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Transfield-Boat

AUSTRALIA TO SEEK EXPLANATION FOR LOSS OF BOAT CONTRACT

By: Neville D'Cruz

MELBOURNE, Oct 10 (Bernama) -- Australian Deputy Prime Minister and Minister for Trade Tim Fischer said today he will seek an explanation from the Malaysian government for dumping an Australian bid for a A\$2 billion defence contract amid concerns it was a politically motivated decision.

Fischer is due to sign a new bilateral trade pact with Malaysia in Kuala Lumpur on Thursday, replacing a 1958 agreement.

But his trade mission to Kuala Lumpur has been marred by news that Australia's Transfield Defence Systems (TDS) lost a bid to supply the Royal Malaysian Navy with up to 27 new patrol boats.

The contract was instead awarded to a German company although the Malaysian Government has yet to reveal its reason for its choice.

Fischer said he would raise the issue with his Malaysian counterpart, Datuk Seri Rafidah Aziz, next week.

"I'm disappointed (about the bid) and will I be raising it, yes," he told Australian Associated Press today.

Transfield said it was keen to have Fischer raise the issue as it had yet to have the full reasons why the Malaysian government overlooked its competitive bid.

But Fischer maintained the bid loss was a result of former Prime Minister Paul Keating's description of Prime Minister Datuk Seri Dr Mahathir Mohamad as "recalcitrant" four years ago.

"We will never know whether the word recalcitrant so permanently derailed Transfield's very professional bid as to preclude it getting a fair shake in the final stages," to told Australian Broadcasting Corp (ABC) Radio.

The Opposition Labour Party, however, described Fischer's claims as a red herring, saying it was a way to cover up the Howard government's failure to deliver on its promise of a strong bilateral relationship with Malaysia.

"Howard's Asian insensitivity could also cost Transfield, Australia's leading shipbuilder other important contracts as well," Opposition Trade spokesman Senator Peter Cook said.

"Prime Minister John Howard must accept the blame for this (failure to get the Malaysian contract)," Cook said in a statement.

"An Australian Prime Minister cannot accept an invitation to visit KL, a promise to do so way back from CHOGM, (Commonwealth Heads of Government Meeting) and then cancel out (the visit). That is what John Howard has done on the eve of the A\$2 billion patrol boat contract," Cook said.

But Foreign Affairs and Trade officials said Australia had been working hard to forge strong relationship with Malaysia and a meeting between Dr Mahathir and Howard was "on the cards" for some time next year.

Defence Industry Minister Bronwyn Bishop also down played the wider impact of the decision, saying Australia's relationship with Malaysia was very strong.

The State of Victoria's Treasurer Alan Stockdale said the well-publicised anti-Asian views of independent MP Pauline Hanson would not have helped Australia's patrol boat bid.

Meanwhile, in KUALA LUMPUR, German Naval Group (GNG), one of the two German contenders, said it was still too early to comment on the contract going to a German company.

Its senior project leader, Dimitri Edward Dasberg, said there was

nothing official so far about the multi-billion ringgit project.

"I cannot confirm anything. Better wait for the Defence Minister to make any announcement on this," he said when contacted by Bernama.

Defence Minister Datuk Syed Hamid Albar who is on leave after an official visit to Austria is expected to return on Tuesday.

The news came at a time when Malaysia-Germany defence relations are growing. Last month, the navies of both countries conducted a joint exercise, the first such cooperation between the European country and a southeast Asian nation.

Early last month, German ambassador to Malaysia Harald N.Nestroy expressed his government's hope that the ringgit's stability against the Deutschemark would favour it for the project.

GNG had offered to use 50 per cent local content and a permanent technology transfer if awarded the contract.

GNG, a consortium of four companies with over 100 years tradition in ship building, has operations in 70 countries, including Malaysia.

Beside GNG and Transfield, other foreign companies bidding for the project are Danyard of Denmark, Vosper Thornycroft of Britain and Luerssen of Germany.

The foreign contractor is to undertake, among others, the engineering and design of the 27 vessels at the privatised Naval Dockyard Sdn Bhd (NDSB) in Lumut over a 15-year period.

Officials from the Defence Ministry could not be reached while a German embassy official declined to comment.

Syed Hamid, in an interview with a local defence magazine recently, said he would like to see a decision made soonest possible on the project to avoid escalation in cost and to enable the Royal Malaysian Navy to modernise. -- BERNAMA

ND RV JK