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Probe into Telekom deal (HL)

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KUALA LUMPUR, Wed. - The Government has ordered an investigation into alleged discrepancies in the award of a contract by Telekom Malaysia Bhd to Swedish multinational company Ericsson for the supply of equipment.

Deputy Prime Minister Datuk Seri Anwar Ibrahim, who confirmed this today, said the Government had received information about the alleged discrepancies about two weeks ago.

The contract is believed to be worth millions of ringgit but when asked, Anwar said:

"If it's worth RM45, I am sure it would not be an issue."

Speaking to reporters after chairing a Cabinet committee meeting on essential goods, Anwar said he received preliminary information about the alleged discrepancies two weeks ago.

He said he had briefed Prime Minister Datuk Seri Dr Mahathir Mohamad before he left for the United States on Sunday to promote the Multimedia Super Corridor.

"I told the Prime Minister that this is going to come out and we have to deal with it and take action if there is evidence. Our decision on this is certainly firm."

However, he said in his discussion with the Prime Minister, it was decided that if there was abuse or mismanagement, punitive action would be taken.

Asked where he received the information from, Anwar said: "From reliable sources."

However, he said the information was too general and incomplete.

On whether a Minister was implicated in the alleged discrepancies, Anwar said:

"Well, it is very preliminary and in order to do justice to all parties concerned, I have asked the contracts division (Finance Ministry) to talk to Telekom Malaysia to determine whether the (tender) procedures were fully observed and transparent.

"I also alerted Datuk Mohamed Said Mohamed Ali (chief executive of Telekom) before he left for the US."

On the movement of the ringgit which had been rising of late, Anwar said there was no reason for the Government to intervene.

"Why should we? The ringgit has been strong and stable over the past year," he said when asked whether the Government would step in.

Foreign exchange dealers have attributed the bullishness of the ringgit to Malaysia's relatively high interest rates. They also said foreign fund managers were keen to tap the high yielding rates.

The ringgit closed higher today at 2.4745/45 to the US dollar from 2.4825/35 yesterday.

On Monday, the ringgit touched a 17-month high of 2.4685/95 and about a week ago, it was hovering around the 2.52 level.

Anwar also said the Government was still studying the proposal by Sapura Group to take over UMW Holdings Bhd, saying that there have also been other parties who have expressed interest to buy or acquire a stake in the company.

"There is no decision as yet. There has been quite a number ... it is not only one submission to buy or acquire UMW."

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