

Penang Port sale after GE due to opposition, say sources
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KUALA LUMPUR, July 31 — Adverse reaction to Putrajaya selling Penang Port to logistics tycoon Tan Sri Syed Mokhtar Al-Bukhary has delayed the port privatisation to after the general election due by the middle of 2013, say sources.

The Malaysian Insider understands that after the polls, which are expected to be won by Barisan Nasional (BN), the government will likely award the port to Syed Mokhtar's Seaport Terminal Sdn Bhd but with alterations to the concession terms.

A proposed bid by the Penang Chinese Chamber of Commerce (PCCC) and its allies is not expected to change Putrajaya's decision, the sources say.

"The government is spooked by the stiff opposition to the deal but it will go through, only after the general election," a source told The Malaysian Insider.

"The deal will be altered though, to take into account some concerns about the privatisation," he added, but did not elaborate.

Seaport Terminal, which confirmed over the weekend that it won the bid for the Penang Port privatisation project, has moved to fend off claims that it plans to scuttle the cargo hub. The takeover had sparked fears that the northern shipping hub will be reduced to playing a minor role, with more focus on the company's ports in the south — Port of Tanjung Pelepas (PTP) and Pasir Gudang port.

Another source confirmed that the government was delaying the handover until after the general election, which has been widely speculated to be held this year.

The Malaysian Insider reported yesterday that Prime Minister Datuk Seri Najib Razak could delay polls from a firm September date to the end of the year after two BN MPs from Sabah walked out and said they would work together with Pakatan Rakyat (PR), led by former Deputy Prime Minister Datuk Seri Anwar Ibrahim.

"The port sale will be after the elections so that it won't be an issue in Penang which BN hopes to win back," the source said. BN lost the island state and three other states in Election 2008.

The PCCC had asserted that Putrajaya's disposal of Penang Port to Seaport Terminal was against the Competition Act 2010 and was potentially an anti-trust violation.

PCCC president Tan Sri Tan Kok Ping said the association plans to lead a consortium that would include the state Malay and Indian chambers of commerce as well as the Federation of Malaysian Manufacturers (FMM), in the attempt to take over Penang Port. FMM has since denied it is planning to join the consortium.

But Seaport Terminal said it was among several local and international port companies invited to bid for the port privatisation in 2011.

"In response to the invitation, Seaport Terminal submitted its bid and we understand that three other parties also participated. Seaport Terminal was chosen as the preferred bidder based on the strength and merits of its proposal.

"Seaport Terminal had submitted a comprehensive proposal based on thorough studies into the port's current operations, its potential growth as well as its sustainability. Our business plan includes comprehensive strategies to develop the port into a premier regional port that will be competitive," it said.

Apart from Seaport Terminal's two ports, Syed Mokhtar also owns Pos Malaysia Berhad and the Senai Airport. He is also reported to be working on a takeover of national railway KTM.

Penang's PR government had demanded that the federal government undertake a promised RM353 million dredging project crucial for the port's expansion. Putrajaya had in June confirmed that Seaport had won the bid to take Penang port private, saying that the firm must foot the bill of dredging work although it was not specified if dredging would be compulsory under the concession.

Penang business groups and the port's workers signed a memorandum last month rejecting Putrajaya's proposal to privatise Penang Port. There has been surprising resistance to the deal from Penang BN, with chairman Teng Chang Yeow also urging the federal government to review its decision to privatise the island's port, saying that many industry groups were opposed to the move and it was also counter to the sentiment of the Penang public.

Penang's George Town, which was the first place in Malaysia to be developed by the British, was for a period the premier port in the region before being overtaken by Singapore. It has also long prided itself as a centre for learning and culture.

The harbour, which also features the nostalgic colonial-era ferry service, was dealt another blow in the 1970s when its free-port status was taken away. Penang BN has proposed returning the free-port status if it wins the state in the next general election.

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