Impact Assessments (EIAs). The 1987 Malaysian Environmental Quality Order, in combination with the 1974 Environmental Quality Act, mandated an EIA for all coastal reclamation projects greater than 50 ha. Moreover, they require an EIA for the construction of new townships, regardless of size, and for all coastal resort facilities or hotels with more than 80 rooms.\(^ {13}\) Again, the Forest City project fails to comply with all these measures.

**Initial Actions in Johor**

Given that Forest City blatantly contradicted so many plans and regulations at multiple levels, it remains puzzling how the project managed to begin in the first place. Over the course of 2013, Country Garden Holdings Ltd. and a Malaysian corporate entity, Esplanade Danga 88, entered into a joint venture to create Country Garden Pacificview (CGPV), the entity undertaking the Forest City project. On November 8, 2013, five large parcels of marine area were “alienated” to the company, totaling 4,887 acres, or 1,997.7 hectares. All of the parcels were located in the waters off the Straits of Johor, adjacent the Tuas Second Link crossing to Singapore and the Port of Tanjung.

\(^{11}\) “Comprehensive Development Plan for South Johor Economic Region,” 11-17.

\(^{12}\) Forest City DEIA Vol. 5 Sec. C, 5.

Pelepas. The area encompassed the seagrass bed at Merambong shoal, the largest in peninsular Malaysia, as well as a nearby bed at Tanjung Adang.

While the DEIA claims that the “land” lots for the project were contained within mukim Tanjung Kupang, a district of Johor, it is unclear which authorities were required to give their permission for the project. Under Malaysia’s national land code, all foreshore and seabed are considered state lands, which in this case would be administered by the Johor government. Indeed, it was the Johor government that initially approved the project. IRDA planning documents, however, suggest that the project site fell under control of the Johor Ports Authority (JPA) and the National Marine Department, which are both federal bodies. The entire Forest City project fell within the border of the Port of Tanjung Pelepas and directly conflicted with approved expansion plans, according to documents provided as part of the DEIA. Yet there is no mention of CGPV having received approval from the JPA or national marine department in either the project’s DEIA or in media reports.

Figure 6 Parcels “alienated” to Forest City. Source: Forest City DEIA Vol. 1 Executive Summary, 3

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15 Forest City DEIA Vol. 5 Sec. C, 23
The lack of communication between CGPV and federal agencies is quite evident in the complete absence of port directives regarding the reclamation. Despite the proximity of the Forest City reclamation works to the Port of Tanjung Pelepas, no port “circulars” were issued for the entirety of 2014. Reclamation elsewhere in Johor, much of it posing much less risk to navigation, was duly announced throughout the year.\textsuperscript{16} A circular issued in mid-January 2014, for example, when reclamation was claimed to have begun, referred to reconstruction of a jetty near the port. Despite its clear relevance to marine safety and navigation, no reference to the Forest City project appears until October 2015, when a “working area” was established for “reclamation activities in the Tanjung Pelepas Port limit, Johor.”\textsuperscript{17}

A dubious chain of events surrounds the project’s initial approvals and interaction with the Johor Department of Environment (DOE). On January 13, 2014, CGPV received a letter from the Johor DOE informing them that the first phase of reclamation, encompassing 49.3 hectares, could proceed, since it fell under the 50-hectare threshold established under Malaysian environmental regulations.\textsuperscript{18} CGPV then submitted a PAT (Penilaian Awal Tapak), known as a “preliminary site assessment,” for its first phase of the project. Considered a “preliminary screening” for new projects that ensures “compatibility...with surrounding land use and land use planning,” the PAT is required before submitting a formal EIA report. Despite later claims by CGPV that the project—or at least its first phase—did not require an EIA, submitting a PAT suggests that the company did recognize its project was among the list of “prescribed activities” for which an EIA is necessary. As one comparative study on EIA procedures relates, “the reason behind conducting a PAT is to ensure that the proposed site for the EIA project are [sic] being assessed and screened before the submission of the EIA report.”\textsuperscript{19} The contradiction leaves many open questions.

\textsuperscript{16} Malaysian National Marine Department, Southern Region port circulars, 2014.
\textsuperscript{17} Malaysian National Marine Department, Southern Region port circular 32, 2015.
\textsuperscript{18} Letter from the Johor DOE is included in the DEIA Vol. 5 Sec. B4.
\textsuperscript{19} Maisarah Makmor and Zulhabri Ismail, “A comparative study on EIA process in Malaysia, West Australia, New Zealand and Canada,” Jurnal Teknologi 70, no. 1 (2014), 17.
According to reports of other projects in Johor, DOE approval indicates that the project was deemed compatible with the gazetted structure and local plans, land use, buffer zones and other general requirements.\textsuperscript{20} Since a host of evidence suggests quite the opposite, the result is striking. It is difficult to believe that the Johor DOE—an agency tasked with environmental protection—would be ignorant of the presence of seagrass in the proposed reclamation area.\textsuperscript{21} This suggests that they either willfully ignored the environmental implications of the proposed reclamation or were otherwise swayed. It is also difficult to believe that they were unaware of the overall scale of the project and therefore allowed the first stage to proceed without an EIA. Even in the slight chance that they knew nothing of CGPV’s ultimate ambitions, land records would have indicated that the project spanned a vastly greater area than 50 ha.\textsuperscript{22} Hana Badriah, a planner at IRDA who previously worked at the Johor DOE, noted from her experience that “the whole plan for a development needed to be submitted before it could begin.”\textsuperscript{23} A project would be rejected if its proponent only a portion or first phase. Badriah remains puzzled how the project gained approval without a DEIA, especially since both the state and federal DOE have power to require an EIA for reclamation independent of the statutory threshold. “It’s funny that the state wouldn’t ask,” she noted.

By its own admission, CGPV began reclamation work on January 22, 2014. Given the time needed to arrange the ships, earth-moving equipment and other physical infrastructure necessary for reclamation, CGPV must have been all but certain of the approval and massed its resources in anticipation. Yet accounts from local residents contradict even this compressed timeline. According to Serina Rahman, a resident of the Tanjung Kupang area nearest the Forest City site who runs an environmental NGO, reclamation actually began on January 1, 2014, well before any dates given in the DEIA. She further asserted that the area had been surveyed and marked out even earlier, at the

\textsuperscript{21} The plot, PTD 4102, cut directly across Merambong shoal, the largest seagrass bed in Peninsular Malaysia, something that should have been immediately evident to staff at the Johor DOE
\textsuperscript{22} Forest City DEIA executive summary, 2.
\textsuperscript{23} Hana Badriah, interview by author, Aug. 19, 2015.
end of 2013, a claim supported by Kartine Majid of Johor developer UEM Sunrise. No locals had been consulted or even informed about the project prior to the start of reclamation.

CGPV began work by constructing a causeway from the mainland to main body of their nascent island. Its path bisected the Merambong shoal seagrass bed, smothering much of the bed and restricting water circulation vital to its ecology. Rahman, who later met with Country Garden representatives, related that they were ostensibly ignorant of seagrass ecology and the damage done by reclamation. She noted that “they were genuinely amazed by what we were telling them [about the seagrass]” and thought they “actually want to do something to make up for how much they have screwed up already.” She instead places blame on “local parties,” who were insistent on “pushing this [Forest City project] through.”

Confusion, CGPV Response

Among Johor officials, there was a great deal of confusion and misinformation surrounding the Forest City project. By the beginning of June 2014 the project had attracted substantial attention and authorities were now under heavy scrutiny. Responding to inquiries from the now-defunct Malaysian Insider, Johor State health and environment committee chairman Ayub Rahmat said on June 23 he thought it unlikely that Forest City would have no environmental impact assessment: “It is improbable that there is no EIA report if it is indeed required.” He went on to argue that “whether it’s a big or small company doing the project, I’m sure they know the law so let’s not politicize the issue until we find out facts.” Yet days later, Rahmat announced that CGPV would be expected to prepare a DEIA (detailed EIA) report. He added that “given the large area

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25 Forest City DEIA Vol. 5 Sec B.6, 24
27 Ibid.
involved the DEIA is crucial as it allows a better assessment of the project’s potential environmental impact.”

Earlier in the week, Johor DOE director, Moktar Abdul Majid had defended the absence of the EIA, contending “as the area reclaimed is not more than 50 acres [hectares], it does not require the EIA report.” Yet again, shortly afterwards, the Johor Mentri Besar (chief minister) Khaled Nordin claimed in the state assembly that while the project was under 50 hectares and would not require a detailed EIA, it would require a preliminary EIA: “in view that the project is inclusive of a hotel equipped with 80 rooms, the developer is required to prepare a preliminary EIA report as stipulated under the Environmental Quality Act 1974.” Why this other provision had not been acted upon earlier to mandate an EIA (either preliminary or detailed) remains unclear. In any case, the Forest City DEIA claims that the DOE Johor “issued a letter requesting for a Detailed EIA for the proposed reclamation,” on June 6, well before any of the above remarks.

A closer look at the threshold of 50 hectares reveals it to be a flimsy rationale for failing to complete an EIA. In addition to Johor officials, CGPV also makes wide use of the argument throughout its responses to public questions and focus group discussions with nearby stakeholders. When asked variations on “how was the reclamation done before the approval of the DEIA,” CGPV reliably responded that it had “obtained clearance for the reclamation for its pilot project...measuring 49.3 ha. Any reclamation project less than 50 ha does not need a DEIA study.” CGPV attributed the later change in course to “developments after the initial works.”

While the 50 ha threshold is legitimate, the argument is specious; it implies that any developer intent on reclaiming more than 50 ha could skirt the rules by subdividing the project and obtaining separate approvals for each phase. Environmental policy researcher Chung Yi Fun

30 “Reclamation work at Johor Straits only involves 49 acres, no EIA report needed,” The Star, Jun 23 2014.
32 Forest City DEIA Executive Summary, 3
33 Forest City DEIA Vol. 5 Sec. B.6, 7
weighed in on the issue, claiming "if you reclaim in parcels of 49 hectares to circumvent the DEIA, then it defeats the purpose of having a DEIA at all." The only sensible interpretation demands that EIA requirements apply to a project in its entirety and not cherry-picked sections. Furthermore, as chief minister Khaled Nordin alluded to in "hotel with 80 rooms" justification, a number of other provisions apply to the project that mandate an EIA irrespective of the amount of reclamation. New townships, for which Forest City clearly qualifies, and new coastal resort developments also mandate EIAs.

CGPV's confronted a wide range of pointed questions regarding its lack of compliance with plans and regulations. The clearest articulation of CGPV's response is found in its published answers to public questions and stakeholder discussions. Revealingly, in almost every case CGPV declines to engage with the particulars of compliance, instead noting that the project obtained "zoning approval" from the Johor government. In particular, CGPV makes repeated reference to a letter from UPEN Johor (the Johor State Economic Planning Committee) received on September 3, 2014, which notes that state planners have approved the project and determined that the project did not need to be referred to the national physical planning committee. The implication, presumably, is that such approval is sufficient to establish Forest City's legality. Yet the letter was issued nine months after reclamation commenced, a point that remains unaddressed. CGPV goes on to say that Forest City will be incorporated into the relevant plans in the "near future." They also claim that "the project is approved because it will bring economy [sic] growth and benefits to the communities, state and country."

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35 Appendix 2 Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987
36 E.g. Forest City DEIA Vol. 5 Sec. C, 8.
37 Forest City DEIA Vol. 5 Sec. B.6, 9.
Outside Actors -- Role of the Sultan

Sultan of Johor Ismail Ibrahim played the defining role in bringing about the Forest City project. The Johor monarch, also known by his royal title "Tuanku," invited Country Garden to invest at an early stage, and then took a large financial interest in the project. There is ample evidence to suggest that Forest City is indeed "the Sultan's project." Ismail Ibrahim's central involvement points to another theme in the megaprojects literature: the tendency of actors outside the formal structures of planning and development to co-opt strategies and reorient objectives to suit their own interests. Certain entrepreneurial actors, by virtue of their standing or influence, successfully advocate for large-scale interventions that are incompatible with existing planning priorities conceived through more democratic or inclusive means.

Background on Malay Sultans and the Sultan of Johor

Hereditary Malay Sultans rule nine of Malaysia's 13 states. Each rotates through a five-year term as Agong, the king of the Malaysian federation. Malay sultans act as constitutional monarchs and stewards of Islam. At the federal level, the Prime Minister and his cabinet make executive decisions. Chief Ministers, or menteris besar in Malay, hold executive power at the state level. Until 1983, Sultans wielded considerably more power, enjoying legal immunity and a royal veto over legislation. That year, the administration of Mahathir Mohamad brought in sweeping constitutional changes intended to curb their influence. Parliament and state assemblies were empowered to overrule the royal veto following a prescribed waiting period. Subsequently, in 1993 royal families were stripped of legal immunity following allegations of assaults on citizens in Johor, including by the current Sultan's father and younger brother. Mahathir justified the changes on the grounds that the monarchs could not be trusted to act on the advice of elected officials, as in the UK. He also

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38 Abu Talib bin Khamis, interview by author, Aug. 17, 2015.
39 See, for example, Altshuler and Luberoff, Mega-projects; Kennedy, "Large-Scale Urban Planning."
41 Ibid.
reflected on Malaysia's colonial history, where "rulers could be so easily persuaded to make wrong
decisions." In theory, then, Sultans in Malaysia are now closer to figureheads. In practice,
however, they remain immensely influential in both the economic and political affairs of their
states. Chief Ministers, for example, are still appointed by the Sultan in a number of states, including
Johor.\footnote{42} Born in 1958, the current Sultan of Johor Ismail Iskandar enjoyed a highly international
upbringing. He is the son of a Malay father, Johor Sultan Mahmud Iskandar, and a British mother,
Josephine Trevorrow, who adopted an Islamic name after marriage. The two met while Mahmud
was studying in the UK. Ismail trained as a military officer and studied diplomacy and international
relations at Tufts University. He reportedly completed coursework related to the International
Laws of the Seas, later to prove relevant in disputes with Singapore over reclamation.\footnote{44} After
ascending to the crown on the death of his father in 2010, Ibrahim has been intensely active in the
business affairs of the state. He made several notable investments and acquisitions in past years,
including a 20 percent stake in Berjaya Times Square (reportedly worth RM 250 million), a
shopping center in Kuala Lumpur, and a majority stake in REDtone international, a Malaysian
telecom provider, among many others. Serina Rahaman, a Johor resident, posits that the Sultan
pursues such deals, especially opportunities in Johor, in an effort to edge out "federal level cronies,"
who might otherwise dominate local players.\footnote{45} As of 2015 he had reportedly amassed a fortune
worth over $1 billion.\footnote{46} He lives a high-profile lifestyle with the full trappings of wealth and royalty,
including several palaces in Johor, a customized Mack "palace truck" and recently a private Boeing
737.\footnote{47} The Sultan has in the past faced allegations of criminal misconduct, including several assaults

