



BWI • BHI • BFI • IBB • ICM  
[www.bwint.org](http://www.bwint.org)

# A construction's workers' guide to the World Urban Forum 9

7-13 February 2018

*The World Urban Forum is the world's premiere forum for discussion of urban issues, and a valuable international forum in which BWI unions can articulate a more just social agenda. The biennial international summit is organised by the UN Human Settlements Programme (UN-Habitat) and has been running since 2001, with the BWI's predecessor organisation the IFBWW becoming involved since prior even to this date.*

*Now, with a majority of the world's population living in urban rather than rural environments, discussions on the role of working people in ensuring sustainable and equitable places for living are more critical than ever. Civil society groups, urban poor and homeless groups, housing organization, urban professionals, academics, governments, local authorities and international organisations and institutions use WUF as an opportunity to discuss issues such as energy, environment, land, housing and infrastructure. Construction workers must play a key role in these discussions.*

*This year's WUF will take place in Kuala Lumpur (Malaysia), a country going through a period of significant urban development. Within the next decade it is on track to join the ranks of the world megacities (over 10 million people), fueled by both national and international migration. It is estimated that 25,000 participants will attend from across the globe. The BWI delegation is predominantly from Southeast Asia, including some of the region's fast-growing cities (Kuala Lumpur, Jakarta, Phnom Penh and Yangon), and also includes participants from Chennai, Kampala and Copenhagen.*

## Increasingly unequal urban environments

*"Any city however small, is in fact divided into two, on the city of the poor, the other of the rich."*

*-Plato*

Cities are critical to modern capitalism. They house workers and their workplaces, they give rise to concentrated cycles of production and consumption, and, in doing so, they generate profit for investors. The construction of urban environments in the US, for example, sat at the core of global financial crisis in 2007-08 and much of the turmoil that followed. There, Government agencies financed suburban expansion to provide shelter for working class Americans, while at the same time banks bought the extracted huge profits through twisted forms of financial innovation. With millions dispossessed as their homes were foreclosed upon, a political decision was taken to support those that directed the process of urbanisation – the banks and large industrial firms (including construction companies) - not those affected by it. To this end, Harvey suggests we demand must be "greater democratic control over the production and use of the surplus." Put another way, our demand must be for a greater share of corporate profits, and greater control over the rules that dictate the business cycle.

In 2010 in Rio de Janeiro (Brazil), the World Urban Forum was focused around the theme of Right to the City; in other words, the question of who has the right to influence decisions in urban expansion. Since the retrenchment of social-democratic government in the 1980s and the emergence of neoliberal reforms, the power to shape that process has been increasingly shifted back into private hands.

Neoliberal urban policy concluded that redistributing wealth to less advantaged neighbourhoods, cities and regions was futile, and should instead go to more profitable locales.

This has resulted in the construction of increasingly unequal urban environments, on a scale the planet has never seen before. As Oxfam noted prior to the 2017 World Economic Forum, just eight men own the same wealth as the 3.6 billion people who make up the poorest half of humanity. A year later they informed that 82% of the wealth created that year had gone to richest 1% of the global population, while the poorest 3.7 billion saw no increase whatsoever. One in seven of the world's population are housed in informal settlements in urban areas – commonly known as slums. The informal sector globally makes up more than half of the global labour force, and hundreds of millions of workers are stuck in insecure employment relationships.

And yet there is huge opportunity to create a more just world. Construction accounts for around 10% of global GDP, and the global market for construction is projected to be worth US\$10.3 billion by 2020. In coming decades the Global South will account for a growing share of this market, not just in China and India but many other countries as demands for infrastructure, housing and commerce proliferate. There are over 160 million construction workers globally (three quarters in the Global South), and the supply chains that underlie the sector, including timber and cement, employ many millions more.

Construction workers tread the boundaries of this inequality. The construction industry is plagued by unstable employment relations, seasonal work and subcontracting, the constant threat of unemployment and underemployment, poor social security. Many are locked into working extremely long hours (often without being paid overtime or penalty rates) and rarely get days off work. The fragmented nature of the industry, characterised by complex layers of (often illegal) subcontracting, not only puts downward pressure on wages and conditions, it also makes administering safe work practices and the responsibilities associated with it extremely difficult. This is compounded by the low level of education, language difficulties and vulnerable migration status of many construction workers, which restricts their agency

The accident rate is among the worst in all industries – at least 108,000 workers die every year in the sector, meaning that one worker is killed every five seconds due to this industry. On top of this, construction workers are in the frontlines of asbestos exposure, which kills a further 107,000 workers a year. Other construction-related conditions, such as silicosis, are expected to develop into similar scale epidemics. This is totally unacceptable – no fatality is unavoidable. National and local Governments must step up their responsibility in terms of undertaking occupational health and safety inspections, and should also look to taking responsibility to ensure that accommodation and living standards are of a decent quality.

