

22 JUL 1999

Mahathir-Petroleum

KL READY TO DEVELOP OIL INDUSTRY IN KELANTAN

KOTA BAHARU, July 22 (Bernama) -- The federal government is ready to explore for oil and gas in Kelantan waters if the Barisan Nasional comes to power in the state, Datuk Seri Dr Mahathir Mohamad said today.

The prime minister said the proceeds from the investment would be used to develop the state and its people.

"Although there is oil and gas in Kelantan, the power to develop the industry lies with the federal government," he said in a dialogue session with government officers at a dinner here in conjunction with his visit to the state.

He said the federal government could also choose to channel the oil and gas from the waters to Kelantan or Terengganu.

Dr Mahathir said if the oil and gas industry was developed in Kelantan, the state would profit and its people would also benefit from ancillary industries.

Asked if the proposed East Coast Highway would be extended to Kelantan, Dr Mahathir said studies had shown that it would not be viable if toll was imposed.

"If you want to have toll there must be a sufficient volume (of vehicles) to repay the investments made because the road from Karak to Terengganu had cost a massive RM4 billion," he said.

Dr Mahathir said, however, that in the interests of the people and the state, construction of the highway linking Karak and Terengganu would go ahead.

"Whether it's viable or not, we will develop it....but to extend it to Kelantan is inappropriate," he said.

The prime minister, however, said the federal government might reconsider its decision not to extend the highway to Kelantan if the BN formed the state government.

He said the federal government needed the full cooperation of the state government in building the highway in Kelantan. It should provide land and reduce the compensation for land acquired.

Dr Mahathir said the federal government was also prepared to grant a subsidy to ensure that the project was implemented, as was the case with the North-South Expressway where the government subsidised Projek Lebuh raya Utara-Selatan Sdn Bhd (Plus).

He said the subsidy was not aimed at providing an higher income for Plus but to ensure that toll charges were kept to a minimum.

-- BERNAMA

rar sk