\footnote{43} See, for example, Tunku Zain al-'Abidin Muhriz, \textit{Abiding Times: An Insight into the Minds of Malaysia's
Thinking Youth} (Singapore: Marshall Cavendish Editions, 2010), 61.
\footnote{44} "10 things to know about the Sultan of Johor," \textit{The Straits Times}, Mar. 20, 2015.
\footnote{45} Serina Rahman, interview by author, Jul. 17, 2015.
\footnote{46} Taylor, Paige. "Malaysian royal pays $8.5m for a little ray of Sunset." \textit{The Australian}, May 21, 2015.
\footnote{47} "Sultan of Johor buys 'palace truck'" \textit{The Straits Times}, Oct. 17, 2015.
in nightclubs and even a shooting, all of which were dismissed because of immunity rules then in place.48

In spite of the fact that he already exerts great influence in Johor, the Sultan has repeatedly sought to consolidate and increase his power. A bill proposed in 2014 to address affordable housing issues would have given the Sultan uncontested power to appoint members of the new housing board, set their pay, and even dissolve the board.49 The law was eventually modified to shift these powers to the state government after it encountered heavy resistance. In December 2015, the Sultan unilaterally declared a ban on electronic or “vape” smoking devices. The sudden decree immediately raised issues of due process. Legal experts contended that “the Sultan as a constitutional monarch cannot just issue a decree on vapes.”50 Most recently, the Sultan has called for the federal government to repeal earlier amendments that limited monarch’s powers. The Johor ruler claimed “it is not proper to limit or abolish the power of the King or Sultan in examining and giving their royal assent to laws.”51 Perceived weakness in the federal government, which has been marred by an ongoing financial scandal, may be encouraging the Sultan’s ambitions.

**Deal with Guangzhou R&F**

Among the Sultan’s many ventures, his investments in Johor property have proved most controversial. One deal in particular with Chinese developer Guangzhou R&F can perhaps shed light on his dealings with Country Garden. In December 2013 the Sultan reportedly made RM 4.5 billion through the sale of 116 acres of prime land flanking the causeway in Tanjung Puteri, at the heart of Johor Bahru.52 The area had formerly been owned by the state government and was acquired by the Sultan for roughly RM 200 million, an order of magnitude less than his subsequent sale to

Guangzhou R&F. Facing public and press scrutiny over the deal, the Sultan explained his actions in an interview:

For example, the Princess Cove project [by Guangzhou R&F] in Tanjung Puteri.

Some people wanted the land for free to be injected to some major public listed companies. There were two people who wanted the land...An independent evaluation was done on Tanjung Puteri and a price was offered based on the market value. I paid the government above its market value [for the land]. I rounded up the figure offered and made the government an offer they could not resist...I did not take the land free of charge. I paid extra for the land because I want the state government to make money, which will be channeled back to the people.53

In what he termed a “transparent dealing,” the Sultan claimed he had essentially paid double for the land, which was assessed by the government at RM 100 million. He then entered into a joint venture with the developer Guangzhou R&F, in which he somehow acquired a 30 percent stake in the project. The Sultan then explained how he managed the RM 4.5 billion deal:

I have a 30 per cent share with the joint venture company. I foresee a RM 100 billion gross development value (GDV). Under the normal industrial norms, you will make at least, even in the worst scenario, between 20 and 25 per cent in profits. So I did basic arithmetic. What is 30 per cent of 20? That is six billion. That is the profit at the end of the day in 10 years by looking at the GDV. But, do I want to wait 10 years? Would I know when the market will weaken?...I am not willing to take that risk. I asked for my profits in advance and in return, I offered them a RM 1.5 billion discount. That is how RM 4.5 billion came up. I did not sell but I took profit in

53 "It will be insane to tell investors not to come to Johor," New Straits Times, Mar. 22, 2015.
advance...I didn’t lobby anybody. It was a transparent deal that will see Johor progress in the future.\textsuperscript{54}

The Sultan did not elaborate on the specifics of the joint venture or how much he had invested in order to acquire his 30 percent stake. Assuming as given the Sultans 20 percent profit figures, this suggests that investment in the project would have totaled RM 80 billion, placing the Sultan’s share of investment at RM 24 billion. It is evident the Sultan did not invest this amount, given that it would exceed his net worth several times over. More likely, he was granted his stake in the development for facilitating the land acquisition or for other, unexplained reasons. His math further departs from much of business and financial sense. Any reasonable discount rate for a speculative project like that of Guangzhou R&F would yield a vastly lower value for profits in the present term.

The Sultan’s deal with Guangzhou R&F came amidst a dramatic growth in large-scale real estate projects by Chinese developers. Local Malaysian developers worried that the market could become rapidly oversupplied.\textsuperscript{55} The government in 2013 had already implemented “cooling down measures” intended to stem rising property prices and speculative buying. Malaysian developers were responding by scaling back new launches or shifting to landed properties.\textsuperscript{56} Some also questioned whether the Sultan’s “sale of prime state land to China” was “politically insensitive.”\textsuperscript{57} Both ruling and opposition parties took issue with the sale of land to foreigners.\textsuperscript{58}

Yet there was little vocal opposition to the Sultan’s deal. The Sultan is held in great esteem, even awe, by Johor citizens. Malay \textit{adat}, referring to customary practices and tradition linked to Islam, in general prohibits opposing the Sultan. As a traditional Malay monarch, publically criticizing him is “seen as a social taboo.” An unnamed Johor businessman interviewed by

\textsuperscript{54} Ibid.
\textsuperscript{55} Khalid, “A gathering storm.”
\textsuperscript{56} Vanitha Nadaraj, “Is the Bubble Going to Burst in Iskandar of Is there a Plan B,” \textit{The Establishment Post}, Nov. 11, 2014.
\textsuperscript{57} Khalid, “A gathering storm.”
\textsuperscript{58} Khalid, “Is another constitutional crisis brewing in Johor?”
Malaysiakini (an independent media outlet) confirmed that “yes, there is definitely a fear factor.”

 Concerns over repercussions are well grounded; in the past, critical bloggers have been threatened with colonial era sedition charges. Off the record, however, Johoreans expressed deep dissatisfaction with the Sultan’s business activities. A Johor lawyer quoted by Malaysiakini: “With all due respect, he (the Sultan) shouldn’t be involved in business. This is the first Sultan known to Malaysians to sell land to China. And it is prime city land. It is unprecedented.” The same lawyer argued that royalty should be “above politics.” Given that the Johor Sultan receives a generous RM 27,000-a month allowance from the government, “they don’t need to be in business.” His influence and special role suggest that it would be difficult, if not impossible, to compete with the Sultan. The Sultan, for his part, argued that since he did not bid on projects, he was not in competition with others: “I am not like any ordinary businessman…I buy shares. I sell shares. I study about shares.”

The Sultan’s Role in Forest City

Given his history of business dealings and record of close involvement in Johor affairs, it is unsurprising that the Sultan initiated the Forest City project.

Forest City, which will be built in southwest of Johor, was my idea. I brought the Forest City investors in. The developers took into consideration my ideas. The investors visited the proposed site and established that it was strategically located. They have confidence in the government and me, and they are also comfortable here in Johor, which is peaceful, united and strategically located.

The Sultan went on to claim that the project would generate income for the government through fees and quit rents. People in Johor would benefit from “spill-over effects” including retail opportunities and “upgrading our transportation system.” He further claimed it would create

59 Khalid, “A gathering storm.”
61 “It will be insane to tell investors not to come to Johor.”
62 Ibid.
250,000 job opportunities for residents of Johor. The Sultan dismissed concerns over Chinese investment, asking “what is wrong if developers from China want to invest in Johor?...we have an open-door policy; every reliable investor is welcome to invest in Johor.” He added “if there are any Americans, Britons, Australians...who would put money in Johor, they are welcome, but where are they?” “The Chinese have the confidence and foresight to believe that their money is well spent.”

According to media reports, the Sultan had been concerned that development and investment had been spread unevenly across the Iskandar Malaysia region. Othman Yusof, the executive director of CGPV, later commented that “this area was spotted by our sultan who in fact wanted to see balanced development.” Under the Iskandar masterplan prepared by the Iskandar Regional Development Authority (IRDA), the southeastern side of the state had become the focus, while the south-western edge was being ignored. Yusof added that “We have a sultan who is very visionary...he is the one who urged investors to come in, to convince investors—which is Country Garden – to come to invest in this area,” Country Garden’s regional president for Malaysia, Kayson Yuen, stated that the company studied the project for more than a year before they decided to invest. If true, this would suggest that the Sultan first reached out to them some time in 2012, before Country Garden had even announced its first Malaysian project in nearby Danga Bay.

Michael Grove, a partner at planning firm Sasaki, which is providing master-planning assistance for Country Garden, suggested that Danga Bay was merely “a way to get a footprint early on...build relationships and test the market.” He suggested that it was “a case study,” implying that Country Garden had much grander ambitions at the outset.

Dr. Serina Rahman also suggests that Forest City is part of a larger political power play by the Sultan. Since the project lies entirely within the concession boundary for the Port of Tanjung

63 Ibid.
64 Wong and Benjamin, “Sultan of Johor speaks his mind.”
65 Nigel Aw, “Johor sultan ‘initiated’ Forest City mega project.” Malaysiakini, Mar. 19, 2015.
Pelepas (PTP), it seriously compromises the port’s ability to pursue its current expansion plans. PTP is operated by federal interests, and has enjoyed historically poor relations with the nearby kampong communities, who are generally staunch supporters of the Sultan. Seen in this context, Forest City is a means of asserting Johor state control over a federal outpost. Even if there are local impacts, the Sultan could then claim, as he has on several occasions, that the project is expressly for the state, while the port represents outside interests. Maimunah Jaffar, the head of planning and compliance at IRDA, further notes that “anything with no previous legal ownership arrangement belongs to our king and to the sovereignty of Johor. That is why reclamation can be the easiest way to bring in economic growth, because land belongs to the state and most importantly, it belongs to the Sultan.” Jaffar’s conflation of the state and Sultan speaks to his influence but does not acknowledge the complex web of authorities with control over the site of Forest City.

CGPV reportedly paid a land premium of RM 225 million to the Johor state government for titles to the marine area that would become Forest City. Malaysia’s National Land Code holds that any individual or organization can apply for “any state land.” If the application is approved, a leasehold title of no more than 99 years is granted, and a fee, called a “land premium” is due to the state. The amount is determined by state assessors based on “market value...which takes into consideration the land use applied for,” yet comparable cases suggest that the assessments are drastic underestimations. For its Danga Bay project, Country Garden spent RM 900 million for a mere 22.26 hectares from Iskandar Waterfront Holdings, a private company headed by property magnate Lim Kang Hoo. By contrast, the Sultan reported that 116 hectares of prime land in Tanjung

68 Dr. Serina Rahman interview by author, Jul. 17, 2015.
72 Choong En Han, “Country Garden to launch maiden Malaysia project with GDV of RM 10bil,” The Star, Jul. 29, 2013
Puteri was valued by the state at RM 100 million. He reportedly “paid double” but proceeded to enter into the deal with Guangzhou R&F that would net him RM 4.5 billion. While both Tanjung Puteri and Forest City required extensive land reclamation, which would suppress the value of the title, such dramatic price differentials suggest that state assessments bear no resemblance to true “market value.”

As he had done with Guangzhou R&F, the Sultan entered into a joint venture with Country Garden Holdings Ltd. to carry out the Forest City project. The new corporate entity, Country Garden Pacificview Sdn. Bhd (CGPV) was a 66 percent-34 percent split between Country Garden Holdings Ltd., the majority shareholder, and Esplanade Danga 88 Sdn. Bhd. (Sendarian Berhad, the Malaysian equivalent of inc.) representing the Sultan’s interest. For months media reported instead that Forest City was a joint venture of Country Garden and Kumpulan Prasarana Rakyat Johor (KPRJ), Johor’s public investment arm. This concealed or at least downplayed the Sultan’s involvement, giving the impression it was a partnership in the public interest. According to corporate filings, however, KPRJ owned only 20 percent of Esplanade Danga 88, and potentially less when considering the type of shares it was issued. The remainder was controlled either directly by the Sultan or by Daing A. Malek, a member of the royal court of advisors and the Sultan’s close associate.

Speaking well after reclamation began, CGPV executive director Othman Yusof implied that the Sultan was somehow magnanimous in voluntarily giving some shares to KPRJ, since “he could have just done it by himself with Country Garden.” Later asked if it was misleading to represent KPRJ as the primary local partner, Othman Yusof simply noted that “representatives of KPRJ also sit on the board of CGPV to oversee the operations of the company.”

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73 Wong and Benjamin, “Sultan of Johor speaks his mind.”
74 Aw, “The case of Forest City and the Johor sultan.”
75 Kathy Fong and Ho Kay Tat. “Cover Story: Forest City poses no threat to anyone, says ED,” The Edge Weekly, Oct. 23, 2014.
breakdown only emerged publicly in mid-July 2014 as a result of investigative reporting by independent news outlet *Malaysiakini*, for which it won an award.\(^76\)

It remains unclear how the Sultan managed to acquire such a large stake in the project at an early stage. As with Guangzhou R&F, the Sultan appears to have been given the stake in exchange for facilitating Country Garden’s venture in Johor. According to Serina Rahman, a resident near Forest City, “the family of the sultan always gets a stake in these types of projects.” Furthermore, “the Sultan is quiet about his stake; often the race aspect comes out when people are angry it is a Chinese project, but the role of the Sultan is often ignored.”\(^77\) While clearly contrived for personal gain, Forest City demonstrates the Sultan’s adeptness in managing his public image. Early reports of the project suggested it would house a stadium for the wildly popular Johor football team.\(^78\) CGPV is a top sponsor and its logo is displayed prominently on the team’s jerseys. Rahman concludes that the Sultan is adept at “bread and circuses,” and ultimately believes that he can act with impunity, since Johor is effectively “his people and his country.”\(^79\)

When Forest City had subsequently stalled to complete its environment impact assessment, the Sultan lashed out the federal government for its perceived meddling. Speaking at the opening of a session of the Johor state assembly, he underscored the importance of environmental issues, but proceeded to condemn “irresponsible quarters”\(^80\) who use the EIA as a weapon to stop development. The Johor ruler suggested that states, and not the federal government, should have final jurisdiction over environmental matters and that “a state environmental body should be set up.” More broadly, the Sultan criticized external influence in Johor affairs, arguing “Johor is for the people of Johor and only the people know the conditions and needs of the state, so why are there

\(^{76}\) Nigel Aw, SOPA publishers award (Hong Kong).