Migration is a key phenomenon within the creation of urban spaces. As we have already noted, many construction workers are migrants – both across national borders and internally. In China, for example, the vast majority of construction workers are from rural areas as part of an established pattern of rural-urban migration mediated by state institutions. The same is true for international migration – Malaysia's construction workers mostly come from a mix of low-income South and Southeast Asian nations, including Bangladesh, Nepal, Indonesia, Vietnam and Myanmar. Whether by their own free will or otherwise, migrant construction workers are vulnerable and open to exploitation, resulting in poor working conditions.

As migrants, many construction workers live in temporary accommodation that range from slums to shipping containers and prefabricated housing projects. For now, we live in the shell of tomorrow's casinos and condominiums, shopping malls and subways, eking out a livelihood on the cheap. While we build cities, they are not made with us in mind. This dynamic must change, and construction workers must be at the heart of this process of change.



# Kuala Lumpur: city of construction

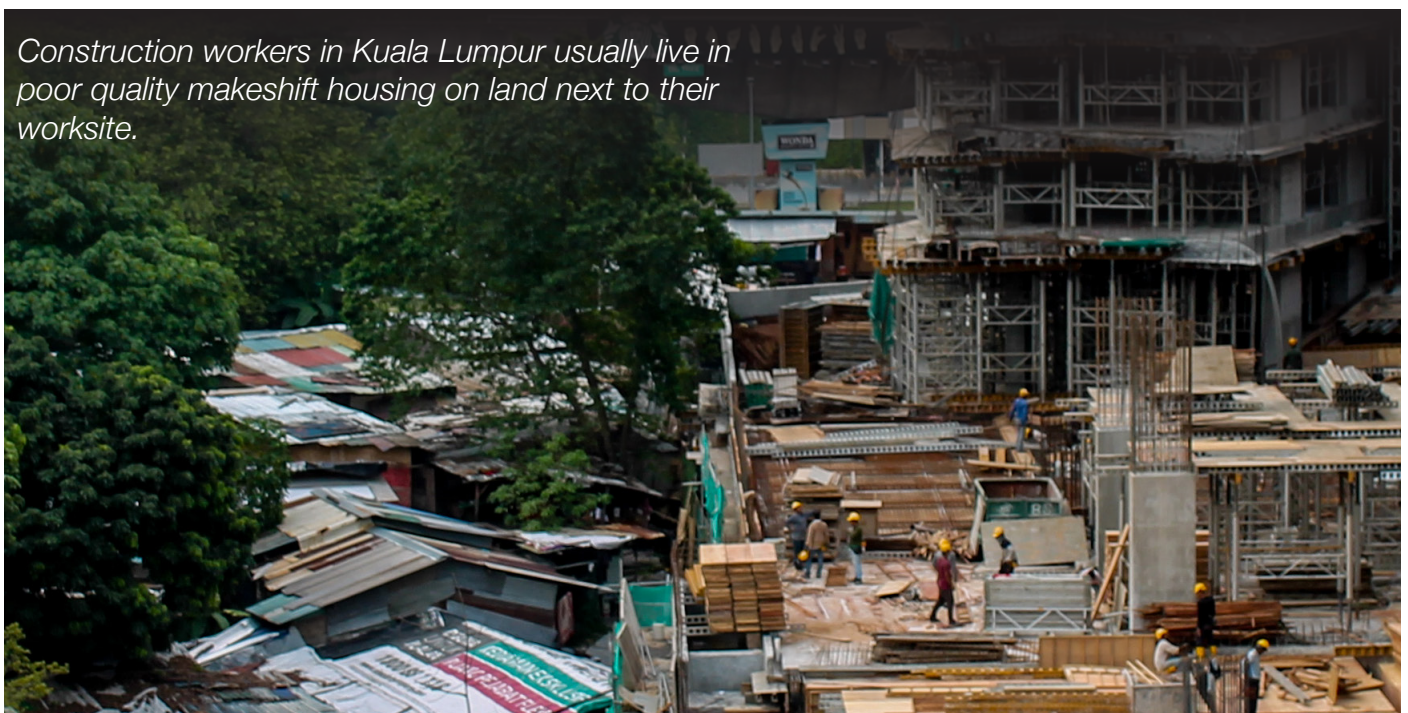
Kuala Lumpur is a city in the swing of a construction boom. While Kuala Lumpur's construction market may have slowed slightly in the last two years, being amongst the lowest labour costs of its competitor cities stands KL in good stead to continue to attract business in the construction space. However the current conditions under which construction takes place in Kuala Lumpur are fundamental unsustainable. Malaysian labour law protections are extremely poor, and it ranks in the lowest cluster – “no guarantee of rights” in the ITUC Global Rights Index. Malaysia's refusal to ratify ILO Conventions 87 and its extremely restrictive collective bargaining framework has resulted in a weak trade union movement with no effective power to exercise the right to strike for better conditions.

