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No clash between Ekran and ABB: Ting

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EKRAN Bhd executive chairman Tan Sri Ting Pek Khiing yesterday denied there is a clash between the company and Asea Brown Boveri Ltd (ABB) - the main builder of the Bakun dam in Sarawak.

Speaking to reporters after the underwriting ceremony of Bakun Hydroelectric Corp Bhd, Ting said there has been no change in the understanding between Ekran and ABB with regards to the subcontracts, except that "everyone has misunderstood" the situation.

The 2,400 local companies invited to register with Ekran Bhd for the Bakun Hydroelectric project are all eligible for the competitive bidding of the project's subcontract works, said Ting.

"They were the people doing the job. They were the ones eligible to tender. The open bidding is a normal process, and it applies to all these 2,400 companies," he said.

"Then we evaluated them ... and ABB has the right to choose. It did not involve only four companies," he explained.

Ting also said there is no such thing as an "award" given to local or foreign companies because those chosen are regarded as leaders for the local and foreign portions of the contract.

The four listed companies - Wembley Industries Holdings, PWE Industries, Pacific Chemicals and Granite Industries - have been nominated as the lead subcontractors.

The lead subcontractors will be responsible for subcontracting the work to other companies, 40 per cent of which have to comprise local firms, he continued.

Asked to comment on this issue, Prime Minister Datuk Seri Dr Mahathir Mohamad said ABB has agreed to take in more local companies.

"In fact 40 per cent of the work to be carried out has been allocated to local companies.

"The understanding is that any project done in Malaysia must have maximum local content," he said.

An open tender to choose participating companies is a normal procedure, the Prime Minister said. "It's for the people to decide."

He also said the Government would like to see more local contractors get more and better contracts for such a project.

ABB is a major partner in a consortium with Companhia Brasileira de Projectose Obras (CPOB) of Brazil, which was awarded the engineering, procurement and construction contract for the Bakun dam.

On whether the ABB-CBPO consortium will be rewarded if it completes the project ahead of schedule, Ting replied that if it does so 12 months ahead, then it will get a 50 per cent share of the sale of power.

Ekran, in a statement dated May 12 to the Kuala Lumpur Stock Exchange, denied an article published by the Asian Wall Street Journal on April 19 alleging a clash between both parties.

This is the second statement sent to the KLSE regarding the article in the newspaper. The first one was dated May 7.

In the most recent statement, Ekran, describing the article's stance as "highly opinionated", denied that there was any clash relating to the award of subcontract works.

In the statement, Ekran director Peter Ling said that on July 11 1996, Ting had written a letter to ABB-CBPO regarding the nomination of the four companies.

The companies have been nominated as "lead subcontractors for purposes of the local industry participation obligations of ABB-CBPO and for the various subcontract work ..."

A reply from ABB's Goran Lindahl was received on the same day. He said ABB was pleased "... to agree to the principles and understanding to use the listed companies ... as lead subcontractors."

"The only reservations in Lindahl's letter were that details have to be worked out, which we accept, given that the next obvious step following the acceptance of the nomination must, perforce, be to work out the details," said Ling in the statement.

"It is tendentious of the article to fail to draw the important distinction between the nomination of the lead subcontractors which was accepted and the working out of the details of the subcontracts," Ling continued.

Earlier at the underwriting ceremony, Ting said BHC will deliver and sell to Tenaga Nasional and Sarawak Electricity Supply Corp 1,600MW and 100MW of firm power respectively which will generate a revenue of some RM73 billion.

He said the total proceeds of RM3 billion from the special issue of 1.125 million RM1 shares at RM2 a share and initial public offering will be used for the development of the Bakun project only.

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