

**Koh defends Motorola deal**  
**Malaysiakini.com**  
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**Beh Lih Yi**

Acting Gerakan head and outgoing Penang chief minister Dr Koh Tsu Koon stands by a letter in which he struck a controversial deal to get American telecommunications giant Motorola to retain its manufacturing presence in the state.

MCPX

pak lah and koh tsu koon and motorola factory "I am surprised that a confidential letter written to the prime minister (Abdullah Ahmad Badawi) has been leaked. I have asked for a thorough investigation," he told a press conference at the Gerakan office in Penang this morning.

Koh confirmed the contents of the letter, which had been highlighted in a Malaysiakini exclusive report on Sunday.

"I believe I did the right thing to protect the interest of the people of Penang," he stressed.

The three-page letter, dated Dec 3 last year and signed by Koh, was addressed to Abdullah seeking the federal government's 'help' to retain Motorola in Penang, which has a manufacturing facility in the Bayan Lepas Industrial Zone.

koh tsu koon motorola pc 040308 explain He resorted to this as Motorola was mulling possible relocation from Malaysia.

According to the letter, the government would offer a RM1 billion project to Motorola involving the upgrading of the police force radio network, in exchange for the multinational staying put in Penang and pumping in an additional investment of RM350 million over the next five years.

Motorola announced a RM350 million investment in the state last Tuesday.

**Not to 'save face'**

Elaborating on the letter, Koh said it was vital to retain Motorola in Penang as it provides about 10,000 jobs for Malaysians. Furthermore, if it pulled out, there would be an impact on local companies.

He also said Motorola has invested RM5 billion over the last 40 years in Malaysia and that its system is well-established.

"The RM350 million investment that was announced was only one of the investments, there are more to come," he said, rebutting criticism that his intervention amounts to a 'lopsided' deal.

factory in bayan lepas penang 060208 He also denied that this was a move to save face for the state government in the wake of an ongoing opposition attack on the falling economic competitiveness of the state.

"It is not because of the erosion of competitiveness," Koh said, insisting that other countries would have taken similar action in wooing foreign investors.

Koh vehemently rejected any notion of 'bribery' being involved in the deal.

"There's no bribery. Bribery means that the money goes into the company or pocket, not in payment for anything (when the deal involves) actual equipment, system, network and the whole infrastructure to be built," he argued.

Koh also said the decision to retain Motorola was not politically motivated, rather than based on a business strategy, pointing out that he had only mentioned the political factor in one sentence in the three-page letter.

He had warned Abdullah about the "catastrophic impact", saying it would be "politically very detrimental" especially in the run-up to the general election.

### **'Disappointed with Malaysiakini'**

koh tsu koon motorola pc 040308 panelKoh then criticised Malaysiakini for its "negative spin" in reporting the issue.

"I am very disappointed with the report which spins (this) so negatively. If you have read the letter, you would have got the whole context (but you chose) to (spin it) in a negative way with the title 'Penang bribes Motorola'. It is most regrettable, most regrettable," he said.

The stunning revelation had come as the opposition intensified its attacks on the Gerakan state government over its inability to revive the island's economy,

Critics have alleged that the island has lost its shine, on the back of relocation of many multinational companies to other countries.

But the Motorola announcement threw Koh a lifeline. He told reporters that it proved that Penang is still competitive and that the opposition is trying to "run down everything".

The state's sluggish economy has topped voters' concerns and is likely to be an influential factor when votes are cast on Saturday.

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