\(^{77}\) Serina Rahman, interview by author, Jul. 17, 2015.


\(^{79}\) Serina Rahman, interview by author, Jul. 17, 2015.

outsiders who are trying to interfere."\textsuperscript{81} In another speech, the Sultan openly criticized the actions of the federal DOE, saying in a speech "such action obstructs the state’s development and causes investors to run elsewhere."\textsuperscript{82}

The Johor Sultan’s interest in land reclamation projects extended well beyond Forest City. He was also behind the 1,410 hectare Benalec Holdings Oil Terminal, a project not far from Forest City, to build an industrial oil and gas hub. The Sultan’s son, Johor crown Prince Ismail Idris and his associate Diang A. Malek were named directors of the project.\textsuperscript{83} Furthermore, the Johor Sultan has extensive interests in the business of sand extraction through the firm Mados Sdn Bhd. It holds concessions to harvest sand from Raimuna Shoal, off the east coast of Johor, incidentally where sand for Forest City is being sourced. The company had earlier come under scrutiny for operating without an EIA in spite of federal requirements, and preventing fishermen from entering the concession area. A lawsuit by fishermen proved unsuccessful, but drew sympathy from Johor politicians, who described their plight as “having sand thrown in their rice bowl.”\textsuperscript{84} The Sultan appears to be involved at every stage of the value chain.

**Lack of Engagement and Conflict with Local Stakeholders**

As monumental endeavors backed by powerful interests, urban megaprojects have been found to undermine processes of public participation and democratic engagement. Given their status as “exceptional,”\textsuperscript{85} they are not subject to the same standards of public accountability applied to general urban development. It is clear that Forest City was conceived of and enabled by the Sultan and an ambitious Chinese developer in absence of public review or even public comment. The communities closest to the project learned of its existence only when ships began dumping

\textsuperscript{81} Ibid.
\textsuperscript{82} Summer Zhen, "Country Garden’s ambition in Malaysia backed by Johor’s royal family," \textit{South China Morning Post}, Feb. 11, 2016.
\textsuperscript{83} Gomez, "No EIA, but Johor coastal reclamation project already underway."
\textsuperscript{84} Nigel Aw, "Of reclamation, sand and the royal company." \textit{Malaysiakini}, Jul. 17, 2014.
\textsuperscript{85} Swyngedouw et al. (2003), 543., Warrack (1993), 5.
sand into the Straits of Johor. Virtually everyone involved, from local politicians to
environmentalists and government figures in Singapore were taken by surprise. Yet CGPV’s lack of
public engagement continued well after reclamation began. A public meeting in September 2014
was the company’s first major community outreach effort, and only occurred as a mandatory aspect
of the DEIA. When they misrepresented the community’s support, CGPV felt the brunt of public
anger. One Star editorial proclaimed the project—the largest land reclamation effort ever
undertaken in Malaysia—as “a seemingly classic story of rampant big business, huge profits and
nagging controversy.”

Lack of Engagement

According to teacher and local Kampong Pok resident Baktiar Jaffar, Forest City was an
“instant noodle project”—it appeared out of nowhere. Though the later EIA claims CGPV
consulted locals, he was not aware of anyone who knew anything about the project at the time
reclamation began. Fishermen similarly claimed that no one in their villages had been consulted or
even notified before barges arrived and began dumping sand in the Straits. Abu Talib bin Khamis,
who lives in Kampong Pendas nearest Forest City, noted that company representatives later talked
to village heads, but that only came weeks later. In any case, the village heads neglected to pass on
any information.

Opposition politicians, particularly those representing the districts near the project, were
among the first to realize that something dramatic was stirring in the Strait. Cheo Yee How, DAP
Johor State Assemblyman, explains that an island had suddenly appeared where only water and

86 "Forest City – more clarity please."
87 Bakhtiar Jaffar, interview by author, Aug. 1, 2015.
88 Abu Talib bin Khamis, interview by author, Aug. 17, 2015; Sharil interview by author, Aug. 1, 2015; and
Harun bin Awang, interview by author, Aug. 15, 2015.
89 Abu Talib bin Khamis, interview by author, Aug. 17, 2015.
90 Bakhtiar Jaffar, interview by author, Aug. 1, 2015.
seagrass had existed before. He and his colleagues had received no warning or advanced notice, having instead been tipped off to the reclamation activity by local fishermen. He and other DAP members such as Lim Kit Siang and Boo Cheng Hao made repeated inquiries at the Johor state government but were mostly rebuffed; the government divulged few details and simply claimed the project would be beneficial for the state. It was only much later, after Country Garden was forced to complete a DEIA statement, that they learned details of the project along with the general public. The complete lack of consultation was a serious concern for How and his political colleagues, who couldn’t even find a “signboard bearing the essential details of the project erected anywhere within the construction site.” There was a complete lack of public information or consultation, he claimed.

Some 9,400 people were estimated to live in the project’s study area, defined as a 5-kilometer buffer from the perimeter of the Forest City islands. Most resided in small Malay villages, or Kamponds, which traditionally have large families. More than 60 percent of the population had resided in the area for 30 years or more. A sizeable fraction of residents, numbering about 250, were fishermen. The DEIA consultants estimated that there were 1,880 households in the area and devised a 10 percent random sample of household heads, totaling 180 individuals. Their survey found mixed perceptions of the project, with fewer than 30 percent agreeing it would bring employment opportunities to their household, but over 80 percent believing it would raise their standard of living. Virtually all respondents agreed that Forest City would shrink the fishing ground, and well over half, including almost three-quarters of fishermen, felt the existing population would be marginalized. Troublingly, only around 40 percent of the sample interviewed actively knew about the project, raising concerns that interviewers could easily bias results. Although the DEIA

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92 Ibid.
reports that roughly two-thirds of the respondents agreed the project was acceptable, the actual survey questions are not provided. Furthermore, fewer than 10 percent of fishermen agreed.94

Having been the subject of media scrutiny all summer, Country Garden faced its first serious public meeting with residents on September 21, 2014, in Kampong Pok. The hearing, a requirement for the DEIA, went off uneventfully until CGPV began discussing a survey they had purportedly conducted in the community, which reported that 70 percent of those interviewed believed the project would be a net positive. Cikgu Hanifi, a man in the audience, immediately disputed the survey since no one in the village had heard about it. While CGPV claims they took a 10 percent sample of household heads in areas near the project, many could not believe the levels of support. Indeed, Bakhtiar Jaffar, who has lived in the community for decades, could not find a single person who had been interviewed. He reportedly heard that “two of the families they interviewed were Indonesian.”95 Local residents claimed it would lead to the loss of their livelihood and accused the developer of “bulldozing the project through the area without their knowledge.”96 The dramatic upwelling of anger and pointed questions took the developer by surprise.

The media response broadly condemned Country Garden for appearing out of touch and belligerently forcing its vision on residents. Reporter Roy K. Nandi argued the project was delayed and complicated because the authorities did not engage properly with stakeholders. Despite KPRJ’s (the Johor State investment arm) stake in the project, “there was no attempt at strategic communication with the stakeholders” by any of the relevant Johor authorities. At the disastrous meeting in Kampong Pok, a KPRJ officer had “chided the villagers for being anti-development.” The villagers’ willingness to voice their convictions and speak back to the authorities was rare and even more remarkable from a group of staunch government supporters. Roy saw merit in the project,
but felt it had so far been a public relations disaster: "You cannot simply move in and expect the people to buy in." 97

**Lack of Engagement: Major Stakeholders**

In addition to local residents, CGPV also failed to initially engage with prominent local stakeholders such as rival property developers and the Port of Tanjung Pelepas (PTP). Much of what is known about their subsequent interactions is a result of focus group discussions that were required as part of the DEIA. Two developers in particular, Sunway Iskandar Sdn Bhd, and UEM Sunrise Berhad, distinguished themselves with dozens of often pointed questions that get to the heart of CGPV's lack of communication. Sunway Iskandar, developer of a project in Nusajaya nearest Forest City, complained that the massive release of units projected as part of Forest City was not envisioned in various "control plans" and therefore would adversely impact the "take-up rate" on their development. What had been planned as a 10-year project might now require 20 years. 98 They asked sardonically if CGPV is planning to compensate Sunway’s investors, whose investment expectations will have to be dramatically reevaluated. UEM Sunrise echoed this concern, noting an "unplanned supply of properties...leading to a collapse in the property market in Johor." CGPV claimed in response that Forest City was an "international project" that would pull from a wide pool of buyers. They claimed other developers have already enjoyed a "first mover advantage" and that Forest City would be prepared for competition. 99

Similarly, PTP argued that Forest City violated the boundaries of its existing concession and severely disrupted its long-term expansion plans. PTP would have to forego two additional dock facilities to the east of its current facility, which it claimed were necessary to accommodate projected future demand. PTP emphasized its legal right under current master plans to pursue its expansion objectives and expressed concern that it would eventually become uncompetitive with

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98 Forest City DEIA Vol. 5 Sec. C, 3.
99 Ibid.
rival ports such as Singapore if Forest City was allowed to proceed. CGPV responded by underscoring that the project had obtained legal land titles and had been formally approved by the state government. Accordingly, they had “valid and legal mandatory from the authority for this development.” CGPV made small concessions in resolving a small conflict involving overlapping land titles and providing some buffer between Forest City and PTP, but otherwise did not acknowledge PTP’s plans or existing rights. CGPV nonetheless expressed hope that the project could “synergize” to promote regional development.

CGPV Response

Responding to accusations that they had not engaged with residents near Forest City, CGPV claimed that several private consultations had been conducted and that the public dialogue in Kampong Pok served as an adequate engagement. Moving forward, Country Garden committed to fund CSR programs that would vaguely ensure local communities “benefit from and are able to participate in the project.” While tacitly acknowledging that the fishermen would lose their livelihood, CGPV claimed that opportunities afforded by the project could generate more income for the fishermen than they made at present.

CGPV explained its perceived lack of consultation with area fishermen by pointing to specific “private engagements” through PNKJS (the Johor fishermen’s association) and “representatives from adjacent villages.” Without acknowledging any past shortcomings, they emphasized engagements being conducted as part of the DEIA study, which required public dialogues. Country Garden also pointed to specific focus group discussions, all of which were held as requirements of the DEIA. They also pointed to a survey conducted among villagers for the DEIA.

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100 Ibid., 22-24.
101 Ibid., 33.
102 Forest City DEIA Vol. 5 Sec. B6, 20.
including questions on the villagers’ perceptions of the project and whether they thought the project would provide more advantages than disadvantages.\textsuperscript{103}

The glaring shortcoming common to CGPV’s statements is that every single public consultation and engagement they conducted occurred long after reclamation had begun. Even among “private consultations,” none preceded the start of the project.\textsuperscript{104} Moreover, much of CGPV’s public engagement occurred because it was mandated under the terms of the DEIA; it is unclear if it would have happened at all had it not been required. Rules governing environmental impact assessments in virtually every case demand that all data and social research be gathered well before the development commences.\textsuperscript{105} Given that the project was already underway, it is difficult to rigorously gauge public opinion on the project; many may have expressed support knowing its continuation was inevitable. The widespread lack of information also raises questions over whether residents were adequately informed about the project to render legitimate judgements.

Managing Risk

The literature on megaprojects also points to another central theme: that of managing risk. The scale of a project heightens the consequences of both success and failure. Minimizing and managing uncertainties is at the heart of urban megaproject development. In order to win approval and maintain a favorable public image, project proponents often overstate the benefits of their investment and downplay the costs. For local communities, the burden of a project failure can be insurmountable. A central component of megaproject risk is damage to the environment, for which remediation can be immensely expensive and highly involved.

\textsuperscript{103} Forest City DEIA Vol. 5 Sec. B6, 1.
\textsuperscript{104} Forest City DEIA Executive Summary, 3-5.
\textsuperscript{105} See, for example, John Glasson, Riki Therivel, and Andrew Chadwick, \textit{Introduction to environmental impact assessment} (New York: Routledge, 2013), 40.
Benefits and Risks

The history of megaprojects chronicles a tradition of exaggerating benefits while understating costs. Flyvbjerg found in particular that urban megaprojects "overvalued local development effects, and underestimated environmental impacts." Moreover, risks associated with urban megaprojects are often understated. While the Forest City project is in its early stages, there are nonetheless a variety of reasons to believe that it too will fit this pattern. Justifications given for the project hinge on attracting development providing numerous job opportunities, but the details are either unclear or highly optimistic. Estimates and projections—even those provided by Forest City proponents—have varied widely. Many do not hold up to scrutiny. There is also systemic risk that a failure in Forest City could sour investor sentiment and jeopardize development across the Iskandar Malaysia region.

At the same time, governments have shifted away from launching megaprojects themselves, instead courting private sector involvement through inducements and development incentives. Often, a private developer will partner with the government or public entity. With private, or at least semi-private interests leading development, there are concerns about the "privatization of planning" and a lack of public accountability. As a private development, located in Johor at least in part due to the incentives and favorable investment climate of Iskandar Malaysia, Forest City aligns closely with this model.

Forest City’s Statement of Need

The Forest City DEIA sets out a sweeping and multifaceted justification for the project. Forest City is portrayed as key to "the potential of opening international investment opportunities which would then propel Johor’s economy as the main gateway in the South of the country." The

107 Altschuler and Luberoff, Mega-projects, 215-220.
108 Shatkin, "The city and the bottom line," 388.
The project will offer job opportunities for the surrounding communities, creating a "better and more secure life for all through income generation and high-quality facilities and infrastructure." Furthermore, "it would likely provide a new dimension towards the creation of modern business and will be an example and benchmark in the development of similar townships and centers in the future." The problem with such statements is that they are inherently speculative in nature and lack specificity or objective criteria for evaluation. The Forest City DEIA made no effort to quantify the amount of foreign investment the project would generate or detail its broader economic impact. Statements by CGPV representatives have remained similarly vague, stressing how Forest City will "diversify incomes" and "improve the quality of life."

