

## **The Case of Forest City and Singapore**

### *Introduction:*

For much of its history Johor, Malaysia has been a scrappy border town across from booming Singapore. Yet over the past decade Johor has been the site of an explosion in large real estate projects by Chinese developers, many of them involving extensive land reclamation. Despite a great deal of experience and deep pockets, the Chinese have found themselves repeatedly beset by problems as they expand in Malaysia. The case of one development, Forest City, illustrates this situation well. The sheer scale of the project is astounding, with plans for thousands of acres of new land and housing for hundreds of thousands of people, but perhaps most importantly it was located near the Singapore border along the Straights of Johor. For two nations that are economically intertwined but politically contentious, this siting in a trans-boundary context set the stage for a high-level dispute.

The project began auspiciously enough as its developer, Country Garden Ltd., received tacit assurances from the powerful Sultan of Johor that their project would sail through the regulatory and approval portions of the development process. After beginning land reclamation work, however, neighboring Singapore issued a formal protest on environmental and sovereignty grounds. The future of the project was thrust into doubt as it became embroiled in an international controversy. After several diplomatic exchanges, the Malaysian federal government eventually forced the project through more intensive environmental review, which resulted in significant changes to Forest City. While a range of factors contributed to this outcome, Singapore seems to have played the defining role in shaping the future of the project. The case serves as a poignant reminder that such projects, especially those in a transboundary setting, are entangled in a web of political relationships. It also serves as excellent evidence for how external accountability can force institutions to uphold laws and act in the interest of their citizens.

*Rationale for Project:*

Country Garden's interest in Malaysia has been explained as a need to seek returns overseas amid a slowing domestic property market and higher barriers to investing elsewhere. Lower prices and fewer market restrictions than Hong Kong or neighboring Singapore make the region attractive. Compared to other East Asian nations, Malaysia is politically stable and has relatively good relations with China.<sup>1</sup>

The southern state of Johor, with its proximity to Singapore, was seen as the ideal site for their first Malaysian venture. While Singapore is an island, it is far from isolated. Economic and labor linkages between Johor and Singapore are already very tight; over two hundred thousand people cross the causeway between the two nations every day as there is a large community that lives in Johor but commutes to work in Singapore. Dramatically lower housing costs in Johor justify for many the prospect of a two-hour crossing. Through its own economic dynamism, Singapore created the fundamental demand for housing near its borders.<sup>2</sup> 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 their back offices to Johor as part of an effort to cut costs.

The Sultan of Johor, one of Malaysia's traditional monarchs who act as stewards of Islam, provided the official invitation for Country Garden to embark on a project in his state. The Sultans of Malaysia, while officially just figureheads, in practice wield considerable political and economic power. 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.<sup>3</sup> A professor of hydrology at UTM (Universiti Teknologi Malaysia) I interviewed, Dr. Maketab Mohamad, who had a deep reading on the political scene in Johor described the Sultan as "the key player that made this project happen."<sup>4</sup>

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<sup>1</sup> Bei Shan, Ng. "Stormy Property Landscape."

<sup>2</sup> Tan, Ck. "Malaysia-Singapore commute a daily grind."

<sup>3</sup> Aw, Nigel. "Johor Sultan 'initiated' Forest City mega project."

<sup>4</sup> Interview with Dr. Maketab Muhamad

He said that there was something unwritten that all major decisions require the tacit approval of the Sultan—part of an invisible yet intractable power structure.

According to media reports, the Sultan was concerned about an imbalance in the development of eastern and western Johor and therefore sought a project to direct investment into the western side. In any case, the Sultan took a substantial financial stake in what was to be a multi-billion dollar project. It is possible that the Sultan saw the project as an (albeit odd) expression of Malaysian nationalism; in a later media interview he claimed that “the coastline is strategic,” and that “if Johor does not carry out reclamation, Singapore will and has been doing so.”<sup>5</sup> The appeal to a political rivalry is bizarre, considering that each nation is clearly constrained by its international borders and reclamation on one side of the border presumably doesn’t affect reclamation efforts on the other.

