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PM confident paper mill project in Tawau will materialise

PRIME Minister Datuk Seri Dr Mahathir Mohamad is confident that the proposed RM4.56 billion pulp and paper mill project in Kalabakan, Tawau, will materialise.

He said discussion on the project was going on well and that "some very minor issues" needed to be settled before it could be implemented.

"I think it (the minor issues) can be settled. Most of the issues have already been settled," he said during his one-hour stop-over in Kota Kinabalu en route to Kuala Lumpur from a four-day official visit to Osaka, Japan.

During the stop-over, Dr Mahathir met with the State Cabinet led by Chief Minister Datuk Seri Osu Sukam to discuss about implementation of development projects in Sabah, including the pulp and paper mill project.

The proposed project is a joint venture among Innoprise Corporation Sdn Bhd, the investment arm of Sabah Foundation, China Fuxing Pulp and Paper Industries Limited (CFPPIL) of China and Kuala Lumpur-based Lion Group.

Osu had before this said that the disagreements were on payment of land premiums and the use of roads within the project area.

Representatives of the CFPPIL are currently here to hold further discussion with the State Government on the project.

The parties involved had in August last year signed a memorandum of understanding on the proposed joint venture.

Under the proposed joint venture, ICSB and Lion Group will each hold 20 per cent equity in the pulp mill project, while the remaining 60 per cent will be held by CFPPIL.

For the forest plantation joint venture, ICSB will hold 40 per cent equity, Lion Group 20 per cent and CFPP 40 per cent.

The proposed project includes planting fast growing trees on 241,400ha of virgin forest, to cater for the requirements of the pulp mill.

Dr Mahathir said the State Government had requested a development allocation of RM20 billion under the Eighth Malaysia Plan for the implementation of several major projects, including the pulp and paper mill and the steel mill in Kudat.

The amount requested had doubled the RM8 billion allocated to it under the Seventh Malaysia Plan.

"We will consider the request based on our capability ... the needs of other States and the Federal Government also have to be taken into account," Dr Mahathir said.

Meanwhile, Osu said the final agreement for the implementation of the proposed pulp and paper mill project was expected to be signed very soon.

"Our discussion with the Chinese company had been very encouraging and positive ... I expect the agreement to be finalised soon," he said.

On the RM20 billion development allocation requested by the State, Osu said Sabah needs a larger allocation considering the size of the State and the fact that it was lagging behind other States.

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