Ironically, the DEIA also argued that the project would strengthen Malaysia-Singapore bilateral relations. Forest City had the potential to "attract investors from land-starved Singapore to commit international investments as a way to benefit from the planned facilities and thereby result in gains for both countries." If anything, the project "ruffled Singapore-Malaysia ties." It raised concerns in the Singapore government over transboundary impacts, which were serious enough that Singapore immediately demanded more information, including an EIA report, and sent at least two high-level diplomatic notes. Singapore argued that "Malaysia should not permit reclamation activities of this scale...so close to Singapore without first conducting an environmental impact assessment." The issue was considered sufficiently weighty to reach the highest levels of government. Singapore's Prime Minister Lee Hsing Loon reportedly wrote to his Malaysian counterpart, Najib Razak, who faced a "serious dilemma" on how to address Singapore's concerns. To many observers, Forest City threatened a recapitulation of a previous dispute over

109 Forest City DEIA Executive Summary, 5-7.
land reclamation in 2003 that reached the International Tribunal for the Law of the Sea. In that case the roles were reversed as Malaysia protested Singapore’s reclamation efforts at Tuas. Although that case was settled amicably, some Johor lawmakers feared “retribution” and worried that the two nations could become embroiled in a “diplomatic row.”

In articulating its statement of need, CGPV emphasized that the Forest City project would involve RM 700 million in “infrastructure upgrading works” in the areas surrounding the proposed project. The road and public transportation systems in the communities of Gelang Patah, Tanjung Pelepas and Nusajaya were to be the primary beneficiaries. Yet this amount is a negligible fraction of the RM 450 billion gross development value and consists primarily of upgrading roads to serve the development. Hana Badriah, a planning officer at IRDA, noted that road construction “will accompany greater amounts of traffic, so I’m not sure it is a very strong rationale.” The DEIA suggests that a six-lane access road will be required to link Forest City with the region’s existing highway network, while other local roads will need to be widened to four-lane dual carriageways. These upgrades, even if financed by CGPV, will have myriad impacts of their own and dramatically alter the character of the Tanjung Kupang, the Johor district closest to Forest City. Since expressway construction is a “prescribed activity” according to Malaysian environmental law, it is possible that Forest City’s access roads would themselves demand an environmental impact assessment. There is no indication of the costs of these road projects or how the proposed RM 700 million in upgrades would be budgeted.

Forest City has a projected population in the hundreds of thousands, yet CGPV has given few indications of the immense supporting infrastructure required and how it would be financed. In its focus group discussion with Johor stakeholders, CGPV declined to address whether Forest City would result in “constraints” or “bottlenecks” in utility supply for other developers. It claimed that

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115 Estimates have varied quite widely, from 300,000 (DEIA Vol. 5 Sec. B6, 23) to 700,000 (Kobie, “Malaysia’s city of the future is an uncanny valley.” And Runze Yu, interview by author, Jan. 16, 2016.)
as a "30 year project" it would "work with the relevant authorities to incorporate the entire
development to ensure sufficient capacity." CGPV ultimately placed responsibility with the local
authority, which would be required to "ensure smooth construction and supply to the project along
the pipeline." According to Hana Badriah, in meetings with IRDA, CGPV responded "to every
question about how they would provide power, water and other things [by saying] that they would
tap into the current system." While existing infrastructure may have been sufficient for smaller
projects, the scale of Forest City suggested they "need to do something more."116 As a case in point,
Forest City’s projected water consumption is around 40 mgd (million gallons a day), more than a
fifth of all the domestic water consumption in Singapore.117 Yet as of summer 2015, Johor has faced
water shortages and record low reservoir levels that have prompted rationing programs.118 For a
project of its size, Forest City has not adequately addressed how its infrastructure requirements
integrate with those of Johor.

Comments from Jeffrey Yee, an executive at rival Chinese developer Guangzhou R&F, reveal
that the very different development environment in China may account for CGPV’s casual approach
to meeting infrastructure needs. In China, according to Yee, townships are planned ahead by the
government, and a non-negotiable contribution fee covers all infrastructure connections. The
developer only needs to interact with local representatives of the state. In Malaysia, the situation is
very different. Yee reports that Chinese executives at his firm ask "why do we have to deal with so
many agencies?" They are required to interact with the state, local authority and the federal
government, a very different state of affairs than what they are accustomed to in China.119

119 Dr. Jeffrey Yee, interview by author, Aug. 13, 2015.
Economic Case

The economic case for Forest City hinges on creating job opportunities for surrounding communities and more broadly in Johor. Yet predictions of the number of jobs generated span a wide range. The DEIA gives a figure of 62,200, which aligns with statements from CGPV executive director Othman Yusof in September 2014. By March 2015, however, Yusof estimated 200,000 to 250,000, even as the project’s gross development value was revised downward by 30 percent.120 Subsequent reports have also used this range, adding that Forest City would also provide free education to locals in vocational and technical schools.121 This more recent estimate is comparable to estimates of Forest City’s projected population of 300,000. Since nearly half the project is devoted to residential use, while only a quarter is commercial; this suggests that such jobs figures could not possibly be realistic.122 Furthermore, Hana Badriah at IRDA questioned whether the types of jobs available would be suitable for local residents: “the jobs that I think they will create really don’t appeal to Malaysians anyway.”123 Construction and basic service jobs are relatively low paying and are mostly filled by migrant laborers.

After action from the state government, CGPV agreed to contribute to a fund that would support fishermen affected by reclamation works. Yet they were ultimately unsympathetic to their cause, implying that the fishermen and villagers were backwards people who needed to “modernize.” While they would provide some compensation in the near term, they argued that in the future fishermen would need to “change to an alternative venture of becoming modern fishermen.” They actively suggested that young generations should be “steered away from becoming fishermen and engage in modern sectors and industries.”124 Naturally, they considered opportunities in the Forest City project implementation a “viable option.” Yet for people who have

122 Forest City DEIA Vol. 4 Sec. Ac, 3-4
123 Hana Badriah, interview by author, Aug. 19, 2015.
124 Forest City DEIA Vol. 5 Sec. B6, 24.
maintained a way of life for generations, it is no small order to retrain and integrate into the larger capitalist economy as service workers. Furthermore, because of internal politics and the particular hierarchy of the Fishermen's association, which would collect the funds from the state government, the benefits would be distributed unevenly. Those who were career fishermen but lacked a particular license would receive nothing, while others would receive a one-time payment.

Estimates of the project's population have similarly high variation. Sources report the Forest City population ranging from 300,000 to 700,000. Even at the low end of this range, given that roughly half of built space will be residential, the population density would be comparable to some of the most crowded urban areas in the world—central Manilla and Hong Kong. While the width of the range is troubling, the implied density would effectively undermine the salubrious, open vision presented in Forest City's promotional materials. Green space is only to occupy 12 percent of the project, despite images of endless greenery and spacious common areas.

Financing a project the scale of Forest City also raises legitimate questions. As of September 2014, CGPV's "current authorized paid-up capital" was only RM400,000 and was presumably operating with just enough funds to cover the costs of reclamation. CGPV executive director Othman Yusof claimed "we will initiate discussion with potential financiers as soon as we have obtained our DEIA and planning approval. Potential financiers will be both local and international. For the time being, all funds are [being] generated by internal financing." Later, in fall 2015, reports emerged that CGPV was issuing a "sukuk" or Islamic bonds of at least RM 1 billion, potentially in an effort to reduce foreign exchange risks. Reports indicated that it was a "tough sell" given perceived

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125 Dr. Serina Rahman, interview by author, Jul. 17, 2015; Bakhtiar Jaffar, interview by author, Aug. 1, 2015; Abu Talib bin Khamis, interview by author, Aug. 17, 2015.
126 Forest City DEIA Vol. 5 Sec. B6 (300000); Dr. Runze Yu, interview by author, Jan 16, 2016. (700000)
127 Kobie, "Malaysia's city of the future is an uncanny valley."
128 Forest City DEIA Vol. 4 Sec. Ac, 3-4
oversupply in the market, and that the company would have difficulty "convince[ing] investors to take a credit risk."\textsuperscript{129}

Past urban megaprojects have a mixed record, with many high-profile failures. Changing economic circumstances can spell the end for even the most promising projects. In the wake of grand ambitions are left "ghost cities," such as Muang Thong Thani outside Bangkok. Yet in its DEIA and throughout its public comments, CGPV has reliably neglected to mention the risk its failure could pose to the many other projects in the region and possibly even the Iskandar Malaysia enterprise as a whole. An executive at rival Chinese developer Guangzhou R&F, Dr. Jeffrey Yee, earnestly hoped Forest City would succeed: "As a competitor I wish that all the developers will be successful. If I see one of these fail it will impact adjacent development—investors will be thinking about related cases and examples. One failure could undermine the whole premise of development here."\textsuperscript{130}

Since Forest City entered the scene unannounced and external to any comprehensive plans, it is highly disruptive to nearby developers, such as UEM Sunrise and Medini Iskandar, which worried that Forest City would cause an oversupply in the property market.\textsuperscript{131} Despite CGPV’s assertions that Forest City is an "international project," and hence will draw from a different pool of buyers, the promotional materials of these other projects suggest that they are targeting a similarly affluent, worldly and "international" clientele.\textsuperscript{132} Moreover, the scale of reclamation involved in Forest City prompted worries at UEM Sunrise that it would disrupt views, restrict access for boats anchoring in Medini Harbor and otherwise undermine its development.\textsuperscript{133} CGPV’s claims to benefit the region are clearly not convincing if they simply come at the cost of existing projects that are integrated in a comprehensive plan.

\textsuperscript{129} “Country Garden’s sukuk a ‘tough sell,’” \textit{The Straits Times}, Sep. 11, 2015.
\textsuperscript{130} Dr. Jeffrey Yee, interview by author, Aug. 13, 2015.
\textsuperscript{131} Forest City DEIA Vol. 5 Sec. C, 3.
\textsuperscript{133} Forest City DEIA Vol. 5 Sec. C, 9.
“Do No Harm”

Forest City reflects many of the trends affecting megaprojects that have come to characterize the modern era of large-scale urban developments. Following a disastrous record of large-scale urban development interventions through programs such as urban renewal, megaprojects have sought to mitigate impacts as much as possible, or at least give the appearance of doing so. Whereas in the past projects would be approved if overall benefits outweighed costs, displacement and environmental harms; now they are given more scrutiny. Ironically, while Forest City may have tremendous impacts on the natural and social environment of its surroundings, aspects of the project also align with this modern “do no harm” paradigm.

Forest City's reliance on exclusively reclaimed land makes a strong case for a development strategy that strives to minimize displacement and impacts on existing land. As an “international project,” Forest City demanded a high-value coastal site, but even this did not necessitate such a large degree of reclamation. Dr. Jeffrey Yee at rival firm Guangzhou R&F was baffled as to why Forest City was being reclaimed as an island: "You could always extend the shoreline at much lower cost.” While other projects in Johor involved land reclamation, including Country Garden's previous Danga Bay venture, none planned to build exclusively on new land. CGPV's published answers to public questions are therefore telling: "To make sure the project creates economic benefits and is viable, the project proponent needs a sizeable land bank. Reclamation is the best alternative when all aspects are considered, including to minimize the social impact due to land acquisition." Formally, Altschuler and Luberoff, *Mega-projects*, pg. 228 mentions that forest city’s reliance on reclaimed land makes a strong case for a development strategy that strives to minimize displacement and impacts on existing land. As an “international project,” Forest City demanded a high-value coastal site, but even this did not necessitate such a large degree of reclamation. Dr. Jeffrey Yee at rival firm Guangzhou R&F was baffled as to why Forest City was being reclaimed as an island: "You could always extend the shoreline at much lower cost.” While other projects in Johor involved land reclamation, including Country Garden’s previous Danga Bay venture, none planned to build exclusively on new land. CGPV’s published answers to public questions are therefore telling: “To make sure the project creates economic benefits and is viable, the project proponent needs a sizeable land bank. Reclamation is the best alternative when all aspects are considered, including to minimize the social impact due to land acquisition.” Formally, Altschuler and Luberoff, *Mega-projects*, pg. 228 mentions that forest city’s reliance on reclaimed land makes a strong case for a development strategy that strives to minimize displacement and impacts on existing land. As an “international project,” Forest City demanded a high-value coastal site, but even this did not necessitate such a large degree of reclamation. Dr. Jeffrey Yee at rival firm Guangzhou R&F was baffled as to why Forest City was being reclaimed as an island: "You could always extend the shoreline at much lower cost.” While other projects in Johor involved land reclamation, including Country Garden’s previous Danga Bay venture, none planned to build exclusively on new land. CGPV’s published answers to public questions are therefore telling: “To make sure the project creates economic benefits and is viable, the project proponent needs a sizeable land bank. Reclamation is the best alternative when all aspects are considered, including to minimize the social impact due to land acquisition.” Formally, Altschuler and Luberoff, *Mega-projects*, pg. 228 mentions that forest city’s reliance on reclaimed land makes a strong case for a development strategy that strives to minimize displacement and impacts on existing land. As an “international project,” Forest City demanded a high-value coastal site, but even this did not necessitate such a large degree of reclamation. Dr. Jeffrey Yee at rival firm Guangzhou R&F was baffled as to why Forest City was being reclaimed as an island: "You could always extend the shoreline at much lower cost.” While other projects in Johor involved land reclamation, including Country Garden’s previous Danga Bay venture, none planned to build exclusively on new land. CGPV’s published answers to public questions are therefore telling: “To make sure the project creates economic benefits and is viable, the project proponent needs a sizeable land bank. Reclamation is the best alternative when all aspects are considered, including to minimize the social impact due to land acquisition.”

While land reclamation would ironically become associated with social impacts on fishermen, it seems the decision was made to minimize public friction and opportunities for opposition. Even considering the immense cost of reclamation, it must have been seen as preferable to skirmishes with villagers over their land. In a public statement, Othman Yusof echoed this sentiment when claimed that acquiring existing land would create a list of social grievances through

134 Principally, Altschuler and Luberoff, *Mega-projects*, pg. 228
135 Forest City DEIA Vol. 5 Sec. B6, pg. 25.
displacement. A separate CGPV FAQ, notes that the scale of the project necessitated a large land bank, which could be assembled most easily through reclamation. They argued that this would minimize overall social impacts.

