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Ekran's right to terminate Bakun contract, says PM

PRIME Minister Datuk Seri Dr Mahathir Mohamad said Ekran Bhd has the right to terminate its contract with Asea Brown Boveri AG-led consortium and find another partner to build the RM13.05 billion Bakun Hydroelectric Dam in Sarawak.

"We (the Government) have given Ekran the right to make decisions," he told a press conference at the end of the first of the three-day Umno General Assembly in Kuala Lumpur yesterday.

Dr Mahathir was asked to comment on news reports yesterday that Ekran, on behalf of Bakun Hydro-Electric Corp Bhd (BHC), had dropped ABB-CBPO (Asea Brown Boveri/Brazil's Companhia Brasileira Projectos Obras) consortium as the main contractors for the project.

"Ekran has decided that they will have to terminate their negotiations with ABB-CBPO. Therefore, they may have to find another contractor," he added.

However, the Prime Minister said he does not know whether Ekran has appointed a new contractor to replace ABB-CBPO.

Asked again to confirm whether ABB-CBPO is out of the Bakun project, Dr Mahathir said: "That is what Ekran says. We have given Ekran the right to make decisions."

He declined to comment on rumours that Ekran will probably get a local big company to replace ABB-CBPO as the contractor and urged the media not to listen to rumours.

"I cannot make general comment on rumours. The last rumour I heard was that my deputy (Datuk Seri Anwar Ibrahim) had resigned.

"It was absolutely nonsense ... it was a shock to me as I didn't even think of it and he (Anwar) must be shocked too.

"We don't comment on rumours. Please forget the rumours ... they never turned out to be true," the Prime Minister added.

Ekran executive chairman Tan Sri Ting Pek Khiing, in a statement to the Kuala Lumpur Stock Exchange on Thursday, said that the company had submitted a letter to ABB-CBPO on Wednesday, stating that despite protracted negotiations on the terms for the precise securities to be provided under the EPC (engineering, procurement and construction) contract, no agreement had been reached.

Ting said after 10 months, it was clear that the parties to the EPC contract were so far apart on those points that the agreement was no longer possible.

BHC is the developer of the dam with Ekran holding a bigger share of 32 per cent stake.

Other shareholders are the Sarawak State Government (19 per cent), Sarawak Electricity Supply Corp (9 per cent), Tenaga Nasional Bhd (5 per cent), the Federal Government through Khazanah Nasional Bhd (5 per cent) and the Employees Provident Fund (5 per cent), and the remaining 25 per cent to local investors.

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