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PM: KL, Paris still in Iran gas project

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LANGKAWI, Mon. - Malaysia and France will go ahead with the proposed gas exploration project in Iran with Russian, Canadian and Indonesian partners despite threats of sanctions by the United States, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said: "France is fully with us... This is a matter not for any country to decide but the country itself because this is not WTO's rules."

France and Malaysia have rejected the American ruling which allows it to impose sanctions or penalties on companies investing in Iran and Libya under its Iran-Libya Sanctions Act passed last year. The US accuses the two nations of being supportive of terrorism.

Speaking to reporters after talks with visiting French President Jacques Chirac, Dr Mahathir said the ruling was very much against the free trade promoted by the World Trade Organisation.

Dr Mahathir said: "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 co-operation 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.

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

Under the controversial law, the US Government may take action against any company that invests more than US\$20 million in the oil and gas sector in Iran and Libya.

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, he spoke to IMF managing director Michel Camdessus last night on this matter."

Dr Mahathir said Chirac was of the view that the G15 and G7 must have links and had been pushing for representation of developing countries in the G7 but had been unable to make the other members agree.

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

On the bilateral talks, Dr Mahathir said besides the currency issue, both countries had agreed to work together with Japan in developing the growing potential in Africa.

Other areas of mutual co-operation between the two countries include the teaching of French, transfer of technology, participation in the Multimedia Super Corridor and the proposed setting up of the Multimedia University.

Earlier at a joint Press conference, Dr Mahathir said the visit had brought the relationships between two nations to a new level.

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

enhanced relations."

He said the discussions covered many areas where there was 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 explained in detail the currency problem faced by Malaysia and neighbouring countries brought about by the forced lowering in the value of their currencies.

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

"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.

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