Environmental Damage and Threats to Sustainability

Several authors have characterized urban megaprojects as serious concerns for urban sustainability, whether in the form of sprawl or threats to the natural environment. As tremendously scaled projects, their impacts can be accordingly immense. Forest City, while still in its early stages, has already exacted a substantial toll on the natural environment. For the first several months, reclamation preceded without any form of ecological mitigation, which dealt lasting harms to the seagrass bed. While Forest City terms itself an “ecological” development, the project is not sustainable in any comprehensive sense. As Gardner argues, true sustainability must encompass the entire urban realm and not selective portions. Even if the project provides internal public transit, for example, it is still dependent on the automobile to connect anywhere outside the development. The project’s arrival outside comprehensive regional development plans exacerbates this disconnect. Finally, Forest City’s reactive planning—adjusting its project quickly to suit the market—raises questions of how CGPV can accommodate sustainability objectives while simultaneously adjusting to the market.

Environmental Threats Posed by Forest City

The Forest City DEIA acknowledges the environmental and ecological significance of the Forest City site, drawing particular attention to the seagrass beds. Ironically, then, the report admits that the first phase of the project was “conducted without considering inputs from hydraulic

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136 Shadiqe, “Forest City to create 250000 jobs.”
137 “Forest City Project FAQ,” Country Garden Pacificview https://cgpvforestcity.wordpress.com/category/forest-city-project-faq/
Habitat International 45 (2015), 164.
and environmental assessments." CGPV made use of almost no "mitigation measures" during this phase, with the result that "significant environmental impacts" occurred on the site. The most egregious case involved an access causeway built by dumping sand directly on the seagrass that "completely destroyed" 3.96 hectares of the bed, splitting the valuable ecosystem in two.\textsuperscript{139} Local observers and environmental advocates suggest that the impact on the eastern portion of the seagrass was in fact much greater than even the DEIA admits. The causeway blocked currents that flush sediment through the region, which had by August 2015 already decreased both the diversity and concentration of seagrasses in the area.\textsuperscript{140} Although CGPV committed to "undertake necessary rectification works,"\textsuperscript{141} including the complete removal of the causeway, as of August 2015 it was still in place.\textsuperscript{142}

\textbf{Figure 2.1}

\textit{Extent of Reclamation Work in Phase 1}

\textbf{Figure 7:} Merambong Shoal seagrass bed and the initial Forest City reclamation. Source: Forest City DEIA Vol. 3

\textsuperscript{139} Forest City DEIA Vol. 3, 1.
\textsuperscript{140} Bakhtiar Jaffar, interview by author, Aug. 1, 2015.
\textsuperscript{141} Forest City DEIA Vol. 3, 31.
\textsuperscript{142} Personal visit to Forest City reclamation site
Marine researcher Dr. Daniel Freiss of NUS (the National University of Singapore) explained that since sand "tends not to float very far" the primary worry associated with Forest City involves large-scale changes in hydrology. The sheer time scale of the development—estimated at 30 years—poses the greatest long-term risks. Intuitively, marine ecosystems can sustain stresses for limited periods of time and recover, but nowhere near the time needed to construct new islands housing several hundred thousand people. Even when completed, it was unclear how pollution and the release of sewage would impact the environment. Fundamentally, it is impossible to accommodate half a million people (or more) in the space of a few square kilometers without significant impacts of some kind. If and when the full plan for Forest City is realized the seagrass bed will be completely encircled by islands, isolating it from the coastal mangroves. There are mutual connections between the mangrove and seagrass communities, so there will likely be severe negative impacts on the seagrass bed. The Forest City DEIA itself admits that "in order to protect the seagrass beds, the mitigation measures proposed must be properly planned, flawlessly implemented and reliably maintained." Previous efforts to replant seagrass have not borne much fruit. As Dr. Freiss notes, "if there was a suitable relocation site it would already have seagrass on it."

**Forest City DEIA and Environmental Monitoring**

The Forest City DEIA came under heavy criticism from a range of researchers and environmental advocates. Ironically, the same company that Country Garden retained to complete their DEIA, Dr. Nik and Associates, contributed to the Iskandar Malaysia Shoreline Management Plan, which established that no further development would happen on the site. The firm was presumably put in the unenviable position of having to justify a project that ran entirely counter to

143 Dr. Daniel Freiss, interview by author, Jul. 19, 2015.
144 Ibid.
145 Dr. Lena Wong, interview by author, Aug. 1, 2015.
146 Forest City DEIA Vol. 2 Sec. 8, 5.
147 Dr. Daniel Freiss, interview by author, Jul. 19, 2015.
an environmental plan they had helped shape.\textsuperscript{148} Vincent Chow, adviser to the Malaysian Nature Society, criticized the Forest City DEIA on the grounds that it lacked scientific data and did not adequately address the impact of large-scale reclamation on the Straits of Johor. Most data were from secondary sources and not collected specifically for the study, he noted. The report mentions serious sediment impacts on the Johor Straits but did not indicate which seagrass species will be affected or how long they could survive the sediment-related stress.\textsuperscript{149} Additionally, Chow insisted that the proposed mitigation measures were not sufficiently detailed, a perspective shared by environmental researcher Lena Wong of UPM (Universiti Putra Malaysia). \textsuperscript{150}

Save our Seahorses, an environmental NGO based in Johor, felt the DEIA was “inadequate” and did not fully address their concerns for the seagrass bed. They were heartened that the new landform of the project no longer covered the seagrass, but felt much more monitoring and mitigation was warranted.\textsuperscript{151} A UPM researcher who was later employed in monitoring work by Country Garden, Lena Wong, questioned how a DEIA report could be completed over the span of just a few months. A year or more is necessary to capture the full extent of seasonal variation, she argued. She, like Vincent Chow, noted that most of the data was qualitative, so was useless as a basis for environmental monitoring. Lists of species were provided, but no sense of distribution or relative frequency. She suspected that “it is mostly old data” the consultants “threw together.”\textsuperscript{152} Bakhtiar Jaffar also questioned the legitimacy of data collection based on his conversations with fishermen who ferried the consultants out in their boats. They reportedly recorded GPS points for the project in a haphazard fashion and just had the fishermen take them “wherever.”

Lena Wong, who is working as part of a team to conduct environmental monitoring at the Forest City reclamation site, went on to question the authorities at the federal DOE, suggesting that

\begin{footnotesize}
\begin{enumerate}
\item Dr. Lena Wong, interview by author, Aug. 1, 2015; Bakhtiar Jaffar, interview by author, Aug. 1, 2015.
\item Ooi Boon Leong, email correspondence, Aug. 19, 2015.
\item Dr. Lena Wong, interview by author, Aug. 1, 2015; Bakhtiar Jaffar, interview by author, Aug. 1, 2015.
\end{enumerate}
\end{footnotesize}
"we can write anything we want in these reports since no one there seems to care."\textsuperscript{153} She and Bakhtiar suggested that ministers at top levels may not have any real competence in their supposed department, since they are frequently shuffled around. She questioned whether anyone on the panel reviewing the Forest City DEIA was knowledgeable enough to interpret and revise the document. They had apparently provided a number of monitoring recommendations that "just don't make sense."\textsuperscript{154} Meanwhile, local politics has compromised the DOE at the state level. Bakhtiar alleged that the former state executive for the environment had been "hiding" after blocking too many high-profile projects. New projects are now not subject to significant review, he claimed. Monitoring for the project also came under question. Some of Country Garden’s remote monitoring stations were set a great distance from the reclamation site, presumably so they would remain in clear water and fail to register any disturbances.\textsuperscript{155}

\textbf{Forest City in the Context of Sustainability in Iskandar Malaysia}

A Forest City promotional brochure suggests that the development is "surrounded by more than 10 km of coastline encircling a 130-acre seagrass reserve with fresh air and pristine waters."\textsuperscript{156} In fact, if surrounding developments proceed as projected, the project will be surrounded by a bevy of heavy industrial uses. The expanding container Port of Tanjung Pelepas lies to its immediate east, with strong projected growth as it vies with Singapore for a greater share of Marine traffic. Farther east, reclamation is underway for an oil and gas terminal by developer Benelec Holdings. Across the Straits of Johor sits Tuas in Singapore, an industrial and warehouse district. Around 5km from the easternmost of the Forest City islands is a live fire facility in

\textsuperscript{153} Ibíd.
\textsuperscript{154} Ibíd.
\textsuperscript{155} Bakhtiar Jaffar, interview by author, Aug. 1, 2015.
\textsuperscript{156} Global Press Conference Forest City brochure
Singapore. A visit to the mainland near the Forest City site suggests that the sounds from munitions testing are quite audible.\textsuperscript{157}

Forest City promotional materials suggest that it will be an “island oasis that grows organically” and “technologically advanced with low carbon emissions.” It will include “sustainable and renewable energy infrastructures” that foster “sustainable green urbanism,” all contained in a “three-dimensional urban forest.”\textsuperscript{158} Yet in practice, experts with knowledge of CGPV suggest that such promotional copy is not rooted in reality. To Lena Wong and Bakhtiar Jaffar, CGPV seemed to have very little knowledge of environmental issues.\textsuperscript{159} Indeed, the initial plan for Forest City involved a monolithic single landmass that would have completely smothered the seagrass and caused much more dramatic impacts on local hydrology.\textsuperscript{160} Michael Grove, a principal at Sasaki who worked with CGPV in the master planning stage, noted that “there was no idea about sustainability, about ecology, about any kind of environmental factors beyond the very basic Environmental Impact Assessment process that they had to go through.” He perceived a disconnect between understanding the physical construction and engineering side of it, which they know very much about, and understanding the environmental and political issues that they were facing.”\textsuperscript{161}

Country Garden’s projects in China include a handful of green elements, but these belie a superficial understanding of sustainability. Michael Grove of Sasaki pointed to the Country Garden headquarters in Foshan, where the notion of green building involves “slapping some vertical green walls and hanging planters on the side of a very traditionally constructed building without all of the advanced technologies that we would think of as a \textit{Living Building}, which is how they like to frame it, but it’s really not.” Moreover, Country Garden’s previous Johor project, in Danga Bay, does not suggest a particularly “ecological” approach to landscape. Summarizing the approach, Michael

\textsuperscript{157} Personal recordings made near Kampong Pendas
\textsuperscript{158} “Green Capital” brochure
\textsuperscript{159} Dr. Lena Wong, interview by author, Aug. 1, 2015; Bakhtiar Jaffar, interview by author, Aug. 1, 2015.
\textsuperscript{160} Forest City DEIA Executive Summary, 2.
\textsuperscript{161} Michael Grove, interview by Libbie Cohn, Dec. 2, 2015.
Grove suggested "it leaves a lot to be desired." It includes a generally eclectic range of vegetation, much of it non-native, and clearly requiring intensive fertilizer and maintenance by grounds staff.

Yet Grove articulated an optimistic vision for Forest City:

I'm hoping that's going to be different at Forest City because it is this huge coastline with a lot of opportunity for a public realm and an edge condition that would not only support the community but increase the value of the real estate within the island but also increase the potential for habitat value in the surrounding area as well.\(^{162}\)

While there are many inconsistencies, CGPV appears to be taking some aspects of its sustainability rhetoric seriously. In December 2015, the company engaged G-Energy, a Singapore-based environmental consultant with a specialty in green building and rating certifications. The firm, while unaccustomed to working at quite the scale of Forest City, aims to achieve Greenmark certification for the entire Forest City plan. Greenmark is similar to the better known LEED standards, but is reportedly better adapted to tropical climates like those of Singapore and Malaysia.\(^{163}\) While individually green buildings are encouraged, G-Energy's certification effort centers around plan-level priorities like the reach and accessibility of the public transit network and the siting of various districts within the project.\(^{164}\)

G-energy is working with both passive and active design strategies to minimize energy use and resource requirements. Leo Cher, an employee at G-energy, felt that CGPV is earnestly pursuing environmental credentials: "this is a daring move for them, since no other developers are going after green certification for a project like this...it has a lot of risks, especially since they are not

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\(^{162}\) Michael Grove, interview by Libbie Cohn, Dec. 2, 2015


\(^{164}\) Veron Ng, interview by author, Jan. 28, 2016.
familiar with the requirements and it is not a common thing for them in China.”165 Moving forward, Cher felt that green credentials were more of an effort to attract Singapore buyers than mainland Chinese. It appears to be more than pure promotion; Greemark standards are reportedly quite strict and involve field verification of performance claims.166

Some of the challenges to sustainability that the company faces are largely outside its control. The development sits in Iskandar Malaysia, which promotes “sustainable development” and “conservation of the environment.”167 Yet in practice patterns of development do not reflect these aims. Johor Bahru is largely automobile dependent, very limited public transportation. Even a dramatic expansion in public transit may be of limited effectiveness, since most of the region is low density and most new development occurs on greenfield sites.168 The University Tecknologi Malaysia sprawls over such a large campus that bicycles and buses are required to travel from dormitories to classes.169 Well before Forest City, planning decisions have demonstrated a lack of environmental sensitivity. Around Danga Bay, for example, a six-lane highway was routed directly through mangrove habitat.170 Placed in this context, Forest City can at best become a sustainable enclave, though the carbon intensity of the luxury lifestyle of its projected buyers suggests that even this will be difficult to achieve. Forest City may be able to offset some of its impact while at the same time touting its green credentials in a marketing bid.

Sustainability and Reactive Planning

A reactive or “dynamic” planning approach is central to Forest City’s development strategy, but raises doubts over the CGPV’s ability to pursue its sustainability objectives. CGPV aims to continuously adapt its development to market conditions, building more or less of specific real

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165 Ibid.
166 Veron Ng, interview by author, Jan. 28 2016.
167 Comprehensive Development Plan for SJER (2006) 1-1
168 Rizzo and Khan “Johor Bahru’s response,” 158.
169 Personal visits by author to University Technology Malaysia.
estate products based on which are selling most successfully. As land reclamation and building *de novo* involves great fixed costs, CGPV is compelled to adapt quickly in order to maintain an adequate cash flow. While potentially sensible from an economic perspective, the dynamic strategy may undermine master plan-level considerations with important implications for the overall sustainability, efficiency and ultimately livability of the project. Anticipated public transit routes, for example, may be impossible to co-locate with the greatest concentrations of people if short-term development necessitates more low-rise villas. Too little land may be available for commercial space if residential apartments happen to be extremely popular. Countless other such scenarios could be imagined. Ultimately, an ad hoc approach is the antithesis of planning.

