

China's loan to Malaysia at very favourable terms to build Penang's second bridge speaks volumes of the ties between the two countries.

IT'S unprecedented – China's RM2.7bil (US\$800mil) loan to Malaysia for the construction of the much-awaited Penang Second Bridge, which is part of the exciting Northern Corridor Economic Region plan.

This is the largest loan from China for a single project in a foreign country with a low rate of 3% over 20 years.

How did Malaysia manage to secure such a huge loan with low interest? It had plenty to do with the friendship between Malaysia and China.

We were the first among the Asean countries to have formal ties with China.

Not only that. As Second Finance Minister Tan Sri Nor Mohamed Yakcop put it, that special relationship began during the days of the Malacca Sultanate and, therefore, doing business between the two countries "is in our DNA".

The friendship factor is also important, especially the personal ties between Prime Minister Datuk Seri Abdullah Ahmad Badawi and Chinese Premier Wen Jiabao.

The two leaders have met formally and informally on numerous occasions over a decade, particularly when Abdullah was Foreign Minister, and that special relationship is of tremendous help.

In many ways, the two men share similarities in their demeanour. Both are modest, popular and approachable.

Regarded as a fourth generation Chinese leader, the 65-year-old Wen is popular with the people. He has been credited with China's entry into the World Trade Organisation, a move that has turned his country into an economic powerhouse.

According to sources involved in putting the loan deal together, Abdullah wrote to Wen last year, inviting the Chinese to take part in building the 24km-long bridge, which will be the longest in South-East Asia.

The island's second bridge will help ease traffic congestion in the state and is vital to meeting the Government's objective of turning Penang into a regional transportation hub.

The bridge is designed to resemble a pearl and will have a four-lane carriageway with two observation platforms at the central span.

The Japanese, it seems, also lobbied for the job after getting wind of plans to build

STRONG TIES BEHIND BRIDGE LOAN

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the second bridge. But Malaysia's expensive experience with the Japanese, particularly with loans when the yen appreciated, put the Japanese in a disadvantageous position.

China is only asking for 3% interest when the market rate is at least 5% to 6%.

However, the special loan for Malaysia has put China in a somewhat difficult situation. Chinese officials have privately expressed concern that other countries, including those from Africa and South America, will make similar demands. After all, Malaysia is not in the category of poor, under-developed countries.

The low-interest loan, said the officials, was unusual and certainly unprecedented – with orders from the top Chinese leadership to act immediately.

Wen responded quickly after he and Abdullah met in Nanning last year. The bilateral meeting was held during the Chinese-

Asean Commemorative Summit to mark the 15th anniversary of establishing dialogue relationship between China and Asean.

Wen, a trained geologist and engineer, expressed interest in taking part in the second bridge project and a directive was issued to Minister of Commerce Bo Xi Lai to handle the financing.

Last week, Bo came to witness the signing of the loan agreement between state-run Exim Bank of China and Bank Pembangunan Malaysia.

The presence of Bo himself is an honour for Malaysia because he is regarded as a rising political star in China.

Bo, 52, is the son of Bo Yibo, a legendary Chinese revolutionary leader regarded as one of China's modern Eight Immortal Leaders who are likened to a group of mythical heroes with supernatural powers of the Tang and Song dynasties.

Bo is a former mayor of Dalian in China's coastal economic hub. He worked in Dalian for 17 years, making him the longest-serving Chinese official in any single region in the country.

Dalian, regarded as one of the cleanest cities in China, also has strong economic ties with Malaysian companies.

With a long resume of constructing some of the best highways and projects in Dalian – including the Shenyang-Dalian Expressway, the first expressway in China – Bo threw a challenge at the signing ceremony.

He wanted to return to Malaysia by Nov 1, 2010, to witness the opening of the second bridge – a year ahead of schedule.

It's a challenge put forward not just to the China Harbour Engineering Company that will build the bridge but also to its Malaysian partner, UEM Construction, and our officials.

The second bridge, which is the signature project under the Ninth Malaysia Plan, will not just be an iconic project. It will stand proud as a symbol of friendship between Malaysia and China.