

Decision on mill project next month

By RUBEN SANO **STAR** 14 MAR 2002

KOTA KINABALU: A final decision on whether China's RM4.56bil pulp and paper mill project will remain in Sabah as proposed, will be made next month.

"We will know the outcome in April after talks are held between state officials and the project partners from Beijing," Minister in the Chief Minister's Department Datuk Ghapur Salleh said yesterday.

He said Yayasan Sabah chairman Tan Sri Khalil Jamalul was scheduled to lead a team of state officials to China middle of next month for the negotiations.

"The talks will be about the final terms for the joint venture. After that, a decision will be made as to whether the project will proceed," he said.

Other state officials said the crux of the talks would be on Sabah's equity participation in the project located at the south-eastern region of the state near Tawau district.

The officials said the state had a rethinking about Sabah's involvement after

its equity was proposed to be reduced to 21%.

Under a memorandum of understanding signed two years ago, the state government, through Yayasan Sabah's investment arm, Innoprise Corporation, was to hold a 40% stake in the project while the China Fuxing Pulp and Paper Mill would hold another 40% share.

The remaining 20% was supposed to be held by the Lion Group but Khalil said last November that the company appeared to be backing out from the deal.

The project had drawn concerns from various groups, particularly environmentalists, as it would involve clearing more than 200,000ha of jungle to make way for a forest plantation near the pristine Danum Valley and Maliau Basin conservation areas.

A local newspaper quoted Prime Minister Datuk Seri Dr Mahathir Mohamad as saying that the pulp and paper mill project may be relocated to other states, including Sarawak, due to a disagreement on certain conditions of the deal.