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OSU-MILL

JV PAPER MILL TO BE KALABAKAN, SAYS OSU

KOTA KINABALU, Aug 11 (Bernama) -- The Sabah state cabinet has decided to locate the proposed joint venture pulp and paper mill between Malaysia and China in Kalabakan, Tawau on the east coast of the state, said chief minister Datuk Osu Sukam today.

He said an agreement on the matter would be signed in China during Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to China next week.

"For the purpose, an area covering 220,000 ha owned by Benta Wawasan, a subsidiary of Innoprise Corporation Sdn Bhd (ICSB), has been prepared for the re-planting of timber and the establishment of a mill," he told reporters after chairing a state exco meeting here.

A memorandum of understanding for the establishment of the plant was signed between China and Malaysia in August 1997 and the federal government then decided that the plant should be located in Sabah.

The construction of the plant has not been started to date because the state government was still identifying a wide area for re-planting timber and constructing the mill, said Osu.

Osu, who is also state finance minister, said Sabah would sign a follow-up agreement with the Chinese company next week to endorse the MOU signed earlier.

State secretary Tan Sri Datu Khalil Datu Jamalul is expected to sign the agreement on behalf of the state government.

Primary Industries Minister Datuk Seri Dr Lim Keng Yaik had asked the Sabah state government to expedite the land approval process for the mill and plantation project when he visited Sabah two years ago.

Dr Lim said the mill needed 500,000 to 750,000 tonnes of raw materials for its operations.

For the planting of trees, the state government will hold 60 percent of the equity and the balance will be held by the Chinese side. As for the mill, the state government will hold 40 percent and the Chinese investors the balance.

On his three-day visit to Mindanao in the Philippines from tomorrow, Osu said he would attend the Mindanao Business Conference at Illigan City and would deliver a working paper on East Asean Growth Area (EAGA). --

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JS SHY