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PM: We'll probe allegation of discrepancy

Jennifer Jacobs in Santa Clara

SANTA CLARA, Fri: The Government will investigate any allegation of discrepancy in the award of a contract involving Telekom Malaysia and Swedish firm Ericsson Telecommunications, Datuk Seri Dr Mahathir Mohamad said.

The Prime Minister, who is in California on a working visit to promote the Multimedia Super Corridor (MSC), said before such an investigation is concluded, he could not comment on the report.

"I do not have much information. If there is an allegation, we should investigate," he told Malaysian journalists covering his week-long visit.

Dr Mahathir was asked to comment on news reports of discrepancies in the award of a contract by the telecommunications company to Ericsson for the supply of equipment.

Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim had said in Kuala Lumpur on Wednesday the Government had received information of the alleged discrepancies some two weeks ago. The contract was believed to be worth millions of ringgit.

The Prime Minister said he was informed of the allegations by Anwar before he left Kuala Lumpur last week. "Anwar has mentioned but not in detail."

Telekom Malaysia chief executive Datuk Mohamed Said Mohamed Ali, who was accompanying Dr Mahathir in the US, had earlier responded to the news reports by saying that Telekom Malaysia will institute a full probe into the alleged discrepancies.

In a statement issued in Kuala Lumpur on Thursday, Mohamed Said said on being alerted by Anwar before he left for the US, Telekom began a thorough enquiry into the allegations but could not give a timeframe for the report as it does not have sufficient facts on the matter.

Ericsson, on the same day, said it had not been officially informed of the matter and had not received any indication as to the nature of the allegations. It added that it did not have any information that tender procedures had been overlooked.

Ericsson, which has been supplying telecommunications equipment to Malaysia since 1965, is one of the longest established telecommunications equipment companies in the country.

Telekom Malaysia's share price fell 30 sen yesterday to close at RM20.30, bringing it to a total drop of RM1 for the week. Its share price has suffered extensively for the past few months because many broking houses have been calling sells on the stock.

JENNIFER JACOBS reports: Analysts, however, said the drop has nothing to do with the probe into Telekom's contract to Ericsson but is due to rumours that the provision of equal access is to be brought forward to 1998.

One analyst told Business Times that Telekom Malaysia's share price has been coming off lately because some houses have been calling a sell on the share.

An investment house had said there were talks in the market of equal access, which basically means that all Telekom Malaysia's three million subscribers would be able to use alternative trunk and international networks by dialing a special code.

Its analyst said this would cause a substantial loss of business as the trunk and international markets are considered the "cream" of Telekom's

basic telephony services market.

Analysts also feel that with the onset of competition from companies such as Binariang, Cellular Communications and Time Telecommunications Sdn Bhd, Telekom Malaysia's growth in subscriber base will be affected.

One local broking house, which is calling a sell on Telekom Malaysia, put its fair value at RM17.

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