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Kalabakan pulp mill to start operation in 2003

THE multi-billion ringgit pulp mill in Kalabakan, a Sabah and China joint venture project, will start operations in 2003.

Chief Minister Datuk Osu Sukam signed the agreement when he was in Beijing last week as part of Prime Minister Datuk Seri Dr Mahathir Mohamad's delegation to China.

"With RM4.56 billion investment, this is China's biggest investment outside the country so far," Osu told a Press conference after chairing his weekly Cabinet meeting in Kota Kinabalu, Sabah yesterday.

The State Government holds a 60 per cent equity in the plantation and the Chinese Government 40 per cent. China holds 60 per cent equity in the mill while the remaining 40 per cent is held by Sabah.

"Sabah is seeking 51 per cent equity in the plantation and 20 per cent share in the mill," Osu said.

Osu, who is also Sabah's Finance Minister, said the plantation project cost about RM3.42 billion while the mill about RM1.14 billion.

Initially, the mill will use timber residue for the production of pulp until the trees, Acacia mangium, planted to serve the mill mature around 2006.

Osu said the joint venture project mill would provide significant economic spin-off as well as generate jobs for several thousand people.

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