Written by Mike Buetow
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PENANG -- Motorola is fighting allegations it broke Malaysian laws and engaged in kickbacks in exhange for large government contracts. The company and key government officials are strongly disputing the accusations, which have been brought by political opponents.

At issue is a roughly $313 million government contract the Malaysian government contract awarded to Motorola, with the understanding the telecom giant would remain in the country. Motorola has extensive manufacturing and R&D operations in Malaysia, where it employs about 10,000 workers, including 4,000 in Penang. Opponents of the Malaysian government reportedly obtained a confidential letter between outgoing Penang Chief Minister Koh Tsu Koon and Prime Minister Abdullah Ahmad Badawi in which Koh reportedly outlined the deal.

As reported by ZDNet Asia, the deal called for Motorola to receive a 1 billion ringgit ($313 million) contract in exhange for remaining in Penang and investing some 350 million ringgit ($110 million) over the next five years.

In February, Motorola officials announced the 350 million ringgit investment.

However, as reported by ZDNet Asia, in the letter, Koh reportedly called Motorola's negotiation "not a threat for a bigger and new contract" but a "necessary business strategic response" as the telecom company was under heavy pressure to relocate its operations, possibly to China. And he rejected claims of malfeasance: "Bribery means the money goes into the company or pocket, not in payment for anything [when the deal involves] actual equipment, system, network and the whole infrastructure to be built."

In an email interview, Motorola Malaysia communications and public affairs manager Tham Mei Ling reportedly told ZDNet Asia the details of the contract are not yet final, but that Motorola was "fully committed" to Malaysia. "We aim to continuously invest and grow our presence in Malaysia, focusing on key areas such as human capital and R&D technology developments."

Motorola also strongly denied any wrongdoing. ZDNet Asia Tham as saying: "As a responsible corporate citizen, Motorola abides by the laws and regulations of each country in which we operate. Motorola is guided by principles of uncompromising integrity and the highest ethical standards. Our commitment to transparency and strict code of conduct define the way we act and do business."