Malaysia's aspires to become a high-income nation by 2020, an objective predicted by the World Bank. And, while this may be true of average wages, construction workers are mostly clustered in very low paid brackets of work. We commonly encounter construction workers - mostly migrants – earning the minimum wage (of around MYR1000 a month) or little more. In this light, the recent decision to shift the burden of the migrant worker levy charge over to the employer indeed represents a significant wage increase for most construction workers, and monitoring this process will be a significant organising opportunity.

In 2016 the BWI undertook research on the situation of migrant construction workers – mostly Nepali (48%) or Indonesian (41.5%) in Kuala Lumpur, revealing illuminating results:

- Almost 80% of workers reported working 10+ hours a day, and 77% of workers reported working seven day in an average week (the other 23% reported working 6 days a week).
- All workers remitted money back to their families in their host country. 16% remitted less than MYR 600, 50% remitted between MYR 600-699, and 24% more than MYR 700.
- For 47% of workers, the amount they remitted was not enough to support their dependents back home, while only 16% responded that their salary and the amount they remitted was enough to break even.
- Almost all respondents had some debt, with the median figure being MYR 4000.
- While almost half (46.7%) were directly employed, even more (47.2%) were unaware of what their legal status was.
- The majority (55%) of workers' wages were decided by a recruitment agency, while the rest were decided by a union (45%)

*Construction workers in Kuala Lumpur usually live in poor quality makeshift housing on land next to their worksite.*



While migrant workers are free to join unions in Malaysia, they are not allowed to serve on the union executive; this effectively means that migrant workers cannot form unions. In migrant-dominated industries such as construction, this means that in many cases it is practically impossible to form a union in the first place. Beyond that, the threshold required to have a union recognised before collective bargaining takes is 50%+1. Under these conditions, it is extremely hard to not only form a union but to conclude a collective agreement. Where local workers are present in the workforce there is often antipathy between locals and migrants, meaning that migrants are further left out.

There is a major concern that increasing mechanisation of the construction industry will lower aggregate employment. Large Malaysian construction contractors are increasingly adopting the “Industrialised Building System” (IBS), a pre-fabricated construction method that relies on offsite manufacturing and onsite assembly. By August 2017 industry leaders noted that adoption of the IBS had already reached 35%, and was on track to reach a target of 50% adoption in 2018. According to industry lobby group the Construction Industry Development Board, it could reduce construction duration by up to 50% and labour cost by 46%. “[T]he main objective of IBS is mainly to reduce dependency on foreign labour and creating a safer and cleaner construction environment”, said the organisation’s Chief Executive. While this may lower the possibility of migrant worker exploitation, it will also likely lower potential employment opportunities in the sector.

The changing face of globalisation also presents a challenge. China has now surpassed Singapore as the country’s biggest real estate investor, however the road for this investment is being paved by Chinese state-owned construction companies. In November 2016 when Malaysian PM Datuk Seri Najib Tun Razak visited Beijing, fourteen agreements totaling RM144 billion were signed, providing significant opportunities for Chinese MNCs to expand their presence in the country. A number of companies – including China State Engineering Construction, China Rail Corporation and China Communication Construction – are already becoming well-known names in the Malaysian construction market.

## Construction projects in Kuala Lumpur

*The restriction of trade union organising and low labour costs have left KL open to an explosion of new construction projects, both private and public. A few of the larger projects are mentioned below as key potential organising targets for BWI affiliates.*

### TRX: A new financial hub

In 2012 it was announced that a 70-acre area in central Kuala Lumpur would become home to a new financial district, the **Tun Razak Exchange**, a 26-building complex to serve as an international financial hub and challenge the regional financial hegemony of Singapore. The project was originally controlled by the embattled investment fund 1MDB, however the RM40 billion project has now been taken over completely by the Finance Ministry.

