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YTL INVESTING RM1.5 BLN IN PRIVATISED ZIMBABWEAN POWER PROJECT

By: K.C. Leong

HARARE, Sept 16 (Bernama) -- YTL Corporation Bhd yesterday signed a letter intent with the Zimbabwean government for a privatised power project involving an investment of US\$600 million (RM1.5 billion) by the Malaysian infrastructure company.

The signing of the letter of intent by YTL Managing Director Datuk Francis Yeoh and Encik P.M. Kodzwa, permanent secretary of the Zimbabwean Ministry of Transport and Energy, was witnessed by Prime Minister Datuk Seri Dr Mahathir Mohamad, who is on a five-day visit here to attend the World Solar Summit beginning today.

The privatisation of the Hwange Power Station in the northern part of this southern African country is being carried out by Africa Power Ltd in which YTL has a 51 percent stake and the Zimbabwe Electricity Supply Authority (ZESA) has the remaining 49 percent.

It involves the leasing of the power station's existing six coal-fired units

-- 4 X 120 megawatt and 2 X 220 MW -- by ZESA to Africa Power which will undertake to expand it by two coal fired units of 330 MW each, thus expanding its current capacity of 920 MW to a total of 1,590 MW.

Yeoh said the project would be the biggest overseas investment so far by the YTL group which is also developing a project involving the acquisition of existing 2 X 125 MW coal-fired plant and construction of a new 350 MW coal-fired unit in Jiangxi Province in China.

Financing of the project would be done through a combination of equity and project financing, he said, adding that the way YTL financed its independent power project (IPP) in Malaysia "will provide a hint" of how it would be done.

He said the privatisation of the Hwange Power Station and its expansion would substantially reduce Zimbabwe's reliance on imported electricity and there was even a possibility that Zimbabwe might be able to export electricity to neighbouring countries.

He said Africa Power had definite strategic plans to become a power exporter eventually although certain "thorny issues" such as demands for dedicated transmission lines still had to be resolved.

Currently, Zimbabwe imports some of its electricity requirements from

Yeoh said the project marked a major milestone in the development of economic ties between Malaysia and Zimbabwe and he saw many areas where economic co-operation between the two could be mutually beneficial.

Dr Mahathir said investments by Malaysian companies was not purely for altruistic reasons but reflected Malaysia's "prosper thy neighbour" policy of enlightened self-interest.

As a trading nation with a small population, Malaysia needed to export more and to an increasing number of countries. In the case of Zimbabwe, this had resulted in increasing bilateral trade and it was now importing most of its refined oil products from Malaysia, the prime minister added.

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