Country Garden is distinctive as a purely private developer undertaking such a massively scaled and ambitious project. Other Chinese developers active in Johor, such as Greenland, are state-run enterprises. Among urban megaprojects around the world, certainly the vast majority have been developed by public entities or through public-private partnerships. Both Nakheel, developer of the famous Palms in Dubai and UDC, developing the Pearl in Qatar, have heavy state involvement. Elsewhere in Southeast Asia, Saigon South is also the product of a public-private partnership. CGPV executive Dr. Runze Yu explained some of the distinct challenges they faced as a solely private developer undertaking such a comprehensive project:

You rarely encounter people who have experience on how a private sector—100 percent pure private sector [firm]—can do an urban plan for such a massive project. Usually, it's a job by the public sector or the government and they already have something on the ground. So you say that this is the urban center, this is the old town and we could put a new town there. This is the industrial there and this is more like commercial, right? So you already have a plate of things and you then

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171 Dr. Runze Yu, interview by author, Jan. 16, 2016.
172 e.g. Elsidafy, Mohammed. "Nakheel a PJSC, appeal court told." *Emirates 24/7 News*. Aug 17 2009
move things around and see what would be the development try to look like, what would be the policy.\textsuperscript{173}

Beyond the issue of expertise and experience, CGPV was constrained by economics and the reliance on private financing. Dr. Yu stressed that “we don’t really have tax revenue like the public sector or can charge people for whatever. The only revenue we have is our sales.”\textsuperscript{174} Reclaiming land added to the dilemma by providing a blank slate for a vast range of development possibilities. In order to “survive,” the company needed a flexible and responsive strategy:

You have to maximize your profit to make yourself sustain[able]. So that really changed the landscape of the project a lot. You never know what’s going to happen even next quarter. How much we want to reclaim, the land use and so on. Maybe in the current plan its CBD but then we find villas sell good and then we just convert it into a residential for landed [property].\textsuperscript{175}

Drawing comparisons to the planning process in Singapore, where the master plan is revised every five years, Dr. Yu explained that Forest City may require revisions “every quarter.” Economics were to be a driving force, but this also created tensions with other development priorities such as public facilities. It also prompted worries about the character of the place they were creating. Dr. Yu admitted it was a problem with no easy solution:

Right, so every day we look at the data of the sales and we are trying to analyze what are the good sales. But we also don’t want to make this like a bedroom town. We need to reserve land for international schools and hospitals. In the early stages it’s hurting the project because we are taking lots of low density land area. It’s opportunity cost; we are not building those residential, we are building schools and hospitals that are also needed. So you see the conflict here? On the one hand you

\textsuperscript{173} Dr. Runze Yu, interview by author, Jan. 16, 2016.
\textsuperscript{174} Ibid.
\textsuperscript{175} Ibid.
need to make money and survive and on the other you have to balance the entire city development. That’s the challenge number one is the dynamic planning. I don’t really have an answer.\textsuperscript{176}

Consultants working with CGPV recognized this tension between economics and planning as a significant challenge, and expressed concerns in particular that it could compromise efforts to make the project more sustainable. Michael Grove at Sasaki described a “disconnect between what we want to do as planners concerned about the long-term sustainability of this place...[and how it] relates to their short-term construction schedule of just getting something built and open.” Grove worried that his team’s efforts to consider storm water, “edge conditions” and new habitats conflicted with the exigencies of CGPV’s economics.\textsuperscript{177} Similarly, Veron Ng of green consultants G-Energy worried that “they will have some difficulty being true to the entire concept.” Given their tremendous ambitions, “we fear they might be tempted to compromise or forego certain aspects or recommendations if they run out of time or money.” She noted that Chinese developers are comfortable working at immense scales, but as a result may ignore their detailed recommendations. Agreeing with Dr. Yu’s outlook, she suggested that CGPV was practicing “design on the go,” based on immediate demands.\textsuperscript{178}

\textbf{Marketing of Forest City and the Language of Globalization}

The creation of Iskandar Malaysia as a special investment zone is tightly bound up in processes of globalization. As international capital is perceived to be more mobile, rhetoric has shifted towards urban competitiveness, stressing the need attract foreign investment so that a city might edge out its global peers.\textsuperscript{179} The associated notion of “global cities,” given weight by world city rankings, underscores the importance of becoming a node in the international system of

\textsuperscript{176} Ibid.\textsuperscript{177} Michael Grove, interview by Libbie Cohn, Dec. 2, 2015.\textsuperscript{178} Veron Ng, interview by author, Jan. 28, 2016.\textsuperscript{179} Kennedy, “The politics and changing paradigm,” 167.
commerce and investment. Cities and metropolitan regions are expected to be “entrepreneurial” in their own right if they are to remain relevant in the global hierarchy. As a consequence, some argue that urban regions are being reconfigured around the needs of affluent outsiders over their own local populations. Urban megaprojects play a leading role in this process.180

**Language of Globalization**

Language from agencies and documents throughout Iskandar Malaysia explicitly engages with these themes. The 2006 guiding master plan for the South Johor Economic Region, later to become Iskandar Malaysia, speaks of how the federal government “identified a need for a focused and developmental approach,” which “had taken into cognizance the dominant trends of our times including globalization with its increased competition in the flows of capital, human resources and ideas.”181 The plan identifies Johor’s specific advantages, including strategic geography, low-cost land and labor, and strong connectivity to other regions, but warns that such factors “unchecked and unmanaged...represent significant threats to the enduring prosperity” of Johor.182 Similarly, IRDA’s mission statement emphasizes the need to transform the region into a “metropolis of international standing.” IRDA explicitly exists to facilitate investment by “monitor[ing] the development of economic sectors,” expediting approvals, and promoting Iskandar Malaysia.183

Urban megaprojects represent a fundamental component of efforts to bolster regional competitiveness and attract investment. In the form of the project and the language used to describe it, Forest City assumes this role for Iskandar Malaysia. CGPV has on numerous occasions pronounced Forest City an “international project.”184 One brochure describes it as a “future city with global vision.”185 At risk of hyperbole, a promotional video goes further, claiming it will be “a

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181 Comprehensive Development Plan for SJER (2006), 1
182 Ibid.
184 For example, Forest City DEIA Vol. 5 Sec. B6, 25.
185 Forest City promotional video
pride and dream paradise for all mankind."\textsuperscript{186} Aligning with the rhetoric of regional promotion, a Forest City brochure explains the project will enhance "Malaysia's emerging status in the world."\textsuperscript{187} Predictably, CGPV also makes a great deal of Forest City's economic integration and linkages throughout Southeast Asia and beyond. One brochure, for instance, emphasizes how the project fits within China's larger "one belt one road" initiative that proposes to link Asian economies in a modern-day reincarnation of the Silk Road.\textsuperscript{188} In the spirit of international integration, Forest City is projected to "deepen the economic and trade cooperation between Malaysia and Singapore."\textsuperscript{189}

\textbf{Marketing "World Class"}

Taken from its advertising, Forest City abounds with the trappings and conveniences expected to attract worldly and affluent buyers. A duty free zone on one of the islands is described as an "international shopping paradise."\textsuperscript{190} It will possess a "world-class" theme park. Financial and scientific institutions will cater to "intellectually advanced populations." Residents can expect medical and health industries that even include "Swiss anti-ageing" expertise.\textsuperscript{191} CGPV highlights a memorandum of understanding with Shattuck St. Mary's school, a private US boarding school near Minneapolis, which is part of creating a "top notch education city."\textsuperscript{192} It will also reportedly include a "media industry," "marina port," and business and financial districts."\textsuperscript{193} At the same time, the project emphasizes its exclusivity. It has "closed management" and "smart security systems" presumably intended to prevent undesired people from entering.\textsuperscript{194} Amidst the endless list of amenities, one may well ask what the project \textit{does not} provide. CGPV claims it has everything

\textsuperscript{186} Ibid.
\textsuperscript{187} "Green Capital" Brochure
\textsuperscript{188} Ibid.
\textsuperscript{189} Special Issue for Forest City's Global Release
\textsuperscript{190} Forest City promotional video
\textsuperscript{191} "Green Capital" Brochure
\textsuperscript{192} Forest City promotional video
\textsuperscript{193} "Green Capital" Brochure
\textsuperscript{194} Forest City promotional video
needed to “promote mutual integration as a symbiosis of capitalism.” The statement is telling; it lays bare the market forces which appear to shape virtually every aspect of the project.

Inconspicuous or absent in much of its promotional materials are references to aspects of Malay culture or heritage. Mosques and prayer halls make scant appearances. Most of the people featured in its brochures and videos appear to be of Chinese or European origin. Architecture throughout the project makes no reference to regional influences, instead relying on greenery-clad, glass skyscrapers and villas reminiscent of Californian suburbia. While CGPV promotes Forest City’s “wonderful seaview,” and touts its environmental credentials with “seagrass, wetlands and mangrove conservations,” the images associated with such descriptions appear to be of tropical islands that bear little resemblance to coastal Johor. Beyond references to Iskandar Malaysia economic incentives, promotional materials give almost no attention to communities surrounding the project or other urban centers in Johor Bahru. Iskandar Malaysia is described in terms of recent projects including Legoland and the Johor Premium Outlets. Imagery is otherwise focused on Singapore, with glossy spreads of Supertrees and the Marina Bay Sands development. Forest City is built on islands, a self-contained enclave both physically and ideologically isolated from the rest of Johor.

Combining its own investment incentives with those of Iskandar Malaysia, Forest City presents a remarkable suite of economic inducements. Freehold property in Forest City is advertised as a quarter the price of Singapore with no inheritance tax. Among many benefits, investors enjoy “property gain tax exemptions,” “import/sales tax exemptions,” and reduced tax rates for expat workers. Businesses can hire an “unrestricted” supply of foreign workers while also

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195 “Green Capital” Brochure
196 Forest City promotional video
197 Forest City promotional video
198 Global Press Conference brochure
199 Global Press Conference brochure
enjoying corporate sales tax exemptions and exemptions from foreign equity restrictions.\textsuperscript{200}

Meanwhile, the project is not subject to standard bumiputera quotas that set aside a portion of developments exclusively for Malays.\textsuperscript{201} It is also considered an “international zone” where a minimum purchase price of RM 1 million for foreigners does not apply. Country Garden’s CEO Mo Bin claimed that the company had “received [a] state waiver for that requirement.”\textsuperscript{202}

Figure 8: Rendered scene from Forest City depicting yachts, sailboats and other markers of an elite lifestyle. Source: Forest City "Green Capital" brochure distributed at the global press conference in Jan. 2016

Forest City’s marketing targeting international elites, its tax incentives, and its exemption from requirements intended to support local residents all point to the “repackaging”\textsuperscript{203} of urban space for outsiders. The price of units in Forest City places them out of reach of all but the most affluent of Johor residents. Basic studio units sell for RM 500,000, while the median Malaysian salary is around RM 55,000.\textsuperscript{204} A handful of local residents may be able to secure employment in Forest City, although the lack of limits on international workers suggests they would face stiff competition. Many, such as the fishermen, would have to thoroughly retrain to suit the available

\textsuperscript{200} "Green Capital" Brochure
\textsuperscript{201} Pauline Ng, "Forest City’s slew of incentives seen as a big plus," The Business Times, Mar. 9, 2016.
\textsuperscript{202} Michael Lim, "Country Garden’s big sell," The Edge Property, Feb. 16, 2016.
\textsuperscript{203} Swyngedouw et al., "Neoliberal urbanization in Europe," 547
\textsuperscript{204} Nicole Kobie, "Malaysia’s city of the future is an uncanny valley," Wired, Mar. 22, 2016.
opportunities. If population predictions are accurate, a large fraction of Iskandar Malaysia's residents may one day live in Forest City. Yet, the development is entirely planned and executed by private interests. Within legal limits, CGPV enjoys complete freedom to shape the development as it chooses, without established mechanisms for democratic engagement present in developments elsewhere in Johor. If, as CGPV claims, Forest City is to be “a model for future cities of the world,” it leaves open many questions surrounding urban governance.

Transfer Agents and Policy Mobility

CGPV has partnered with a number of high-profile international consulting firms to guide its work on Forest City. Sasaki contributes design and planning expertise, while McKinsey will conduct market research and Deloitte will consult on “resource management and strategic planning.” Meanwhile, CGPV is partnering with Huawei to craft a “smart city” strategy that encompasses connectivity and seamless integration of technology. Scholarship has identified such firms as “transfer agents,” that facilitate the spread of policy and the proliferation of norms regarding “global cities.” Most of the firms working with CGPV have advised numerous other projects of similar types and scales. As expert “epistemic communities,” they have an outsize influence on the standards and signifiers that denote “world class.” Michael Grove at Sasaki acknowledged having worked on plans for other large megaprojects, including Thu Theim in Ho Chi Minh City. While not quite at the scale of Forest City, the project involved “creating a new CBD and all of the infrastructure.” Previous experience with cities in China had also “given us insight into what it takes to create a large new city with a mix of uses and transit.” While G-Energy does not enjoy quite the same global prominence of CGPV’s other international consultants, they also brought experience

205 Forest City DEIA Vol. 5 Sec. B6
206 Country Garden promotional video
from other large-scale projects. G-Energy assisted with the district-level plan for Sentosa Island in Singapore, managing to achieve a gold+ rating from Greenmark.\footnote{Veron Ng. interview by author, Jan. 28, 2016.}
V. Discussion and Conclusions

Appropriating Blame

While it is clear that Forest City has caused numerous environmental and social impacts, Chinese developer Country Garden Holdings Ltd. should not alone be the target of blame. As outsiders, they relied on local partners and agencies to help them navigate the approvals process and remain compliant with the relevant regulations. The ultimate failures, it seems, occurred at the institutional level in Johor. The Department of Education (DOE) failed to uphold its own regulations and permitted the project without review. Local councils prioritized development over the environment and likely experienced political interference from the Sultan or his associates. A legal framework that includes state ownership of land and a federal DOE with limited capacity exacerbated the problem by limiting the federal government’s ability to intervene. Far from being a malicious actor, there are indications that Country Garden regretted its initial missteps in burying seagrass and attempted to make amends. There are also suggestions that the Port of Tanjung Pelepas (PTP) was complicit in the project. DEIA consultants, meanwhile, were under their own distinct pressures.