Country Garden entered the scene with plans for a massive new development involving a 2000 ha reclaimed island that would host a lifestyle luxury development for some 500000 people. Targeting “international buyers,” it would be by far the largest such project in Malaysia.<sup>6</sup> It was reported to be “very high end,” with “dazzling water features” and a number of destination attractions. All this was to be within easy access to Singapore via the second link bridge. The site of the project was quite rural, home to a number of sleeping fishing villages. Residents plied their trade among the mangroves of the shoreline, an ecologically rich environment. Home to the largest seagrass bed in peninsular Malaysia, the area had for some time been considered for designation as an environmentally sensitive area.

Some commentators had questioned the need for land reclamation when Johor clearly has no shortage of open development sites. An executive at a rival Chinese firm I interviewed, Dr. Jeffrey Yee, explained that in order to attract high-value international buyers, the developments needed to be by the sea. “You can’t just put up a cluster of towers in the middle of JB [Johor Bahru,

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<sup>5</sup> Chun Wai, Wong and Benjamin, Nelson. “Sultan of Johor speaks his mind.”

<sup>6</sup> Bei Shan, Ng. “Country Garden, KPRJ plan massive reclamation development for luxury homes.”

the largest city in Johor] and expect to attract that much attention,”<sup>7</sup> he noted. Presumably, reclaiming new land allows the developer to maximize the number of units near the water and hence their overall development value.

*Context from Previous Dispute:*

The role Singapore played in the Forest City project was inevitably colored by a previous dispute over land reclamation in 2003. 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).<sup>8</sup>

Malaysia argued that Singapore’s land reclamation was causing irreversible damage to the marine environment. In particular, they were concerned that the works would cause changes to the “flow regime” and increases in sedimentation. They argued that the impacts would fall unequally on Malaysia. Singapore questioned the technical basis for Malaysia’s case, calling it “rife with speculation,”<sup>9</sup> and arguing that it failed to establish a causal link between observed impacts on the marine environment and Singapore’s actions. Responding to claims that Malaysia was not sufficiently informed or consulted on the reclamation projects, Singapore maintained that it had provided the relevant information and was prepared to consult with Malaysia should the need arise. It also questioned why Malaysia waited for years after having learned of the reclamation plans from Singapore to refer its grievances to the tribunal. Singapore made a number of assurances that it would carefully study Malaysia’s evidence of adverse effects and consider changes if it found such evidence compelling.

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<sup>7</sup> Interview with Dr. Jeffrey Yee

<sup>8</sup>Rao, Chandrasekhara. “Separate Opinion” *ITLOS Case No. 12*.

<sup>9</sup> Nelson, Dolliver. “Declaration of President Nelson” *ITLOS Case No. 12*.

In ITLOS's unanimous judgement, the court refused to grant the stay in reclamation activities Malaysia was seeking and instead required the two parties to establish a group of independent experts to conduct a study on the reclamation works. The group would determine within a year the effects of Singapore's activities and propose measures to deal with any adverse effects. In essence, the court was compelling Malaysia and Singapore to cooperate and resolve their differences on the basis of an objective study by independent experts. Tommy Koh, one of the lead negotiators for Singapore, praised the outcome, stating that "the whole process worked out very well." Malaysia and Singapore were forced to collaborate on the study, which in turn fostered a "relationship of mutual respect."<sup>10</sup> After completing the study and following through further rounds of negotiations, the two nations finally signed a settlement agreement in 2005, marking an amicable end to the dispute. Yet, despite the precedent set by this case and the commitment to cooperate on projects with transboundary impacts, conflict would arise again, this time over the Forest City case.

#### *Early Chronology:*

Since Country Garden's Forest City project was highly complex and involved extensive land reclamation, the project and its required approvals were broken into multiple phases. Phase one of the reclamation involved 49.3 ha of new land consisting of an irregularly-shaped parcel close to the international border and a causeway linking the site to the mainland.<sup>11</sup> The figure of 49 ha is suspect, representing an evident attempt to skirt national environmental regulations. According to the Environmental Quality Order 1978 and Environmental Quality Act 1974, coastal reclamation projects over 50 ha in size require detailed EIA reports. Since the overall size of the project was many times larger than 50 ha, breaking it into smaller phases was at best disingenuous.

In spite of this clear attempt to exploit a loophole, the Johor Department of the Environment (DOE) duly issued Country Garden its approval in January 2014. Country Garden began reclamation

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<sup>10</sup> Koh, Tommy. "The Land Reclamation Case: Thoughts and Reflections by Tommy Koh."

