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Lim-Paper

MALAYSIA-CHINA JOINT VENTURE TO PRODUCE PULP AND PAPER

KUALA LUMPUR, Aug 14 (Bernama) -- The Primary Industries Ministry will sign an agreement with China's State Planning Commission to pave the way for a joint venture in manufacturing pulp and paper products, the minister Datuk Seri Dr Lim Keng Yaik said today.

He said the Cabinet at its weekly meeting today had agreed to allow Chinese companies to jointly set up pulp and paper mills in Malaysia with their local counterparts for export purposes.

"The agreement will be signed in Beijing next week and will be witnessed by Prime Minister Datuk Seri Dr Mahathir Mohamad during his visit to China," he told reporters here.

Dr Mahathir will visit China for four days beginning Aug 24 and is expected to address the Malaysia-China Partnership - The Beijing Dialogue on Aug 26.

Lim said the idea of establishing the joint venture was mooted by China's Vice-President Zu Rhongji during his visit here last year.

Zu had said China would like to take part in a consortium type of joint venture involving an investment of US\$1 billion to produce 500,000 tonnes of pulp products yearly mainly for the China market.

The joint venture company would be allowed to have long term contract with a local company which would supply raw materials, Lim said.

The local company would own the land and plant the forest to supply the raw materials as the government will not allow any foreign company to own huge tracts of land in Malaysia, he said.

Lim said Malaysia needed at least five pulp and paper manufacturers in order to cope with the growing demand.

"At present, we can afford to have two mills in Sabah, two in Sarawak and one in the peninsula," he said.

The minister said Malaysia currently earned RM12.9 billion yearly from forestry and timber product exports and spent some RM1.7 billion on pulp and paper imports.-- BERNAMA

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