Regulatory and Institutional Factors in Johor

Every development project, especially those at the scale of Forest City, must pass through a number of agencies and approvals. The Johor State Department of Environment stood as a gatekeeper with the authority to demand proper assessment of the project and its impacts well before the first sand was dumped into the sea. Given the Sultan’s personal interest in the project and his considerable influence in state affairs, it appears likely that he or proxies interfered in the
DOE's operations. Through cronyism or other means—the mechanism ultimately remains unclear—the DOE failed in its responsibility to protect the environment. It neglected to implement its own regulations and protocols. As UPM marine researcher Lena Wong acknowledges, "The state DOE should have known, but clearly they didn't make it known or make [the seagrass] a serious priority." She feels that the state should have made environmental expectations much more clear.

In addition to the State DOE, the Johor local council responsible for the Forest City site (MPJBT—the Middle Johor Bahru Municipal Council) played an important role in approving the project. Hana Badriah, a planner at IRDA (the Iskandar Regional Development Agency), suspected that political involvement may have shifted emphasis towards development and tended to neglect environmental regulations: "The officers on the local council do the best that they can to ensure that projects comply with whatever is required. But sometimes they will provide technical advice to higher levels and it is ignored by those who are actually making decisions." Either through the involvement of the Sultan or pressure to attract investment, the priorities evolved up the chain of command. While officers generally provide sound advice, Badriah suggested that "there may be some political interests in the top management." Furthermore, Badriah noted that environmental protection was not a priority for councilors: "They might be aware of the environment but for them most are focused on the economic part of development. Environmental conservation is not directly incorporated into their practices."

1 See Chapter IV, Section "Outside Actors"
2 See Chapter IV, Section "Lack of Compliance"
3 Lena Wong, interview by author, Aug. 1, 2015.
4 See http://www.mpjbt.gov.my/en/home for details on the council's operations
5 Hana Badriah, interview by author, Aug. 19, 2015.
6 Ibid.
7 Ibid.
Land matters in Malaysia fall under the authority of individual states. This may have inhibited effective federal action to block the Forest City project or otherwise exert comprehensive management or planning controls over the area. In the United States, for example, the large amount of federal land, especially in the West, enables the U.S. president to easily declare new protected areas as national monuments. In Malaysia, by contrast, the federal marine parks department had been working for some time, unsuccessfully, to designate a marine park around the Merambong Shoal. Professor Maketab attributed the increase in reclamation to this system of state authority over land. It makes it "very difficult to maintain a coordinated national policy on land use that is balanced and controlled. I think this is one of the main follies of environmental management here—that land is a state matter." IRDA planner Hana Badriah concurred, noting that in Johor "the water is seen as part of the land, which is a state matter." As a result, the state could unilaterally grant land to CGPV (Country Garden Pacificview, the corporate entity undertaking Forest City) for reclamation, bypassing federal approval and scrutiny until the government in Putrajaya intervened on environmental grounds.

More broadly, the institutional situation in Johor and at the federal government almost certainly contributed to CGPV's initial missteps with Forest City. UTM hydrology professor Dr. Maketab Muhamad paints a disquieting portrait of Johor politics where cronyism and royal interference are common. Choo Chee Kwang, a marine researcher, was "blacklisted" because he "stepped on some toes" with his advocacy work trying to protect Merambong Shoal. An associate in line to become head of the Johor DOE was effectively exiled for "stopping a barge of sand." Dr.

8 National Land Code of Malaysia
10 Prof. Maketab Muhamad, interview by author, Aug. 6, 2015.
12 Prof. Maketab Muhamad, interview by author, Aug. 6, 2015.
Maketab claims there are many “sycophants, people who always follow the Sultan.” The mentality among high-ranking officials is “if I have the power I will push this through.”

The Role of Country Garden and Associated Actors

Multiple individuals interviewed for this thesis hesitated to accuse Country Garden directly for damage to the seagrass and other environmental harms. Lena Wong noted that “Country Garden claims they knew nothing [about the seagrass], but really it’s not their responsibility.” While it seems reasonable that Country Garden would learn about the area where it planned to develop, regulations and plans are ultimately in place to safeguard against such ignorance. Bakhtiar Jaffar agreed, noting that “the company is not primarily at fault. The local authorities are the primary issue for allowing everything to proceed without adequate assessment. The company must deal with these authorities so the blame is mostly on them.” Serina Rahman, in turn, pointed to the local Malaysian partners who should have known and understood requirements and local conditions: “the issue is they are foreign and they have local parties insisting ‘it’s ok’...in [public] presentations it is the locals who are pushing this through.” Having received such local assurances, Country Garden proceeded with the project.

Dr. Serina Rahman also paints a picture of PTP as a complicit party. The port formally protested the Forest City reclamation in a focus group discussion, arguing that their federal concession gave them rights to expand operations in the area where Forest City is sited, Yet behind this contentious public stance, Dr. Serina Rahman suggests that PTP used the “Country Garden chaos” as a form of cover for their own expansion and associated environmental impacts. Before Forest City, PTP had been the object of residents’ contempt for disrupting the marine environment,

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13 Ibid.
14 Lena Wong, interview by author, Aug. 1, 2015.
16 Dr. Serina Rahman, interview by author, Jul. 17, 2015.
17 Dr. Serina Rahman, interview by author, Jul. 17, 2015.
interfering with the fishermen's activities and failing to deliver on promises of jobs.\textsuperscript{18} CGPV is clearing large tracts of land on the mainland in Tanjung Kupang for worker housing and temporary facilities to support the development. Most of the land is currently owned by PTP. Once the development is complete, Dr. Rahman suggests that PTP will resume control, free to develop it into warehouses and more port facilities. Forest City therefore fits into their long-term expansion strategy, bearing the brunt of public controversy while helping them achieve their ultimate objectives.\textsuperscript{19}

The DEIA consultants, Dr. Nik and Associates, were under their own form of pressure. Dr. Nik, who Professor Maketab claimed to know personally, did not want the contract, but had little choice as the firm's future business depended on environmental consulting for large Johor projects that need DOE approval. Maketab further claimed that the Forest City DEIA was initially rejected because it "wasn't telling the truth" and lacked detail on predicted impacts.\textsuperscript{20} At the federal level, marine researcher Dr. Lena Wong cited a general lack of capacity at the DOE in Putrajaya, claiming that they relied on her team of university researchers to keep them updated on the status of Forest City. "They are dependent on us," she noted.\textsuperscript{21}

\textbf{Evaluating Megaprojects through Forest City}

The case of Forest City has a number of important implications for megaprojects in East Asia and beyond. Fundamentally, it demonstrates that non-compliance with regulation can prove incredibly expensive, both monetarily and in terms of reputation. With the involvement of Singapore, the Forest City case demonstrates the limits of influence and "exceptionality." It highlights the value and importance of consultations and community engagement. Acting on local knowledge and greater compliance could have saved Country Garden both time and money. Forest

\begin{itemize}
  \item \textsuperscript{18} Forest City DEIA Vol. 5 B6
  \item \textsuperscript{19} Dr. Serina Rahman, interview by author, Jul. 17, 2015.
  \item \textsuperscript{20} Prof. Maketab Muhamad, interview by author, Aug. 6, 2015.
  \item \textsuperscript{21} Dr. Lena Wong, interview by author, Aug. 1, 2015.
\end{itemize}
City reveals that environmental considerations are not mere obligations but valuable possibilities in their own right. Civic engagement may also pay dividends in political legitimacy that could have broad implications for the long term success of the project.

The failure of CGPV (County Garden Pacificview) to consult stakeholders and engage meaningfully with local plans and regulations resulted proved immensely expensive for the company. Once the federal DOE had issued a stop work order in June 2014, equipment and workers were idle, costing upwards of RM 6 million a month. The federal DOE mandated expensive mitigation measures for work already conducted. In particular, CGPV was compelled to remove sand it had deposited on the Merambong Shoal seagrass bed. Pulling together the DEIA at short notice cost some RM3 million. CGPV was saddled with an extensive project redesign to accommodate a valuable seagrass bed and reduce its overall impacts on the environment. The project was scaled down twice, reducing is gross development value by RM150 billion. Large-scale reclamation associated with Forest City also hastened the passage of a new (and retroactive) tax on reclaimed land that would support a compensation fund for fishermen who stood to lose their livelihoods. Quick calculations suggest that CGPV contributed at least RM45 million.

Forest City also suffered the intangible costs of damage to its public image. Media coverage frequently painted an unfavorable portrait of the developer as out-of-touch or acting above the law. While the extent of the impact is unclear, the controversy likely tarnished Forest City's brand. This potentially had an important, though unknowable impact on future sales. CGPV launched extensive reclamation works in close proximity to the international border in a region where reclamation is politically sensitive. Consequently, they alarmed the Singapore government and threatened an international dispute. Given CGPV's long term strategy targets Singapore buyers, their approach

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22 Fong, Kathy and Tat, Ho Kay. "Cover Story: Forest City poses no threat to anyone, says ED." *The Edge Weekly* Oct 23, 2014.
24 Chen Shaua Fui, "Forest City resumes but GDV shrinks 25% to RM450b." *The Edge Markets.* Mar 20 2015.
seems especially wrongheaded. During one session of Singapore’s parliament, an MP from Nee Soon, Dr. Lee Bee Wah, even asked the foreign minister to “urge Singaporeans not to by any projects at this Forest City project.”

The environmental destruction associated with early reclamation efforts appears even more senseless given Country Garden’s subsequent reaction. Depositing sand on the seagrass appears more a product of ignorance than malice. Taking what Country Garden says at face value, Dr. Serina Rahman believes they were entirely unaware of the value of the seagrass habitat. The representatives were surprised by the diversity of marine life it supported and expressed genuine remorse for burying several hectares of Merabmong Shoal. Dr. Rahman thought that “they are trying to listen and take public comment seriously. They seem to want to do something to make up for how much they have screwed up already.” An executive at Country Garden, Dr. Runze Yu, expressed deep ambivalence about the development process and its environmental impacts. Having worked previously for the World Bank, he reported “I’m always asking myself, what is the right rate of development? Because there is just no zero-impact solution.” He clarified that CGPV’s position: “we don’t want the mangroves along the coastline to disappear...we want the seahorses to be there. We want to protect the local environment at a maximum.”

In retrospect, the smallest consideration given to local residents or existing plans could have saved CGPV many subsequent complications. Consulting any fisherman or planning professional would have revealed both the presence and value of the seagrass bed and highlighted the political sensitivity surrounding land reclamation in the Straits. In its marketing, Forest City emphasizes the natural setting of the site, highlighting “seagrass and mangrove conservation.” The developer has expressed intentions to make the seagrass bed a focal point of the project.

26 “Transcript of Senior Minister of State for Foreign Affairs Masagos Zulkfli’s reply to Parliamentary Questions” MFA Press Release, Jul. 9, 2014.
27 Ibid.
28 Dr. Runze Yu, interview by author, Jan. 16, 2016.
29 Ibid.
30 Forest City Promotional Video
Ironically, CGPV’s initial actions undermined the very natural resources it would go on to market. Far from being an unnecessary obstacle, conducting an EIA before beginning the project would have revealed strategies to minimize damage to the natural environment and preserve key resources that legitimize Forest City as an "eco-city." The environment was not a liability in this case but a value-added proposition.

This points to an important lesson regarding megaprojects: exceptionality does not operate across all scales. The Sultan may have enjoyed the power to influence approvals in Johor, and potentially even at the national level, but his influence did not extend over Singapore. Once Singapore’s prime minister became involved, it appears that the Malaysian government had no choice but to enforce the relevant environmental regulations and halt work on the project. By relying exclusively on their local partners, Country Garden confronted the limits to exceptionality. This suggests that in many cases there are overlapping structures of control or influence, some of which may not be immediately evident.

Although physically an archipelago, Forest City is dependent on a web of infrastructure that extends well beyond the limits of the project. It will require immense inputs of water and electricity and generate tremendous quantities of waste.\(^1\)\(^1\) There is considerable risk around the provisioning of such utilities, especially when resources are scarce. A true commitment to sustainability would reduce these dependencies; the development could rely on fewer automobiles and consume less energy. It appears doubtful, however, if Country Garden’s reactive planning approach serves these aims. At the same time, proper engagement with the community is a key component of managing this risk. It was only after reclamation was well underway that CGPV was forced into greater social responsibility. Consulting local residents would have given the project a sense of legitimacy that may prove crucial if, for example, water shortages force local authorities to decide between providing water for Malay communities or for an international enclave populated with outsiders.

\(^{1}\) See e.g. Forest City DEIA Vol. 5 Sec. B6
While the Sultan is remarkably influential, such realities may expose in stark terms the inequities at play.

It is evident that Forest City engages with the language of globalization. The project is marketed outwards towards an elite international clientele. Its architecture and style bear little resemblance to the forms of its surroundings. Its amenities are world-class, and yet in many respects generic. There are several other projects in Johor—some a handful of kilometers away—that market to a similar affluent clientele with their own “world-class” amenities and services. Promotional materials from Forest City and Guangzhou R&F’s Princess Cove project both have slick renderings of glassy skyscrapers and images of busy young executives. Country Garden may struggle to distinguish itself with a number of similar, albeit smaller, competitors.

Lessons

Country Garden has faced considerable obstacles in implementing Forest City. The development environment in Johor is quite unlike that in China, involving more agencies, authorities and political complexities. At the same time, they probably relied too heavily on the Sultan and local partners. Initial plans were incompatible with the site. Each of these is a lesson, an opportunity to become a more sensitive and responsible developer. Forest City is a commitment of many decades with tremendous responsibilities. Likely to involve over thirty years of construction, the project will require the company to maintain and manage the development while negotiating such issues as urban governance, utilities and service provision. Forest City is unlike the townships that Country Garden has developed in the past; it is conceived as a self-contained city with a CBD, industry and a strong commercial base. If Country Garden is to realize this vision, it will have to evolve considerably as a company. The outcome will set an important precedent for Chinese development abroad.

