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MAHATHIR SAYS M'SIA WILL NOT STOP US OFFICIALS FROM TALKING TO PETRONAS

KUALA LUMPUR, Nov 11 (Bernama) -- Malaysia will not stop US officials from probing into Petronas's involvement in an oil exploration project in Iran undertaken jointly with French and Russian firms, Prime Minister Datuk Seri Dr. Mahathir Mohamad, said here today.

However, "we want to know what questions the United States would pose to Petronas...and we would give reasonable answers," he said.

Dr. Mahathir also said that "if they (the US) want to stop us, we can't accept that...they must also stop the French and the Russians."

"...just because we are weak, they just cannot do that (stop us) ... and (allow) strong countries to go on with the project," he said when asked to comment on a threat by the US to impose sanctions on countries dealing with Iran.

On Sunday, James Warren of the US Information Service said in Washington that a US official was due here on Nov 18 to probe into Petronas's business dealings in Iran. The official was reported to have gone to Paris, Moscow and Ottawa to investigate into their deals.

Warren had said that the US official would probe the sort of technology being transferred to Iran as the general concern was that whether the technology transfer would enable Teheran to produce weapons.

Petronas, together with Total, the French energy company, and Gazprom of Russia have announced plans to invest US\$2 billion (about RM6.6 billion) to develop the Iranian gas industry, which Washington says defies US sanctions legislation.

The consortium had entered into the deal with an Iranian national company to develop part of the giant South Pars gas field near Iran's maritime border with Qatar.

Malaysia's national oil corporation, through wholly-owned subsidiary, Petronas Carigali Overseas Sdn Bhd, signed an agreement with Total in June 1996 for a 30 percent stake in the Sirri A and E fields in Iran, a contract which was first awarded to the French company in 1995.

Petronas chief executive officer Datuk Mohamed Hassan Marican was quoted as saying in September that Petronas would proceed with the development of the field which has recoverable reserves of 600 million barrels and the total investment required to develop the two oil fields was US\$600 million (RM1.98 billion).

Under the US Iran-Libya Sanction Act pushed by Senator Alfonse d'Amato of New York and passed by US Congress last year, the US President is required to impose sanctions on any foreign company investing more than US\$20 million (RM66 million) in the energy industries of Iran and Libya, countries which the US alleged supported international terrorism.

Since the US made its intentions known, Cabinet ministers as well as Opposition members here had voiced strong opposition to Washington's stance, saying that efforts to prevent Petronas from investing in another country were tantamount to undermining Malaysia's sovereignty.

The Minister in the Prime Minister's Department, Datuk Abang Abu Bakar Mustapha, said today Malaysia's investment in Iran was in line with the policy of the World Trade Organisation (WTO) which permits all countries to have trade links with each other.

He described the US action as that of a bully wanting to wield its power over smaller countries like Malaysia. -- BERNAMA

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