

Pergau: No talks if there's pressure

10 JUL 1992

By K.P. Waran and
Zainul Ariffin

KUALA LUMPUR, Thurs. — The Federal Government cannot discuss the \$1.3 billion Pergau hydro-electric dam project with the Kelantan Government if there is pressure, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

"We can't talk at this time as we can't negotiate under pressure," he told reporters after attending a closed-door dialogue with academicians at Pusat Islam here.

He was approached by reporters for comments on whether the reported seizure of four Tenaga Nasional Berhad vehicles by the State authorities had diminished respects for negotiations between the Federal and State Governments on the project.

The Kelantan authorities had reportedly seized the ignition keys of the vehicles and stopped them from carrying rocks to the project area two days ago.

A *Bernama* report had quoted Dr Mahathir as saying that if the reports were true then such an action by the State authorities was wrong as "we cannot touch other people's property".

The Kelantan Govern-

ment had set up barricades at three roads leading to the project site, stalling the work on the project and affecting the jobs of about 2,000 contract workers.

Meanwhile, Finance Minister Datuk Seri Anwar Ibrahim when approached by reporters at his Ministry after he had met Jordaman Minister for Higher Education Dr Awad Khleifat this afternoon, said the Federal Government would not negotiate with the Kelantan Government until the barricades leading to the dam were removed.

Anwar also said the Government would not be held to ransom since "giving in" to the Kelantan Government would set a precedent for others to resort to similar measures.

"I would like to stress that the door for negotiations is still open but the talks should continue in a calm atmosphere where neither side feels threatened. Work on the project should also continue without disruption.

"Currently there is pressure and threat...action has been taken to disrupt work from being carried out. If this is allowed to continue, it is not the company that will lose but the Federal

Government and the people since the company will receive compensation for delays," he said.

Anwar said the Kelantan Government should be patient and responsible and allow work on the project to continue.

"As long as this is not allowed ... there will be no negotiations as it will set a precedent and complicate matters for the Federal Government in future negotiations.

"It is not proper for the State Government to set up blockades to press its demands...it is not how a civilised Government should act," he said.

He said Tenaga Nasional had been receiving instructions from him on the negotiations.

He said Kelantan Menteri Besar Nik Abdul Aziz Nik Mat was aware of it and added that Tenaga Nasional had also kept him informed of the negotiations.

He said the project was beneficial to the population and the nation's future. He also emphasised that no one should sacrifice the Interest of the people for their own selfish ends.

"There is no question of

□ PLEASE TURN TO,
PAGE 2, COL. 1

Anwar: We can't afford delays in project

NSI 10 JUL 1992

□ FROM PAGE ONE

the Federal Government not wishing to negotiate with Kelantan merely because it has an **opposition party** in power.--

"The Federal Government will hold on to its principle that it will negotiate with any State Government although **there** may be differences of opinion between them," he said.

He said that several issues had been settled under this principle and cited the recent conclusion of the **take-over** of Sabah Gas Industries, owned by the Sabah State Government, as an **ex-ample**.

The **project** involved taking over liabilities of \$1 billion and the two sides had negotiated for a long time until an amicable settlement was reached.

Anwar said the same principle could be used in the Pergau hydro-electric project, especially since compensation for any delay in the project had to be borne by the Federal Government.

Anwar said he had held informal talks with Nik Aziz on the dam project in February and had asked him to continue negotiations with Tenaga Nasional.

He said he had advised Nik Aziz to refrain from making statements on the \$90 million compensation (which the State Government had demanded) since the Government had agreed to implement the water rights payment scheme which was being worked out.

Anwar said he also agreed to Nik Aziz's request for an appointment on March 27, but the Menteri Besar cancelled it at the last minute because he was unwell.

"So the contention that I am not willing to negotiate with him (as he had told the Press) does not arise.

"Furthermore, it is impossible for the **Government** not to fulfil the legal requirements of the water rights Payment scheme," he said.

He said the **State** Government and Tenaga Nasional had come to an agreement on a formula and that there was consensus that the first **payment be made this year**. But, he added, that the rate, formula and legal implications were in the final stages of negotiation.

When asked what actions the Federal Government was contemplating if the blockades were not removed, he said: "We hope they will remove the **blockades**."

He said two major elements of the water rights payment scheme agreement needed to be finalised before any payment could be made.

They are the technical aspects of the agreement so that it did not contravene the **principles** of Federal-State **relationship** and the mode of payment.