33 Forest City Promotional Video; “Green Capital” Brochure
Lessons for Forest City

Having made their name in mainland China, it seems that Country Garden was unprepared for the very different development environment in Malaysia. Michael Grove at Sasaki noted that “being Country Garden's first [actually second after Danga Bay] development outside of the mainland, there wasn’t a lot of understanding of all the obstacles they might face during the process.”34 Dr. Jeffrey Yee, an executive at the rival Chinese developer Guangzhou R&F held a similar opinion: “Developing a whole township in China is different. It’s all planned ahead of time by the government.” In China, state planners would have determined basic specifications and arranged infrastructure to support those specifications. He explained how his own company was facing “the new experience of provisioning all our own infrastructure. It’s really abnormal for R&F compared to what they know.”35 Dr. Yee did not believe Country Garden adequately considered this before launching Forest City. Confirming his suspicions, Dr. Runze Yu of Country Garden acknowledged the comparative difficulty of working in Malaysia. Receiving zoning approval required “going through I think thirteen different agencies. It’s incredible.” He stressed that “we are not really criticizing the system or the government...it’s just the procedure you have to go through.”36 Dr. Yu added that they had to challenge many existing planning regulations in order to build their vision, a process that added time and complexity.

Country Garden likely placed too much faith in its local Malaysian partners and connections with the Sultan. While the Sultan of Johor clearly enjoys immense influence, there are clear limits to his power. Dr. Serina Rahman believes that Country Garden should not have relied so heavily on either the Sultan or other Malaysian partners.37 For Michael Grove, “the mistake was they thought they had the Sultan as this great political connection and therefore they could just move ahead without barrier.” Even though the minority stakeholder was the Sultan himself, and “[Country

35 Dr. Jeffrey Yee, interview by author, Aug. 13, 2015.
36 Dr. Runze Yu, interview by author, Jan 16, 2016.
37 Dr. Serina Rahman, interview by author, Jul. 17, 2015.
Grove believes that they misunderstood the political climate of Malaysia as a relatively active democracy. They also failed to understand the implications of working in such close proximity to Singapore, given the often tense relations between the countries and their history of disputes over reclamation. A deft handling of cross-border issues was essential, especially since Country Garden sought to attract buyers from Singapore and have Forest City designated a “passport-free zone.”

Country Garden’s interactions with IRDA suggest that they were somewhat unprepared for the scope of the project they envisioned. IRDA became involved as part of the Detailed Environmental Impact Assessment (DEIA) process, helping set the terms of reference for the report and commenting on drafts. Planner Hana Badriah described her sense of meetings with Country Garden:

From the start we got the impression that Country Garden really didn’t know what they wanted to do based on how minimal their initial plans were and the kinds of questions they were asking. They just took what we proposed for them. They took the green city idea [though not vertical greening] from us, for example. They didn’t really have much of a plan. They were asking about our promoted sectors and seeking to fit their development with those.

The developer at least appears to have been responsive to IRDA’s input and desired to incorporate Forest City into their various master plans, notwithstanding their utter lack of compliance with the existing documents. A number of times, they reportedly reworded sections of the DEIA to take into account IRDA’s concerns.

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40 Hana Badriah, interview by author, Aug 19, 2015.
41 Ibid.
Country Garden's initial plan for Forest City had been developed internally and was extremely aggressive. It proposed a massive amount of fill in a single landmass without much consideration for local hydrology. The plan ignored environmental impacts. Michael Grove of Sasaki implicates this insensitivity in the project's initial missteps: "it didn't take into consideration any environmental issues at all, and that's when there was a lot of pushback." As a developer with global ambitions, Country Garden is planning projects in many places with environmental and planning regulations far stricter than those in Malaysia. The recent launch of Ryde Garden, an 830-unit development near Sydney, is an early example. According to Michael Grove, working in foreign settings is "still something they are still trying to navigate through and understand." Accordingly, even though Ryde Garden is miniscule compared to Forest City, it has been delayed due to difficulties in working with the Australian town planning system. These difficulties get to the heart of the broader theme of Chinese developers expanding overseas. As they aspire to launch projects in countries with a very different developer process than their own, there will inevitably be an awkward and desultory stage of learning and evolving.

By prioritizing its connection with the environment, Forest City could distinguish itself as a locally-rooted megaproject. It could consider the edge conditions of the islands and cultivate successful mangrove habitats. It could incorporate the natural environmental more centrally into the project, far beyond the veneer of "vertical greening." There may be great value in cultivating a sense of place or pursuing a kind of authenticity in responding to surroundings.

**Broader Implications of Forest City**

While many Chinese developers have faced significant difficulties abroad, a handful of examples seem to point the way forward. Some Chinese developers have shown great tact and

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44 Lawes, Anony. "Country Garden says Australia's slow planning process has forced it to delay projects." *Domain*, Nov. 10 2015,
sensitivity in their overseas projects. The Chinese consortium behind the Baltic Pearl in St. Petersburg, including the Shanghai Industrial Investment Company, is a case in point. They managed to navigate the difficult political environment between China and Russia while simultaneously engaging both municipal and state interests. While not free of criticism, Greenland Group has launched numerous projects in the West, primarily through partnerships with local developers. While the approach may constrain profits, it limits risk and reduces the barriers to market entry. In Malaysia, Country Garden did hire local Malaysian staff, but remains the sole developer of Forest City. Along similar lines, while Chinese developers are accustomed to working at immense scales, it may be prudent to begin with smaller ventures abroad. Country Garden seems to have heeded this lesson with its first foray into Australia.

For Country Garden, Forest City represents a tremendous long-term commitment where failure could be disastrous for the company. It is not a project they can simply develop and unload quickly, but one that will require continuous shepherding over the course of its thirty-year development timeline and beyond. In working with Country Garden, Michael Grove acknowledged that “because of the scale and the timeline of the project there’s a lot of understanding that they have to do it right.”Even after they have invested the reported RM 176 billion (around US $43 billion) necessary to achieve Country Garden’s vision, they will bear the responsibility of owning, maintaining and upgrading the project. Country Garden is only just beginning to struggle with challenges of urban governance—whether the project will have its own local council, how urban utilities will be paid for and other issues of that type. While recognizing the immense challenges involved, Michael Grove is optimistic that “they are going to want to continue to learn from their mistakes and they are going to continue to improve things as they go.”

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45 See Chapter III section on Baltic Pearl
46 See Chapter III section Greenland's overseas projects
Country Garden's initial emphasis with Forest City has been on quickly delivering a product they can market to mainland Chinese buyers and secure enough commitments to maintain their financing. Eventually, however, Country Garden will need to broaden its strategy to appeal not just to Chinese investors but to an international clientele interested in living in the project long-term. Country Garden will have to build the amenities and cultivate the business and employment opportunities that will enable people to live successfully within Forest City. Michael Grove of Sasaki believes “in the long-term, the reality is that they're going to have to be more robust in their construction of the public realm in order to attract more of the market base that they're hoping to achieve.”

In pursuit of their long-term vision for the project as a self-contained, new global city with its own CBD, creative industries, research and development and “world class” quality, Country Garden is making a tremendous commitment. It has people “staking their careers on being in Malaysia and the success of the project.” This will require a fundamental re-orientation in the company’s business model and thinking. Unlike Danga Bay, which is much closer to their mainland Chinese projects as a second-home investment opportunity, Forest City aims to be its own, integrated community that leverages close connections with Singapore. Commenting on his interactions with Country Garden, Michael Grove explained:

There’s a realization that they need to understand the local climate, the political climate, the approvals process, everything from community engagement through environmentalist groups and activists. So there’s a desire on their part to be more immersive. I’m not sure they’ve achieved it yet and I don’t think they will in the

50 Ibid.
51 Ibid.
52 “Green Capital” Brochure.
54 While mixed-use, it is primarily residential and strongly resembles other Country Garden projects on mainland China. There is no pretense of creating a new city or attracting industries to the site. Commercial tenants would be primarily oriented towards retail.
short-term, I think this will take a long time as they hire more specialists and bring people on board that are actually insiders from Malaysia and not outsiders from China.55

Ultimately, the Forest City project has implications not just for Johor, but nationally in Malaysia, in Singapore and the broader Southeast Asian region. As an unbelievably ambitious flagship project, its success or failure could signal the future of development in the region. As other Chinese developers are no doubt looking to Forest City's example, it has major implications for overseas Chinese development and future megaprojects in general. Already, Forest City bears important lessons for developers: addressing the concerns of neighbor nations, not relying on connections with local power players (especially if the goal is to circumvent local regulations), being open to environmental regulations and EIAs, and willingness to engage the federal government in addition to the state, among others. Chinese developers are moving past the stage of pursuing projects for immediate profit and transitioning to a stage of desiring "a larger impact on the world and [to] be seen as credible players in the marketplace." To succeed, Country Garden will need to look beyond "low-hanging fruit,"56 and embrace rigorous global standards.

**Conclusion:**

From their comprehensive study of megaprojects, Altshauer and Luberoff explain that "efforts to realize large-scale investment projects often provide an unusually revealing window on patterns of influence in urban development politics"57 For Johor, the Forest City development provides a powerful lens through which to understand such patterns of influence. It highlights the power of the Sultan and his integral role in the development of Johor. At the same time, it exposes the limits of his influence as it confronted the interests of Singapore and the Malaysian federal government. Forest City speaks to the growing role of Chinese developers abroad, but also the great

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56 Ibid.
challenges they face in negotiating unfamiliar contexts. It exposes a disregard for the natural environment and reveals a subsequent effort to reduce environmental impacts. More broadly, Forest City reveals significant weaknesses in the functioning of democracy and community engagement in Johor, and impediments to federal intervention.

At the same time, Forest City is bound up in complex patterns of globalization. It is a Chinese-led project rooted in township developments in Guangdong sited in southern Malaysia that will attempt to leverage economic spill-over from Singapore. Forest City bears the mark of an international team of consultants, contains “world-class” facilities and aims to attract an affluent, global clientele. It fits directly into a narrative of mobile global capital, “competitive landscapes,” and enclave urbanism that orients itself outwards, away from local communities, customs and urban morphologies. As a self-proclaimed “model for future cities of the world,” it professes a totalizing vision of urban life that demands terra nova—a true blank slate for its creation. As such, it stands in stark contrast to the growing number of urbanists advocating the opposite approach to development – locally oriented, humanly scaled, environmentally friendly and sustainable, and endowed with an architectural character that responds to the local setting and its traditions.

Forest city remains in the embryonic stage of its development, but already it holds important lessons for Chinese developers operating overseas. The saga of Forest City is a kind of bildungsroman for Country Garden as it evolves from a Chinese township developer to a global company overseeing the construction and growth of a vast, integrated new city. It would be premature to speculate over the success of the project, but even if it falls short of its ambitions, it has established an important precedent for Chinese developers. Its outcome will have broad implications for Johor, the region, and beyond.

58 Swyngedouw et al., “Neoliberal urbanization in Europe.”
59 Forest City Promotional Video.
## Appendix A: List of People Interviewed

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Affiliation</th>
<th>Date</th>
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<tbody>
<tr>
<td>Abu Talib bin Khamis</td>
<td>Fisherman</td>
<td></td>
<td>8/17/2015</td>
</tr>
<tr>
<td>Bakhtiar Jaffar</td>
<td>Kampong Pendas resident, SOS advisor</td>
<td>SOS</td>
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<tr>
<td>Cynthia Wong</td>
<td>Singapore resident and environmentalist</td>
<td>NUS</td>
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<td>Dr. Daniel Freiss</td>
<td>Professor, Department of Geography (mangroves specialist)</td>
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<td>7/19/2015</td>
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<td>Hana Badria</td>
<td>IRDA staff, Planning and Compliance</td>
<td>IRDA</td>
<td>8/19/2015</td>
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<tr>
<td>Harun bin Awang</td>
<td>Fisherman</td>
<td></td>
<td>8/15/2015</td>
</tr>
<tr>
<td>Dr. Jeffrey Yee</td>
<td>Vice General Manager</td>
<td>Guangzhou R&amp;F</td>
<td>8/13/2015</td>
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<tr>
<td>Lan Rahman</td>
<td>Fisherman, contract work for Country Garden</td>
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<td>Lena Wong</td>
<td>Professor, performs environmental monitoring for FC</td>
<td>UPM</td>
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<td>Maimunah Jaffar</td>
<td>Director of Planning and Compliance, IRDA</td>
<td>IRDA</td>
<td>7/14/2015</td>
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<td>Dr. Maketab Mohamed</td>
<td>Professor, Water Quality and Water Quality Monitoring</td>
<td>UTM</td>
<td>8/6/2015</td>
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<td>Michael Grove</td>
<td>Principal at Sasaki, Lead Designer for Forest City</td>
<td>Sasaki</td>
<td>12/2/2015</td>
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<td>Michelle Lew</td>
<td>IRDA staff, Planning and Compliance</td>
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<td>9/6/2015</td>
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<td>Professor, Architecture and Director of ISI</td>
<td>UTM</td>
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<td>Ooi Boon Leong</td>
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<td>SOS</td>
<td>8/19/2015</td>
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<tr>
<td>Dr. Runze Yu</td>
<td>Regional Vice President at Country Garden</td>
<td>Country Garden</td>
<td>1/16/2016</td>
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<tr>
<td>Dr. Serina Rahman</td>
<td>Director, Kelab Alami</td>
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<td>Sharil [single name]</td>
<td>Fisherman</td>
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<tr>
<td>Veron Ng</td>
<td>Manager, Engineering and Sustainability Div</td>
<td>G-Energy</td>
<td>1/28/2016</td>
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<td>Vincent Chow</td>
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<td>Lan Rahman</td>
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<td>45 and ~90 minutes</td>
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<tr>
<td>Dr. Maketab Mohamed</td>
<td>Prof Maketab's office, UTM</td>
<td>90 minutes</td>
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<tr>
<td>Michael Grove</td>
<td>Remote [Conducted by Libbie]</td>
<td>40 minutes</td>
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<tr>
<td>Michelle Lew</td>
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<tr>
<td>Dr. Mohd Hamdan bin haji Ahmad</td>
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<td>Ooi Boon Leong</td>
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<tr>
<td>Dr. Runze Yu</td>
<td>Chakra Restaurant, Johor Bahru</td>
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<tr>
<td>Dr. Serina Rahman</td>
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<td>120 minutes</td>
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<td>Veron Ng</td>
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<td>Vincent Chow</td>
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Bibliography:

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