<sup>11</sup> Dr. Nik and Associates Sdn. Bhd.

just days later, evidence that they were all but certain of the outcome and had massed their resources in anticipation.<sup>12</sup> Speculatively, the Sultan and other politically powerful figures with a personal interest in the project used their influence to speed it through the approvals process, disregarding requirements for environmental review. It is hard to conceive that officials at the state's DOE would have otherwise failed to recognize the site's environmental sensitivity and allowed it to proceed with so little scrutiny.

Reclamation proceeded quietly for the following months. An MP from Gelang Petah (the constituency nearest Forest City), Lim Kit Siang and a few fishermen protested, but their appeals failed to gain traction.<sup>13</sup> In May, however, Singapore began making its concerns clear. It first sent a diplomatic note asking for "all the relevant information" about the project, including an EIA report and timeline for the project's completion.

Evidently, this was more than sufficient to attract Malaysia's attention. In response to the diplomatic note, Johor Menteri Besar (chief minister) Khaled Nordin made assurances that the project would not affect the environment. He said that the state government had notified Country Garden that they had to prepare an action plan and clear any sediment that was dislodged resulting from the reclamation work. Singapore fired back with a request "clarification and explanation" of these remarks in a second diplomatic note.<sup>14</sup> By late May, the prime minister of Malaysia Najib Razak was apparently facing a dilemma over how to deal with Singapore's concerns. Environmental issues fall under the purview of the federal government in Putrajaya, while land matters are under the jurisdiction of the Johor state government, highlighting the possibility of contention between the federal and state governments.<sup>15</sup>

The fact that Singapore was pursuing the matter through multiple channels suggests that they took the matter very seriously. That they chose to address their concerns on a federal,

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<sup>12</sup> *Ibid.*

<sup>13</sup> How, Cheo Yee. "Disagreement with the proposed Forest City project."

<sup>14</sup> Zulfakar, Mergawati. "Singapore Concern over Johor Project."

<sup>15</sup> "Land reclamation project linked to royalty set to ruffle Malaysia-Singapore ties, says report."

government-to-government level speaks to the perceived gravity of the situation. Singapore's involvement had the effect of internationalizing the issue and wresting control of the matter away from authorities in Johor. According to a source cited in a *Star* article, "It becomes a federal matter when transboundary and environmental issues are involved."<sup>16</sup>

A spokesman for the Singapore Ministry of Foreign Affairs (MFA) later issued a statement addressing the Forest City project: "Given Johor's close proximity to Singapore, we are naturally concerned about any possible transboundary impacts on Singapore from property development projects that involve reclamation works in the Straits of Johor. There are also international obligations for both Malaysia and Singapore authorities to work closely on such matters. We have asked the Malaysian authorities to provide more information so that we can undertake a study as soon as possible on the impacts of these reclamation works on Singapore and the Straits."<sup>17</sup>

#### *Nature of Singapore's Concerns:*

Dan Freiss, an assistant professor at the National University of Singapore with a specialty in marine ecology, shared with me some of his reasoning for why Singapore had objected to the project. The primary concern, he said is for trans-boundary environmental impacts. More specifically, sedimentation and erosion arising from the reshaping of the coastline and resulting change in hydrology. Since sand "tends not to float very far" the primary worry involves changes in currents brought about by the new islands. These are the same impacts that Malaysia emphasized in its earlier UNCLOS protest. Still, sand from reclamation has the potential to smother mangrove roots and corals.<sup>18</sup>

The Singapore foreign minister Masagos Zulkifli set out his nations' position succinctly in a response to parliamentary questions on the Forest City development. He noted that countries are

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<sup>16</sup> Zulfakar, Mergawati. "Singapore Concern over Johor Project."

<sup>17</sup> "Singapore wants more information on Johor project: MFA."

<sup>18</sup> Interview with Dr. Daniel Freiss

obliged under UNCLOS “not to cause harm or permit activities within their jurisdiction to cause transboundary harm to their neighbors.”<sup>19</sup> Malaysia, in permitting large-scale reclamation activities so close to the international border has a duty to conduct an environmental impact assessment and inform Singapore of any expected transboundary damage. Singapore was not given prior information the Forest City project, so proceeded to convey its concerns through a variety of channels. Masagos noted that they were worried that the reclamation would lead to an increase in current velocity within the Straits of Johor, which would impact navigation and lead to increased erosion. This could undermine the second link bridge and threaten Singapore’s shoreline. He also expressed concern that water quality would suffer, which would impact fish farms and other water-dependent industries.

