

RM12B PLAN TO BOOST LABUAN

Fund's proposal includes construction of port, bridge linking island to Sabah

AMIR HISYAM RASID
KUALA LUMPUR
bt@mediaprima.com.my

LABUAN has received a RM12 billion proposal from a sovereign wealth fund that manages a US\$226 billion (RM947 billion) portfolio to uplift the economy on the island.

It is among a dozen proposals submitted to Labuan Corp for the development of the federal territory. Big names include China State Construction Engineering.

Labuan Corp chairman Datuk Seri Amir Hussien said the pro-

posal from the sovereign wealth fund of a neighbouring country included building a multi-cargo port and a bridge connecting Labuan and Sabah at a cost of RM4 billion to RM5 billion.

He said it also involved the development of Labuan's Pulau Daat for tourism as well as investment in the Labuan Financial Services Authority.

"The RM12 billion is a long-term investment and they are serious about it. The fund has sent teams to Labuan to look into a few sectors that may be value-accretive for them, such as infrastructure, logistics and

tourism," Amir told the *New Straits Times*.

He said the wealth fund was looking at building a bridge that would link Labuan, Pulau Daat and Menumbok in Sabah.

Early this month, Federal Territories Minister Khalid Abdul Samad said a high-level working committee was compiling proposals and would call for request for proposal for the construction of the bridge.

Amir said the proposed new port would be at Rancha Rancha Industrial Estate, not far from

Labuan Port.

An analyst said building and operating a multi-cargo port in the island would be a strategic move for the neighbouring country to expand its port footprint in the region.

"It is a strategic move that will allow the neighbouring country take advantage of the growing trade activities in South China Sea," said Putra Business School business development manager Associate Prof Dr Ahmed Razman Abdul Latiff.

However, he said there were is-

sues that must first be taken into considerations.

"Is this project going to be a collaboration with Khazanah Nasional Bhd? If the project is viable and can bring in high income, we also want to be a partner through joint venture or equity sharing."

Razman said Malaysia also needed to consider the security issue of having a port managed by a foreign country.

"This plan requires detailed negotiations between the two governments to ensure that it will be a win-win situation," he added.



Labuan Corp has received a dozen proposals for the development of the federal territory.