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Only gas pipeline of land bridge to go ahead

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ONLY the gas pipeline under the proposed RM10 billion land bridge project in the north of Peninsular Malaysia will proceed as scheduled, Deputy Prime Minister Datuk Seri Anwar Ibrahim said yesterday.

"The gas pipeline project will begin from the Joint Development Authority area to the south of Songkhla. About 50 per cent of the gas will go to Bangkok, another 50 per cent will go downwards to the south of Thailand up to Bukit Kayu Hitam," Anwar told reporters yesterday when asked to clarify status of the project.

The gas pipeline, estimated by Anwar cost less than RM1.8 billion, is part of the land bridge project covering a distance of 200km, which will include a road and a rail link.

The project was proposed in 1994 at the first meeting of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) in Hatyai.

It was proposed by a consortium of four companies: Malaysia's East West Bridge Corp Sdn Bhd, Thailand's Sri Uthong Co Ltd, Indonesia's Latief Group and Japan's Chiyoda Corp.

Malaysia and Thailand, Anwar said, had agreed in principle to undertake the project but did not stipulate when it would be carried out.

"I have discussed the matter with Prime Minister Datuk Seri Dr Mahathir Mohamad and he did not say when the project would start," Anwar said, adding that Malaysia and Thailand are in no position to undertake a massive project at this juncture.

The gas pipeline will supply both countries with gas from jointly-held offshore fields in the South China Sea, with Thailand and Malaysia holding 50 per cent each in the project.

Feasibility studies are under way for the building a trans-Thailand-Malaysia gas pipeline by the Petroleum Authority of Thailand (PTT) and Petroliam Nasional Bhd (Petronas).

The pipeline will run for about 250km from the offshore gas fields to a landing point in southern Thailand and onwards to northern Malaysia. Joint venture projects including gas separation and power plants are also planned.

Delivery of 600 million cu ft per day of gas is expected to start by the end of 2000, increasing to 1,200-1,500 within three years.

Petronas and PTT have agreed an initial base price for gas from the project at US\$2.30 (US\$1 = RM3.72) per one million British thermal units. Feasibility studies by PTT and Petronas into the joint venture developments are expected to be finalised by next year, when both sides hope to sign a memorandum of understanding to undertake them, reports said.

Meanwhile, Economic Adviser to the Government Tun Daim Zainuddin told Bernama that he is convinced that the private sectors of Indonesia, Malaysia and Thailand will have a second look the deferred project once conditions are favourable.

He said it is not a Malaysian project but one that promotes Indonesia, Malaysia and Thailand under the IMT-GT initiatives.

Under the present circumstances, he said, "I don't think the private sectors of Indonesia and Thailand want to start it."

Daim, who is also the coordinating minister of the IMT-GT, said the project was endorsed by ministers from the IMT-GT countries at a meeting last month.

Referring to the latest economic measures announced by Anwar, Daim said they have sent the right signals to the market.

They shows that the Government is serious in addressing its problems, he said.

"It's good sending out the right signals. That's the way, if not, the market will still think that we (the Government) do not want to address the problems we face.

"Now we know the problems, we recognise the problems and we are addressing the problems. This will then restore the people's confidence," Daim added.

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