

Controversial Malaysian state boss due to 'retire', but keep influence

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The chief minister of Malaysia's Sarawak is expected to announce his resignation today after 33 years in charge of the resource-rich state that have been key to keeping the national coalition in power but marred by corruption allegations and deforestation.

Taib Mahmud (pic), 77, said over the weekend that he would likely step down by the end of this month, according to state news agency Bernama, following a series of meetings with his political allies. He is due to make a statement today.

Despite what state media called his "retirement", Taib's influence over the sprawling Borneo island state is likely to remain strong as he is expected to step into the role of state governor, a more ceremonial role than his current post.

But his departure raises some doubt over whether his successor will be able to maintain Taib's political balance between defending the interests of native Sarawak residents, and supporting the national Barisan Nasional (BN) coalition. The state is majority Christian in Muslim-majority Malaysia.

Sarawak, the country's largest state, has been increasingly crucial to the long-ruling BN coalition as its support wanes in peninsula Malaysia. Without the 25 seats that Taib's party and his allies won in last May's election, the national coalition would have lost its majority in the 222-seat parliament, likely ending its 57-year rule.

Taib's party emerged from the election as the coalition's second-largest party after the ruling United Malays National Organisation (Umno), boosting his sway over national politics.

Taib has short-listed three possible successors, including his housing minister who is seen as having close ties with the federal government and Prime Minister Najib Razak.

"I think the big question is what happens over the longer term, whether his successors will develop minds of their own," said Ibrahim Suffian, head of the Merdeka Center polling firm.

Taib, who travels by Rolls Royce and private jet, has been under pressure to step down amid a growing focus on alleged timber corruption in the state.

Environmental groups say that under his rule, Sarawak – which accounts for a quarter of the world's tropical log exports – has lost 95% of its virgin forest. Sarawak officials say 84% of the state is forested although this includes massive oil palm estates planted in place of forests.

Taib has been under investigation by Malaysia's anti-graft agency since 2011 and is regularly accused by activist groups of enriching his family through his control over awarding huge infrastructure contracts.

Clare Rewcastle-Brown, who has long been a critic of Taib and who runs the Sarawak Report website, said Taib was merely "moving upstairs" into the new role and would maintain his overall influence on state affairs.

"He will never willingly give up power as it would be too dangerous for him and threaten the business empire he has built up across Sarawak," she said.

Taib is presiding over a \$100 billion (RM332.4 billion) plan to harness the state's rivers into 12 dams by 2020 and transform it into an energy hub that can power smelters built by Japanese and Australian firms and also light up the rest of Borneo island.

Shares in Cahya Mata Sarawak, owned about 40% by Taib's immediate family, snapped three days of losses to rise 2.5% today on expectations Taib will still have a say in how the state awards infrastructure jobs.

Timber companies such as Ta Ann Holdings and Jaya Tiasa that benefit from logging licenses awarded by Taib rose 2.3% and 1.3% respectively.

All the counters outperformed the broader market which inched up 0.4%. – Reuters, February 10, 2014.

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