

**Timber kickbacks scandal: Taib's 10-page clarification**  
**Malaysiakini.com**  
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Sarawak Chief Minister Abdul Taib Mahmud took the unusual step of refuting allegations of his personal involvement in a multi-million ringgit timber kickbacks scandal in the state assembly today.

In a 10-page 'personal statement', Taib "categorically and completely refute" all the allegations, which first appeared in Japan Times, a Tokyo-based newspaper.

"They are absolutely false," he said.

Taib, who has been the Sarawak leader for 26 years, reiterated he would take legal action against all those who had made the allegations, both in Japan and Malaysia.

He had earlier vowed to sue malaysiakini and a number of opposition leaders for defamation.

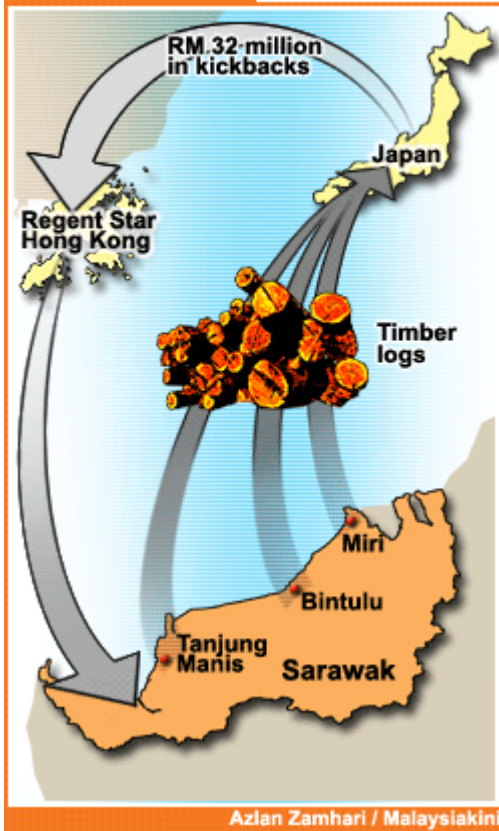
"It must be noted that the said newspaper (Japan Times) and those in Malaysia, have not ... provided any fundamental facts to support their allegations that 1.1 billion yen (RM32 million) was paid to Sarawak officials as 'kickbacks' or 'rebates' and lubricant to facilitate the timber trade," he added.

According to the March 29 Japan Times report, the multi-million ringgit 'commission' - made over a period of seven years - was paid to Hong Kong-based company Regent Star said to be linked to Taib and his family.

This was uncovered by Japanese tax authorities who deemed the payments made by nine companies, which is part of a shipping cartel, as 'illegitimate expenses' since the Hong Kong agency - believed to be a paper company - did little 'substantive work' to justify the payments.

According to tax authorities, the shipping companies had tried to disguise the payments as 'business expenses' and were thus not taxed.

## Sarawak logging kickbacks



Japan Times reported that the shipping firms were likely to be slapped with well over 400 million yen (RM11.6 million) in back taxes along heavy penalties for 'hiding' the funds from tax authorities.

According to the newspaper, the shipping companies were believed to have used the money as a "lubricant to facilitate their lumber trade".

The shipping firms, which have rejected the tax authorities' claim and argued that the transactions with Regent Star were legitimate, have denied any wrongdoing.

Taib: I've no knowledge

Sarawak's lumber export is controlled by the state government through Dewan Niaga Sarawak - a state-affiliated organ in charge of timber export control which is headed by the Sarawak chief minister's younger brother.

The Japanese shipping cartel was established in 1962 to avoid stiff competition among the shipping companies in the import of lumber from Southeast Asia, including Sarawak.

Taib, who is the country's longest serving chief minister, denied any knowledge in the arrangement made between Dewan Niaga and the Japanese companies.

"All arrangements made by the shipping companies from Japan and Dewan Niaga with regard

to the transportation of timber from Sarawak to Japan, or the appointment of Archipelago Shipping as their local shipping agent, were made by the companies themselves without interference or directive from the Sarawak government or the chief minister," said Taib.

Archipelago Shipping has since changed its name to CMS Transportation Sdn Bhd, a company linked to Taib's family.


Malaysiakini has reported that all log carriers seeking to transport timber exports are required to appoint shipping agency Archipelago Shipping as the sole agent for shippers to pick up logs from three key Sarawak ports - Tanjung Manis, Bintulu and Miri.

**Abdul Taib Mahmud**

Aged 71, married to Laila. Two sons and two daughters.

1961	Law graduate from Australia's Adelaide University.
1962 - 67	State minister (serves in various portfolios including communications and forestry)
1968 - 81	Federal minister (various portfolios including primary industries, defence and federal territory)
1981 -	Took over as Sarawak chief minister from his uncle, Abdul Rahman Yaakub. Currently in his seventh term as CM. He has been in the post for 26 years, making him the country's longest-serving state leader.

Azlan Zamhari / Malaysiakini



Taib also said that he and his state government "have no knowledge of Regent Star, and have not received any remuneration or other payments from the alleged Hong Kong company".

"If there had been any payment by the Japanese shipping companies to Regent Star (as alleged), the Sarawak government and myself as chief minister, are totally unaware of such payments."

However, Taib did not mention his family's involvement in the companies that are allegedly involved in the scandal.

He said that he had decided to make the lengthy clarification today as the legal action he vowed to take against his detractors may take time.

Taib's statement was made in the state assembly this afternoon under Standing Orders 22, which allowed a member to make a personal clarification.

However, the assembly speaker would not allow anyone to ask or speak on the matter after the statement was read out.

The Anti-Corruption Agency has launched a probe on the scandal.

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