

**Bloomberg praises Guan Eng for Penang's success**  
**Malaysiakini.com**  
**October 20, 2011**

Bloomberg has hailed Chief Minister Lim Guan Eng as embodying the contrast between Penang's business transparency and the four-decade old policies of the ruling party (Barisan Nasional) that favour Malays.

According to the World Bank, these policies undermine competitiveness, says the well-established New York-based international financial news service.

NONEHeadlined 'Malaysia Losses From Racial Law Exposed by Foreigners in Penang', the report, published on Bloomberg's website yesterday, stated that Lim has managed to keep Penang attractive for international companies.

Lim has been able to do this even as Prime Minister Najib Abdul Razak focuses federal support on regions such as Johor and Sarawak, where his ruling coalition has among its biggest parliamentary-seat majorities, said the news service.

Bloomberg described Lim, 50, the country's only ethnic-Chinese state leader, as a fast worker when it comes to closing deals with multinational companies.

"Lim's speed in closing deals is helping Penang achieve what every Malaysian prime minister has sought since Mahathir Mohamad started his Multimedia Super Corridor in the 1990s, near Kuala Lumpur," said Bloomberg.

'We've been sleeping'

Bloomberg revealed that Lim turned Penang into the nation's biggest economic success after he bumped into two National Instruments Corp executives at the local airport in 2008.

He convinced the managers to set up a research and production centre in the state, and within two years the former British trading post was Malaysia's top destination for foreign manufacturing investment, the news service added.

"The deal was struck very quickly," Bloomberg quoted Eugene Cheong, a director at the local unit of the Austin, Texas-based maker of industrial testing and automation equipment as saying.

Bloomberg also quoted Ooi Kee Beng, senior fellow at the Institute of Southeast Asian Studies in Singapore, as saying that "Penang now has a chance to show that if you have good governance, and if you put fairness and justice as your main qualities, free of race considerations, that is actually the way to go for Malaysia."

"We've been sleeping," Ooi, the Penang-born author of 'Era of Transition: Malaysia after Mahathir' told Bloomberg.

Ooi said Malaysia's efforts to woo investments in recent years may have been hampered by its policy of giving preferential treatment to ethnic Malays and some indigenous groups, collectively known as bumiputera, in government jobs, contracts, education and cheaper housing.

When the economy was booming along with its neighbours before the 1997-98 Asian financial crisis, the effects of the policy were less apparent, he said in Bloomberg.

When growth slowed, the race-based programme became a greater damper, he added.

Penang paid the Economist?

This glowing report on Penang follows another positive article by the Economist in its August issue titled 'Malaysia's Penang state - Getting back its mojo'.

In the report, the feature touched on the state reinventing itself in the industrial sector after Pakatan Rakyat took over in 2008.

This riled up Lim's detractors, who responded immediately by saying the Penang government had paid the international magazine for the positive article, which the former denied vehemently.

Meanwhile, Bloomberg stated that Lim, elected in March 2008 as Penang's first chief minister from an opposition party in 36 years, was struggling with the prospect of federal funding cuts.

However, in the first seven months of 2011, Penang won RM3.6 billion of approved foreign manufacturing investment, ahead of the RM3.4 billion that went to Selangor, said Bloomberg.

"Penang's economic resurgence may bolster the opposition alliance's claim it can be an alternative to the National Front, which has run the country since independence from British rule in 1957," added Bloomberg.

This was backed by Ong Kian Ming, a political analyst at UCSI University in Kuala Lumpur and columnist for The Edge newspaper, who told Bloomberg that "a lot of this has to do with the dynamism of the chief minister".

In the report, Najib has been made to look lopsided in promoting about RM65.8 billion of private-sector-led projects for Johor compared with at least RM375 million for Penang under his Economic Transformation Programme.

"The comparison excludes projects covering multiple states or those without a clear single location, which amounted to RM34.3 billion nationwide," according to data it collected, said Bloomberg.

'Investment based on needs'

However, a spokesperson for Najib, Tengku Sariffuddin Tengku Ahmad, defended the policy by saying that "investment decisions are made on the basis of need, not politics".

"Over the last year we have invested more than RM1 billion of federal funding in Penang and will continue to support their economic progress in whatever way we can," he was reported as saying on Bloomberg.

In an interview in his 28th floor office, Lim told Bloomberg that the relationship between the state and the central government wouldn't hold Penang back.

"We may have political differences but we are cordial and professional. If Penang fails, Malaysia fails," he added, a comment the chief minister has been repeating in to the press since 2008.

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