

Penang's FDI free fall due to poor leadership
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Penang Chief Minister Lim Guan Eng's recent admission of turning down of an FDI (Foreign Direct Investment) worth US\$3 billion due to his inability to guarantee the prospective investor 1,000 engineers is a shocking case of poor decision-making and incompetence that unfortunately has become the hallmark of the DAP-led Penang state government in the last 18 months.

In all my more than two decades of working experience in the high-tech manufacturing industry around the world, I have never seen a single instance where a state or country turned down a US\$3 billion high-tech investment for such a reason.

Any other country or state would have spared no effort to fulfill the investor's every need and requirement in order to secure an investment of such importance and magnitude. What is even more alarming is the chief minister's lack of knowledge of the industry as well as the capabilities and resources available within his own state.

It is hard to comprehend how Guan Eng can allow such a once-in-a-life-time opportunity to slip away as he had numerous options to find the required number of engineers. It is inexcusable that the CM is ignorant of the fact that Penang-based companies like Intel, Altera, Renesas, AMD, Spansion, Osram, Bosch, Lumiled, Agilent, Motorola and many others employ tens of thousands of engineers. In fact, many of these companies have made Penang as their global Research and Development (R & D) centres.

Firstly, local and foreign universities produce Electrical and Electronics (E & E) engineers by the thousands. Secondly, several thousand Penang (and Malaysian) engineers work overseas in countries like Singapore, Taiwan and the US. Many of these engineers would jump at the chance to return home and contribute to the national development and be nearer to their families and friends.

Thirdly, Guan Eng could have followed the example of some high-tech companies (for example, Siltera, Infineon, etc) by recruiting highly specialised engineers from foreign countries as an interim measure until local replacements could be found. A more competent CM would have been aware that countries such as the Philippines and India produce and export English-educated engineers who could be hired in large quantities and at an affordable cost.

Another source of technical resource are retired Japanese engineers, whom the Korean firms have used in the past with stunning effect to bridge the technological gap with their more advanced rivals in high-tech industries.

Fourthly, Guan Eng could have approached the Human Resources Ministry, public and private universities, professional bodies or even other Pakatan Rakyat-ruled states for their assistance in acquiring the necessary engineering resources.

Unfortunately, the Penang CM undertook none of the above-mentioned actions and instead he chose to go the press and lament about the loss and as usual tried to shift the blame onto his political nemeses.

Despite alleged shortcomings, the previous administration under Koh Tsu Khoon did a remarkable job in attracting high-tech FDI, transforming the state from a low-cost assembly center to a high-tech, high value-added design and manufacturing hub.

Tragically, instead of building upon the excellent foundation laid down by his predecessor, Lim Guan Eng appears to have done irreparable damage to the competitiveness of the state by poor decision-making and mismanagement in the last 18 months.

Guan Eng has been lucky that Koh's good work has resulted in a record-breaking RM10.2 billion in FDI for the year 2008. However, as I had correctly predicted, FDI for 2009 had dried up and the result for 2010 likely be gloomier still. Other states like Johor, Perak, Sarawak and even Selangor have done far better and left Penang way behind.

Guan Eng is without doubt the state leader who had made the most number of foreign visits to solicit for FDI. Sadly, he also holds the unwanted distinction of being the least productive as well. For none of these trips seems to have produced any result as we have yet to see a single significant FDI project won solely through the efforts of the new CM.

The reason is not hard to fathom - the state agencies entrusted to bring in FDI are filled with political appointees with little experience or capabilities. Most of these officials seem to be more preoccupied with politics than investment-related tasks.

In the past Guan Eng and DAP had often bitterly complained about the 'brain drain' of Malaysian professionals and skilled workers to other countries due to the lack of opportunities at home. However, in this case, Lim and his DAP themselves are guilty of contributing to the 'brain drain' by squandering such a golden opportunity.

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