The sheer time scale of the development—estimated at 30 years—had also raised eyebrows. The environment can sustain stress for limited periods of time and recover, he said, but not anywhere near the time needed to build something so large. Even once the development was completed, there were concerns about pollution and the treatment of sewage from the project. Fundamentally, it is impossible to host half a million people without significant impacts.<sup>20</sup>

*Continued Chronology:*

Malaysia seems to have heard Singapore’s concerns loud and clear. Shortly thereafter, the DOE Johor issued a letter to Country Garden for “mitigation” work to be done on the reclamation site. It is unclear what exactly this entailed, but it presumably reflects a growing pressure for accountability amid concerns from Singapore. With reclamation still underway, this was followed with a stronger letter requesting a detailed environmental impact assessment. Since Johor had previously issued a preliminary site approval, this about-face represents an acknowledgement that

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<sup>19</sup> Yong, Charissa. “KL has reassured Singapore over reclamation concerns: MFA.”

<sup>20</sup> Interview with Dr. Daniel Friess

Malaysia was finally forcing the project to play by the (environmental) rules.<sup>21</sup> Malaysia eventually responded to Singapore's request for clarification with "preliminary general information" and a promise to share other information as it became available. It also reiterated its commitment to international law.<sup>22</sup>

The Malaysian federal government did its best to patch relations with Singapore. The Malaysian Foreign Minister Seri Anifah Aman said that they had been engaging with Singapore and confirmed his commitment to international law, particularly the 1982 United Nations Convention on the Law of the Sea. He also acknowledged the history of land reclamation disputes between the two nations, and said that the federal DOE was in "close consultation" with the Johor government and developers, and that the foreign ministry was also involved.<sup>23</sup> Tightening the screws on the developer, the DOE sent an immediate notice to Country Garden to undertake a number of mitigating measures. This included immediate maintenance on the existing silt curtain, instillation of a new double-layered silt curtain, submission of a water quality monitoring report and the appointment of an environmental officer. In its most drastic move yet, the Malaysian government finally issued a stop work order for the reclamation activities in mid-June.<sup>24</sup>

Between the period when the stop-work order was issued and the project's final approval in January 2015, the project saw significant changes. Country Garden hired an environmental consultant to perform a proper detailed environmental impact assessment, an expensive proposition that would take months to complete. The results from this and other studies motivated a significant change in the landform of the project, from a single, monolithic island to a cluster of four islands linked by bridges that would ostensibly leave the seagrass bed intact. The developer even agreed to establish the seagrass bed as a protected area. As a sign of Singapore's influence, the

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<sup>21</sup> Dr. Nik and Associates Sdn. Bhd. P. 12

<sup>22</sup>Zulkifli, Masagos. "MFA Press Release: Transcript of Senior Minister of State for Foreign Affairs

<sup>23</sup> "Johor Straits Project: KL affirms commitment to international law."

<sup>24</sup> Dr. Nik and Associates Sdn. Bhd. P. 12

new landform was also driven by a desire to remain at least 1 km from the international border. The overall area of the project was reduced by a third.<sup>25</sup>

Country Garden was forced to treat those it stood to impact with more care and respect. It held several community engagement meetings and gathered input from villagers through a number of local workshops. In addition, a new law was passed that taxed developers for every square foot of reclaimed land and used the proceeds to create a fund for fishermen impacted by the reclamation works. Approximately \$30 million was projected to be collected, including from projects already underway. The Johor chief minister championed the program as evidence that Johor was taking care of its fishermen.<sup>26</sup>

#### *Analysis:*

Multiple people I interviewed believed firmly that the Malaysian government finally capitulated and required an EIA only after Singapore complained to Malaysia through diplomatic channels. Opposition politicians learned of the project at an early stage and immediately began protesting it on their blogs, but in general their commentary was ignored. A handful even visited the reclamation site to document what was happening there. Still, “it was only after the Singaporean government raised their concerns a number of times that a stop work order was issued in June 2014” according to DAP (an opposition party) Johor spokesman Cheo Yee How in an online statement.<sup>27</sup>

Prof. Maketab Muhamad, a professor of hydrology I interviewed, concurred with this assessment: “when Singapore made noise, they stopped.”<sup>28</sup> A village teacher living near the reclamation site, Bakhtiar Jaffar, came to about the same conclusion in a separate interview.<sup>29</sup> He

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<sup>25</sup> Ng, Pauline. “Report on Forest City project gets nod from M’sian environment department.”

