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Invest in Indonesia, Malaysians urged

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FOLLOWING Prime Minister Datuk Seri Dr Mahathir Mohamad's visit in March, Indonesia is inviting more Malaysian companies to invest in the republic, particularly in infrastructure projects.

Indonesian Public Works Minister Rozik B. Soetjipto yesterday asked Malaysian firms to assist the Indonesian Government in reviving infrastructure projects, such as roadbuilding and developing a railway network, which were stalled during the economic crisis three years ago.

Already in the pipeline is the proposed construction of a US\$600 million (US\$1 = RM3.80) outer ring tolled road in Jakarta, involving a consortium of four Malaysian companies and four Indonesian concessionaires.

Rozik said the companies involved signed a memorandum of understanding during Dr Mahathir's visit on March 9-10 to undertake a feasible study on the proposed project.

"The study will include whether there is a need to adjust the existing agreement between the Indonesian concessionaires. If the two sides agree to make an adjustment, there will be another agreement to be signed by both sides," he told newsmen after meeting Works Minister Datuk Seri S. Samy Vellu in Kuala Lumpur yesterday.

Rozik, who arrived in Malaysia on Sunday, is on a three-day visit.

Earlier reports said that if the study was found to be feasible, a joint venture company would be incorporated in Indonesia to undertake the project.

The Malaysian consortium would hold a majority stake in the joint venture company.

The Malaysian consortium comprises four companies: Gadek (Malaysia) Bhd's 70 per cent-owned Perspec Prime (Malaysia) Sdn Bhd, Comtrac Sdn Bhd (70 per cent-owned subsidiary of HICOM Holdings Bhd), Ranhill Corp Sdn Bhd and Road Builder (M) Sdn Bhd.

The Indonesian concessionaires are PT Jakarta Lingkat Baratsatu, PT Citra Mataram Satriamarga Persada, PT Marga Nurindo Bhakti and PT Citra Bhakti Margatama Persada.

To date, 36 per cent of the project has been completed. Construction was stalled from the middle of 1998.

Rozik said the Indonesian Government is also keen for Malaysian investment to develop a railway network in either Java or Sumatra.

With Malaysian companies' experience through the privatization programmes, Rozik said the Indonesian Government is confident that the Malaysian investors can help revive the stalled projects in Indonesia.

"There is vast cooperation between the Malaysian private sector and their Indonesian counterpart to set up a joint venture to undertake various projects that have been stalled due to the economic crisis," he said.

Samy Vellu said he briefed the Indonesian delegation on how Malaysia managed to tackle the projects which were suspended during the economic downturn.

"Such cooperation between the private sector of both countries mark a new chapter in bilateral relations between Malaysia and Indonesia," he said.

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