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Hamid: Award made in interest of the country

KUALA LUMPUR, Thurs. - The Government's decision to award the contract to build the first six of 27 New Generation Offshore Patrol Vessels to the German Naval Group was based on the country's long-term interests and not political reasons.

Defence Minister Datuk Seri Syed Hamid Albar said today the GNG proposal was seen as the best in the interests of the country.

Nor was it the case that the proposals of the three other companies were inferior to GNG's.

"We had to take into account the country's interests. In the end, only one proposal can be accepted," Syed Hamid told reporters at his office.

Among the factors taken into account were GNG's experience in shipbuilding, price, loss of foreign exchange, use of local components and equipment and technology transfer.

The group had built ships for the navies of Australia, Argentina, Greece, Turkey and Germany.

On Oct 10, Australian Deputy Prime Minister Tim Fischer blamed former Prime Minister Paul Keating for Australian ship building company Transfield Defence Systems losing the bid for the vessels.

He had said Keating's description of Prime Minister Datuk Seri Dr Mahathir Mohamed as a recalcitrant had severely damaged relations between both countries and was the reason behind the loss of the bid.

Four companies including GNG and Transfield were shortlisted for the project.

The others were the Danish Naval Group and Vosper Thornycraft of the United Kingdom.

The German consortium comprising Blohm et Voss AG, Thyssen Rheinstahl Technik GMBH, Howaldtswerke Deutsche Werft AG and Ferrostaal AG, were believed to be favourites from the start.

On the Australian claim, Syed Hamid said this was not true.

"The question of politics never arose. We have the right to make our own choices which are for the good of the country and to protect our long-term interests.

The NGPV project, which is considered the core of the RMN's modernisation programme, will span 15 years.

When the programme was first mooted about three years ago, the project cost was estimated at RM4 billion, but now it had climbed to about RM5.6 billion.

The GNG's share of the contract has yet to be finalised, but a Germany daily estimated it would be worth about US\$170 million (RM527 million) to the consortium.

Naval Dockyard Sdn Bhd, the corporatised RMN shipyard, now owned and operated by Business Focus Sdn Bhd, is likely to take the lion's share of the contract, in its position as the main contractor.

The first six ships are expected to be built in Germany and the rest at the NDSB shipyard in Lumut, Perak.

Syed Hamid refused to disclose the cost of the six ships to be built by the GNG.

However, he said, the Government had given the go-ahead for NDSB to negotiate with the GNG on the cost of building the six patrol vessels.

He added the GNG had been given three months to submit the final ship design after which further negotiations would be held.

The first vessel is expected to be completed within four years.
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