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GOVERNMENT-RAILWAY

GOVERNMENT STILL STUDYING RAILWAY PROJECT

KUALA LUMPUR, Oct 30 (Bernama) -- The government is still studying whether the double tracking railway project from Ipoh to Padang Besar and from Seremban to Johor Bahru should remain a government to government initiative, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

"That is being studied at the moment," he told a press conference after tabling the mid-term review report of the Eight Malaysia Plan in the Dewan Rakyat here.

In 2001, the government had given Letter of Intent to Indian Railway Construction Co (Ircon) and China Expressway Engineering Corporation (CREC), but last week it had given a letter of award to Gamuda-MMC joint venture to undertake the project at RM14.45 billion.

Ircon and CREC had initially submitted bids for a total of RM42 billion but a few weeks ago had reduced their price to about RM19 billion following the Malaysian government's request.

In the Letter of Award to Gamuda-MMC, Ircon International Ltd and DRB-HICOM/EMRAIL was offered the first right of refusal to be appointed as the sub-contractors for the civil works in the northern section, while China Engineering Railway Corp and DRB-HICOM Hikmat Asia were given similar rights for the southern section.

Dr Mahathir said even if the project continued as a government to government initiative, there should be no reason why the private sector could not participate in it.

India had raised the issue regarding the failure of Ircon to secure the project through its High Commissioner to Malaysia, Veena Sikri, who expressed New Delhi's concern over the issue.

Asked to comment that the Indian government has expressed displeasure over the matter, the Prime Minister said the Indian government could still make a bid provided that they lower their price to the level that the local contractors were willing to undertake the project.

"We can't offer to foreigners at a higher price when we are not willing to give to locals who have quoted a lower price. That will be wasting government money." he said.

Asked to comment on rumours that the Indian government started to retaliate by reducing imports of Malaysian palm oil, Dr Mahathir said: "I don't comment on rumours."

On whether the government's plan not to negotiate in government contracts would also apply to the planned privatisation of KTMB, he said the privatisation would be to all who have good proposals."

Privatisation of KTMB formed part of MMC and Gamuda joint venture project and they are now still negotiating with the Government.

They have proposed to inject RM1 billion capital into KTMB if they got the deal. -- BERNAMA

MAD KTC