

Bakun's fate up in the air once more

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By Patrick Chalmers

THE immediate fortunes of Malaysia's highest flying businessman, Tan Sri Syed Mokhtar Al-Bukhary, lie deep in the Borneo jungle where the fate of a giant dam is up in the air once more.

A latecomer to the controversial plan, Syed Mokhtar won a stake in the dam, its 2,400MW of output and the concession for an aluminium smelter from former prime minister Tun Dr Mahathir Mohamad before the long-serving prime minister retired in October.

With Dr Mahathir gone the whole scheme, like the trucks, which spin their wheels on dirt tracks snaking across the site, risks bogging down again.

This month, new Prime Minister Datuk Seri Abdullah Ahmad Badawi pulled the plug on a US\$3.8 billion (RM 14.5 billion) rail project in which Syed Mokhtar's flagship Malaysia Mining Corporation Bhd (MMC) was a partner.

The surprise move, which Abdullah said was for budgetary reasons, cast doubts on Bakun and a light rail project for Penang island, another Syed Mokhtar project.

Investors knocked some 15% off MMC shares in the days after the decision, though the stock had recovered to RM2.22 by Monday's close, a net loss of around 10%. The stock had already fallen from RM2.70 since early November, when questions about his projects first surfaced.

Even without Bakun, the elusive tycoon would have plenty of other public and private interests to keep him busy.

Neither Syed Mokhtar nor Abdullah has commented publicly on Bakun's fate in recent weeks, though sources close to the project and government, who declined to be identified, made clear there were plenty of issues to consider.

These included the state of dam construction work, power purchasing agreements and project financing plans. "All these parameters today are in the air," said one source, who said not even Syed Mokhtar's involvement was cast in stone.

Another suggested the businessman, whose companies are not involved in the dam's construction, had only to prove to Abdullah that he had the smelter's financial backers in place.

Syed Mokhtar has insisted money is there for

the US\$2.1 billion smelter, despite the withdrawal of the United Arab Emirates' state-owned Dubai Aluminium Company.

While Syed Mokhtar may be in unfamiliar territory with Dr Mahathir's exit, political and corporate intrigue are nothing new for Bakun.

A project dreamed up in the 1960s and begun in the early 1990s was slowed by activists concerned about the dam's impact on local people and their rainforest home. It was stopped in its tracks by the Asian financial crisis in 1997. Dr Mahathir revived it in 2001,

albeit in scaled-back form.

Malaysia awarded the RM1.8 billion main construction contract last year to local conglomerate Sime Darby and its Malaysia-China Hydro joint-venture partner.

Reports of delays have dogged the Balui river project ever since, with Sime saying in November that work was behind schedule but adding strategies were in place to get it back on track.

Leading the construction effort is French-Canadian engineer Gilles Porlier. The project manager seconded from Canadian engineering and construction company SNC-Lavalin has a 205m barrage to erect by late 2007. Politics are not his concern. "Delays in large projects are things that happen, that is not unusual, but they can be overcome and they will be," he told reporters during a site visit this month.

On that day work had stopped for the morning after torrential overnight rain left dirt roads dangerously greasy. "Although the rain is certainly something that has slowed the progress of the work, at this stage we have been fortunate," said Porlier.

"We hope that we'll still have some more good times because we need good times," he said.

Sagingbit, 42, the head man of a native longhouse community resettled downstream of the dam site five years ago, said locals still struggle with their entry into a cash economy.

While they welcome the ready electricity, clinics and schools, a living is hard to come by from allocated plots growing pepper, rice and maize. "That's the problem we have," says Sagingbit.

Asked if the dam would now finally get finished, he simply laughed. — Reuters