<sup>26</sup> “Johor to impose 30 sen payment for every sq ft of sea reclamation.”

<sup>27</sup> How, Cheo Yee. “Disagreement with the proposed Forest City project.”

<sup>28</sup> Interview with Dr. Maketab Mohamad

<sup>29</sup> Interview with Bakhtiar Jaffar

held that Country Garden performed the environmental impact assessment solely because of Singapore's diplomacy. What can be said for certain is that media coverage of the case increased exponentially after Singapore made its stance clear. This may have had a secondary effect of galvanizing opposition for the project within Malaysia itself. Singapore's concerns forced Malaysia to affirm its commitment to international law and cooperation, precedents for which had been established in the 2003 ITLOS dispute. Otherwise, Malaysia faced a blow to its credibility. While Singapore was clearly not the only factor influencing decisions on the project at the local and national levels of government in Malaysia, its intervention almost certainly played a decisive role.

Some of those who had a clear reason to protest remained relatively quiet. Fishermen I interviewed (through an interpreter) were hesitant to protest even if the project would clearly threaten their livelihoods since it was widely seen as the "Sultan's project."<sup>30</sup> Among the fishermen, the Sultan was held in high regard for his role as a sort of local steward of Islam. A lack of information complicated the situation. County Garden never notified fishermen or villagers of the dramatic changes slated for their backyard. The developer had neglected to erect so much as a single sign announcing the project and presenting its vision. Until later, more complete reports emerged, villagers and fishermen never had a clear sense of what they would be protesting.

To me this is relatively clear evidence that a bottom-up, grassroots protest to the project would have been ineffectual. There was clearly a wide base of discontent with the project and how it was presented, but the combined voices of opposition politicians, fishermen and environmentalists were not sufficient to attract any significant response. Singapore, by contrast, had the political leverage to demand an immediate response. Even once the project became much more widely known and protests had become more organized, the actors negotiating changes to the project were all high-ranking officials in Singapore and Malaysia who acted mostly without regard

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<sup>30</sup> Interview with Abu Talib bin Khamis

to grassroots actors.<sup>31</sup> The move to set up a fund for the fishermen is perhaps the most prominent exception.

This case presents as clear evidence as any for the integral role of politics in planning. As Norman Krumholtz notes, planners inevitably work within a web of political relationships, in this case those of international relations.<sup>32</sup> Country Garden, the developer of Forest City, lost substantial control of its project as it became the focus of international diplomacy. As Singapore “internationalized” the matter, Country Garden suddenly had the Malaysian federal government—not merely the Johor government—speaking on its behalf. The developer and its local partners failed to account for their position within a broader political system in which another nation could dramatically turn the tables on their project’s feasibility.

For local planners in Johor, especially at the Iskandar Regional Development Agency (IRDA) tasked with managing growth in the region, the episode was a reminder of their position within Johor’s political system. The Forest City project was not in IRDA’s master plan, but the agency was nonetheless forced to incorporate the project into its activities and predictions. Realizing the limitations of its powers, IRDA made the best of the situation by serving a facilitation and consultation role. It worked with the developer and state government by providing expertise and planning assistance, helping integrate the project with their other initiatives. From interviews with some of its staff, I learned that IRDA also provided a neutral forum for various agencies and stakeholders to communicate their priorities and concerns.<sup>33</sup>

The case also speaks to the conditions in which public sector institutions, namely the local government of Johor and the Malaysian environmental ministry, do well. Singapore’s intervention held Malaysia externally accountable for its actions on the environment, even if the interventions were self-interested. It is unlikely, for example, that the project would have undergone much

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<sup>31</sup> Dr. Nik and Associates Sdn. Bhd.

<sup>32</sup> Krumholz, N. (2011). Making equity planning work: Leadership in the public sector. Ch 14

<sup>33</sup> Interview with Hana Badriah

environmental review had Singapore not applied its own pressure. The project had the support of some of Johor's most politically connected and powerful actors, who had the ability to speed the project through its various regulatory hurdles. Media attention and broader scrutiny resulting from Singapore's intervention may have contributed indirectly to this accountability. Singapore consistently couched its arguments in terms of international law, forcing Malaysia's institutions to respond in kind if they were to maintain their legitimacy.

