

Tun Razak Exchange: A soon-to-fail mega-project?
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DAP national publicity chief Tony Pua has signalled the possibility that the rebranded Tun Razak Exchange (TRX) may end up as another failed mega-project.

Despite Prime Minister Najib Abdul Razak saying that the TRX - formerly known as the Kuala Lumpur International Financial District (KLIFD) - would be "more inclusive", Pua argued that it has in fact become "more exclusive" with the rebranding exercise.

"Nothing in (Najib's) speech indicated how the mega-project has become anything more inclusive," Pua said in a statement today.

"Instead, he hinted at how the project will become even more exclusive with more promised incentives to those intending to participate in the project."

He explained that the existing tax incentives are "unheard of" and show how hard it will be to execute the project.

The promise of even more incentives would suggest that even the initial incentives are insufficient, said Pua.

He pointed out that, under the KLIFD, qualified companies already enjoyed tax exemption for 10 years, as well as other benefits such as stamp duty exemption on loan and service agreements.

In spite of the incentives, Pua said the project could still fail because the KLIFD was based on the assumption that financial institutions and related services need to be located close to each other.

"However, such an assumption is completely flawed as telecommunications technology, video-conferencing facilities, as well as secure and instantaneous electronic transactions, obliterate the need for physical proximity," he said.

'Learn from mistakes'

This would leave tax incentives as the only reason for the finance industry to move into TRX.

"Hence, instead of actually promoting the financial services industry directly, the government - having already provided the prime land to 1MDB without any open bidding - is further providing unfair crutches for it to succeed in the KLIFD real estate play," said Pua.

He urged the government to learn from its mistakes in the Multimedia Super Corridor, Bio-Valley and E-Village projects, where incentives alone had failed to ensure their success.

"The decision of global financial institutions to site their offices in Malaysia will not be based on short-term benefits as a result of the choice of real estate," he added.

"It will instead be based on the demand for services and funds, the sophistication of the market instruments and the openness of the economy."

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