

18/11/1997

KL, Paris to go ahead with project (HL)

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MALAYSIA and France will go ahead with its proposed gas exploration project in Iran with Russian, Canadian and Indonesian partners despite threats of sanctions by the US, Datuk Seri Dr Mahathir Mohamad said yesterday.

"France is fully with us ... this is a matter not for another country to decide but our country itself because this is not the WTO (World Trade Organisation) rules," the Prime Minister told reporters after his meeting with visiting French President Jacques Chirac in Langkawi yesterday.

Chirac also expressed his support for Dr Mahathir's call to regulate the currency trading.

France and Malaysia have rejected the controversial Iran-Libya Sanctions Act which empowers Washington to impose sanctions or penalties on companies that invest more than US\$20 million (US\$1 = RM3.33) a year in Iran's oil and gas sector.

Dr Mahathir said the ruling was very much against free trade advocated by the World Trade Organisation.

"This is just one country's (US) ruling. They (France) don't accept it, and we don't accept it.

"We will continue to invest in Iran and he (Chirac) wants us to have further cooperation with France in other countries, not just in Iran," he added.

The US has threatened sanctions against the five companies involved in the Iranian project for what it deems as contravening the Iran-Libya Act 1996 which threatens sanctions against countries the US considers to be supportive of terrorism.

Total of France, Malaysia's Petronas, Gazprom of Russia, Canada's Bow Valley and Indonesia's Bakrie Group have signed a RM6.6 billion joint venture deal with Iran to develop part of the giant South Pars gas field.

On the monetary crisis affecting the region, Dr Mahathir said Chirac agreed that there should be regulations against trading by currency speculators.

Chirac also felt that there should not be anarchy in the currency market which was what Malaysia had been saying all along.

Dr Mahathir said the question of currency traders being able to raise 20 times their capital through leverage is something that needs to be investigated by the International Monetary Fund.

"In fact, Chirac spoke to the IMF managing director Michael Camdessus on Sunday night on this matter," the Prime Minister added.

Dr Mahathir said Chirac is of the view that the Group of Fifteen (G-15) developing countries and the Group of Seven (G-7) industrialised countries must have links, and had been pushing for representation of developing countries in the G-7 but had been unable to get the other members to agree.

"He wants me to continue making my own effort as well."

On bilateral matters, Dr Mahathir said besides the currency issue, both countries have agreed to work with Japan in developing the growing potential in the African continent.

Other areas of mutual cooperation agreed upon by both two countries include the teaching of the French language, transfer of technology, participation in the Multimedia Super Corridor and the proposed setting up of the multimedia university.

Earlier at the joint press conference, Dr Mahathir said Chirac's visit has brought the relationship between the two countries to a new level.

"We are now very much closer to each other, understand each other better, quite supportive of each other and I think a lot of goodwill has come from this enhanced relations."

He said his discussions with Chirac covered many areas where there were total agreement except for some minor differences in perceptions.

"I am happy over the confidence France has in the economic management and recovery of the Malaysian financial problem."

Dr Mahathir said he has explained in detail to Chirac the currency problem faced by Malaysia and neighbouring countries brought about by the forced lowering in the value of their respective currencies.

Meanwhile, Petronas president Tan Sri Hassan Merican said the national petroleum company would continue with its venture in Iran.

"This is purely a business matter," he said, adding that Petronas and the other partners had discussed the US threats and had taken a firm stand.

The US official sent by Washington to investigate Petronas is due in Kuala Lumpur today.

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