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`Chia wanted to ensure plant's survival'

KUALA LUMPUR, Wed. - The defence in Tan Sri Eric Chia's trial contended in the Sessions Court today that he signed a technical assistance agreement with NKK Corporation to ensure the success of Perwaja's plant in Gurun.

Tan Sri Zainal Abidin Sulong, the 20th witness, agreed with Chia's counsel Datuk Muhammad Shafee Abdullah that Nippon Steel, the contractor of the Kemaman plant, had had to compensate more than RM500 million to Perwaja and Chia wanted to ensure the Beam and Section Mill in Gurun did not face similar problems.

Zainal Abidin, who was the non-executive chairman of Perwaja since 1989, said he was aware that former Prime Minister Tun Dr Mahathir Mohamad was very concerned that the Gurun plant did not suffer losses like the Kemaman plant.

When asked if he knew that there were occasions when Dr Mahathir had given Chia the go-ahead on financial decisions without having to go through the Ministry of Finance, Zainal Abidin said: "Yes, but it is my duty and that of the other members of the board of directors to check."

Shafee also showed Zainal Abidin three letters from Dr Mahathir to Chia. One of them, dated Feb 28, 1992, stated that Dr Mahathir had not had any objections to Chia arranging a finance package for the Gurun plant with an external financier.

Zainal Abidin also agreed that NKK, the company with which Perwaja Rolling Mill and Development Sdn Bhd had entered the TAA, was knowledgeable in matters concerning steel plants.

Shafee then took the witness through the content of the TAA which, among others, stated that NKK would send engineers to the plant to train Perwaja personnel and Perwaja would also send its engineers to NKK for training at its plant in Fukuyama.

The TAA also stated that Perwaja would provide NKK personnel in Gurun with accommodation and transport, among others, while NKK would provide the same for Perwaja staff in Japan.

Zainal Abidin agreed that the technical assistance to Perwaja was to ensure that its staff was fully trained to operate and maintain the mill.

The 14th day of the hearing began at 9.30am, but was abruptly adjourned at 10.35am when part of the courtroom's ceiling collapsed after an air-conditioning pipe burst, drenching the courtroom.

The proceedings resumed next door about 45 minutes later.

Hearing before judge Akhtar Tahir continues.

(END)