*Comparison to Princess Cove Project:*

Another project along the Straits of Johor by a rival Chinese developer provides a useful point of comparison for the Forest City project. Princess Cove, a new luxury development by Guangzhou R&F, shares surprisingly many similarities with Forest City, but attracted relatively little controversy and engendered a muted response from Singapore. Princess Cove also involved extensive reclamation in the Straits that encroached on the international border with Singapore. In fact, Princess Cove planned to encroach even more than Forest City, leaving just 290 meters to the border. Both projects targeted at affluent international buyers and positioned themselves as affordable luxury developments with quick access to Singapore. To this end, both were sited close to the key transportation connecting the island state to Malaysia. While Princess Cove was not nearly on the scale of Forest City, it also planned to bring thousands of new units to market and sold itself as a self-contained mixed-use community where residents could "live, work and play."<sup>34</sup>

Even the chronology of the development is nearly identical to Forest City. Land for the project was acquired from the Sultan in a high-profile deal in which the Sultan stood to profit immensely. The company rapidly received its initial approvals and shortly thereafter began reclamation. The same stop work order that halted reclamation on Forest City was also applied to

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<sup>34</sup> Bei Shan, Ng. "Country Garden, KPRJ plan massive reclamation development for luxury homes."

Princess Cove. The company was similarly forced to complete a DEIA to address environmental concerns, but was eventually cleared to resume.<sup>35</sup>

The similarities—and outcomes—end there. Princess Cove involved a combination of both existing and new land. They planned to develop the existing shoreline first, enabling them to get the project off the ground even if the reclamation component encountered obstacles. As the development would proceed in stages, the reclaimed land would be allowed to settle for an extended period before being built upon. Unlike Forest City, Princess Cove was located in an area near downtown Johor Bahru that was already quite built-up. It did not encroach on an environmentally sensitive area nor did it risk affecting the livelihoods of any large group of people. With plans to reclaim only 37 ha total, well below the 50 ha threshold, it was at least partially justified in beginning reclamation without conducting a DEIA. There was not the sense that it attempted to exploit loopholes or otherwise use creative project phasing to skirt environmental regulations. Guangzhou R&F widely publicized their project and were never secretive about their intentions.

While reclamation work was halted, construction continued elsewhere on the site. Environmental review resulted in few, if any significant changes to the project. Singapore had requested additional information on the project, but that was the extent of their involvement. Looking forward, the project was scaled such that it would not require immense new investments in infrastructure. As Guangzhou R&F executive Dr. Jeffrey Yee told me, the stop work order had been just a “hiccup” in their operations. Asked what he thought of the Forest City project, he described it as “very aggressive,” but was baffled as to why it involved new islands instead of simply extending the shoreline. He wondered whether they were trying to copy the palms of Dubai, but admitted he “couldn’t appreciate the vision.”<sup>36</sup>

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<sup>35</sup> Lee, Marissa. “Malaysia gives nod for reclamation project in Johor Strait to resume.”

<sup>36</sup> Interview with Dr. Jeffrey Yee

Ironically, while developers are in competition with each other, their fates are also bound together. The high-profile failure of an overambitious development could discourage further investment and reduce the property value of neighboring developments. As Dr. Yee noted, “One failure could undermine the whole premise of development here.”<sup>37</sup>

*Conclusion:*

Singapore’s influence in the Forest City case can hardly be overstated. What was a striking mega-development waived through its approvals process by the Sultan was suddenly subjected to the full weight of environmental regulation. Having failed to account for cross-border politics, the project emerged from the process scaled down and dramatically altered in form. Forest City’s location near the border seemingly made all the difference. While other factors were definitely at play, it is hard to imagine the project being subjected to the same scrutiny if it were a hundred kilometers up the coast. Arguably, Singapore’s pressure made Malaysian institutions perform better, forced Malaysia to uphold its own laws and probably benefited thousands of residents near the project. While a number of parties no doubt resented Singapore’s interference, the affair was ultimately an exercise in cooperation between the two nations. Unlike in 2003, neither party referred or even threatened to refer the case to an international tribunal. The Forest City project was resolved amicably and is currently under construction, but it will remain a case that holds many lessons for trans-boundary development.

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<sup>37</sup> *Ibid.*

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