The centerpiece of TRX will be ‘**The Exchange 106**’, a 106-storey, 496-metre tall tower due for completion in the third quarter of 2018. It will outrank the Petronas Towers as the tallest tower in the country (for a few years) and will be the first in Southeast Asia with more than 100 floors. Developed by the Indonesian property developer Mulia Group, it is being built by China State Construction Engineering, the largest construction company in the world by revenue. The breakneck pace of construction involved around 2000 workers from around the clock, 22 hours a day. The pouring of 20,200 cubic metres of concrete pouring for its foundations – the equivalent of eight Olympic swimming – took just 48 hours. At the height of its construction, a new floor rose every two to three days.

In June 2014 Australian company Lendlease signed an agreement to develop a retail mall, hotels and a residential tower on a 17-acre section of the TRX district, called **TRX Lifestyle Quarter**. Lendlease

was the principal contractor behind the Sydney Opera House, as well as current urban redevelopment projects in Sydney and Melbourne.

**Prudential Malaysia** had a 27-storey building constructed in the TRX district in just 10 months by Malaysian construction heavyweight IJM by driving around 500 construction workers almost around the clock. At its construction peak this mean only four-days per floor. IJM also won the contract to construct **HSBC's** US\$250 million local headquarters, as well as a contract for foundation and substructure workers of Islamic finance heavyweight AffinBank's new headquarters. In September 2017 China Communications Construction Co Ltd (CCCC) announced that it was setting up a Asean regional centre in Kuala Lumpur, to be housed in the TRX area. French multinational Veolia, famed for its providing privatized services across the globe, has won a 20-year concession for wastewater treatment and recycled water supply in TRX.

Outside of the TRX zone, an even larger project looms: **Merdeka PNB 118** will be a 118-storey, 644 metre skyscraper, and when completed in 2024 it will be the third tallest tower in the world. The project is being developed by the Malaysian state investment fund PNB and the construction contract was won in 2015 by a joint venture of South Korea's Samsung C&T and UEM Group.

## Transport Network expansion

While some of Kuala Lumpur's old train stations rank among its most beautiful historical buildings, for many years the establishment of domestic oil and car manufacturing industries have hampered the development of its public transport network. With increasing congestion and low oil-prices, the construction of much-needed public transport infrastructure is being prioritized to stimulate the economy.

The Government has set a target of increasing public transport modal share to 40% by 2030, which will include the construction of two more MRT lines and expansion of the LRT network. Recent completion of the Kelana Jaya LRT extension (July 2016) and the Sungai Buloh-Kajang MRT (July 2017) rail projects, as well as interconnecting bus lines, have gone way towards fixing issues with public transport. At least five workers – all of the temporary Bangladeshi migrants - have died in the construction of that MRT line, three in August 2014 near Kota Damansara, one in February 2015, and one in May 2015. A second MRT line, connecting Sungai Buloh-Serdang-Putrajaya is targeted for completion in 2022; it is being built by MMC-Gamuda, the same company as the previous MRT line. A third LRT line running 37km across 26 station from Bandar Utama to Klang will commence operation by August 2020. A third MRT project has not yet been tendered, the MRT3 Circle Line could, according to CIMB, cost between RM35 and RM40 billion.

A number of other KL-centred rail transport projects are also in the works:

- The key project in this regard is the **KL-Singapore high speed rail project**, which is slated for completion by 2026 and is expected to cut travel time between the two cities down to 90 minutes. The contract has not yet been awarded; a number of joint ventures are known to have put in tenders but the key contender is believed to be China Communications Construction Corporation (CCCC).
- CCCC has already won the RM 55 billion contract for the 688 km **East Coast Rail Link**, a mega-project expected to cut travel time between the East and West of the peninsula from 12 hours to four hours. Local contractors are queueing up to vie for the glut of subcontracting work that will flow from this.
- And, while not strictly a Kuala Lumpur project the RM8.9 billion **Gemas-JB double tracking** was awarded to a consortium of three Chinese MNCs (China Railway Construction Corp, China Communications Construction Corp and China Railway Engineering). The project began in March 2017, includes nine new passenger stations and will cut rail travel time from 6 to 3½ hours.