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Historic RM143b deals signed

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14 AGREEMENTS:

This is the biggest amount we have undertaken, says Najib



LOKMAN MANSOR

BEIJING

MALAYSIA and China yesterday concluded super-mega deals worth RM143.64 billion — from navy ships to railway projects — as both nations marked closer economic ties.

The two countries signed 14 agreements, including one on naval vessels, after high-level talks between Prime Minister Datuk Seri Najib Razak and his Chinese counterpart, Li Keqiang.

The agreements, signed at the

start of Najib's week-long official visit to China — his third as prime minister — was announced at a signing ceremony at Beijing's Great Hall of the People.

"What we achieved today is historic," Najib told the Malaysian media later. "This (RM143.64 billion) is the biggest amount we have undertaken."

He said his visit also achieved another landmark, with the purchase of four littoral mission ships by the Malaysian Navy, the first time that Malaysia has ordered any Chinese defence hardware. Two of the vessels will be built in China, while the remaining two will be made in Malaysia, he said.

The flurry of deals included the RM55 billion contract for China to construct and finance the new East Coast Rail Link (ECRL) linking Kuala Lumpur to Tumpat in Kelantan.

The rail link will be built by China Communication Construction Company Ltd (CCCC), with financing via soft loans from the Export-Import (Exim) Bank of China.

The engineering, procurement, construction and commissioning agreement was signed between Malaysia Rail Link Sdn Bhd, CCCC and China Communications Construction Company (M) Sdn Bhd.

"The Chinese have agreed to fund

it through their Exim Bank, and this is a very good source of soft loans to Malaysia," Najib said.

The project is one of the high-impact projects under the 11th Malaysia Plan.

When completed, the 620km ECRL will make products from the east coast more competitive due to cheaper transport costs, and raise the income of industries and businesses located along the route.

The project will have three phases — from Port Klang to the Integrated Transport Terminal (ITT) in Gombak; from ITT Gombak to Dungun; and, from Dungun to Tumpat.

The government hopes to finalise ECRL by the end of this year so that construction on the project can start early next year.

Malaysia has also agreed to award a commercial bank licence to China Construction Bank Corporation Ltd, China's second largest bank, to operate in Malaysia.

The new entity, China Construction Bank (Malaysia) Bhd (CCB Malaysia), will focus on infrastructure project financing.

"The presence of CCB Malaysia is expected to further strengthen the economic and financial linkages between China and Malaysia, and contribute towards the development of an effective and dynamic financial

sector in Malaysia," Bank Negara Malaysia said in a statement.

It will be the third bank from China to have operations in Malaysia. The other two are Bank of China and Industrial and Commercial Bank of China (Malaysia) Bhd.

Najib said he had proposed to China to buy more Malaysian palm oil and allow AirAsia and Malaysia Airlines to mount more direct flights, at more convenient flying schedules, to Chinese cities.

In his meetings with China's business leaders earlier in the day, Najib hailed their "great contribution" to Malaysia's economy and involvement in a range of flagship developments, institutions and projects.

"We share China's view that the best way to face the ongoing global economic headwinds is to increase cooperation, and create mutually beneficial and sustainable growth through trade and investment.

"As China has increasingly engaged with friends and neighbours, through the Go Abroad strategy, the One Belt, One Road initiative and multilateral agreements, such as the Asean-China Free Trade Agreement, Malaysia has certainly benefited from China's prominence on the world stage," Najib said.

He said China has emerged as Malaysia's second largest investor in

the manufacturing sector in the first eight months of this year, with investments of RM2.4 billion in 20 approved manufacturing projects.

At a business luncheon later, Najib said China was involved in supporting some flagship projects that would play a huge role in Malaysia's transformation into a high-income status nation and beyond.

"One example is Powerchina International Group, which recently signed a memorandum of agreement with a Malaysian company, KAJ Development, for the construction of Melaka Gateway, a mega development project in Malacca.

"In fact, the deep sea port, which is part of the project, was inaugurated only last month, and is expected to be completed by 2019."

Other examples include the China Railway Group Ltd, which, together with Iskandar Waterfront Holdings, will develop Bandar Malaysia; Country Garden and Greenland Group in real estate; Xiamen University in education; and, in communications, ZTE Corp and Huawei.

Page 1 pic: Prime Minister Datuk Seri Najib Razak being welcomed by China's Premier Li Keqiang, during a ceremony at the Great Hall of the People in Beijing yesterday. Bernama pic