Kuching shoppers get news of scandal
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While the mainstream media have observed a blackout on Sarawak Chief Minister Abdul Taib Mahmud's alleged involvement in a multi-million ringgit timber kickbacks scandal, some Kuching residents are getting the news directly from the streets.

Hundreds of shoppers in the Sarawak capital received leaflets detailing the scandal which alleged that their long-time chief minister and his family benefitted from RM32 million in illicit "commissions" paid by Japanese shippers to transport logs to Japan.

The leaflets, which include online news portal malaysiakini's report on the scandal in three languages - English, Bahasa Malaysia and Chinese - were handed out to shoppers in Kuching's Electra House Shopping Complex and the nearby open-air market as well as India Street.

The leaflets which carried the headlines, 'Taib, we want the truth' and 'Kami mahu kebenaran', were distributed to pedestrians, passing motorists and shoppers by opposition Parti Keadilan Rakyat leaders yesterday afternoon.

Led by the party's state liaison chief Wan Zainal Wan Sanusi, the opposition leaders which included Stampin branch chief and lawyer See Chee How, took to the busy Kuching streets to inform the residents about the scandal.

"We want Sarawakians to know what's going on because news reports (on the issue) have not been covered by the local media," See told malaysiakini. "We also want the chief minister to come clean regarding the truth or otherwise of the report."

Seven uniformed police officers, accompanied by a dozen of their plainclothes colleagues, watched from vantage points as the PKR leaders distributed the leaflets. A police photographer and a video cameraman were also present. However, there were no untoward incidents.

The opposition leaders are demanding that Taib clarifies the news - first reported in Japan Times - which implicated him and his family in the alleged payment of kickbacks totaling 1.1 billion yen (RM32 million) by nine Japanese shipping companies over a seven-year period up to March last year.

Tax evasion

The 'Sarawak connection' came to light after Japanese tax authorities accused the shipping companies of trying to evade income tax by disguising the payments to Regent Star, a Hong Kong-based company allegedly linked to Taib and his family, as business expenses and was therefore not taxed.

However, the Japanese tax authorities discovered that the payments were "illegitimate expenses" as the Hong Kong agency - believed to be a paper company - did very little "substantive work" to justify the payments.

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

The companies are suspected of having made the payments to the Hong Kong agent for 26 years, and thus the total income concealed could be several times the figure cited by sources.

The Japanese shipping firms, which denied any wrongdoing, argued that the payments were legitimate expenses being commissions paid to Regent Star.

According to Japan Times in its report last Thursday, the shipping companies were believed to have used the money as a "lubricant to facilitate their lumber trade".

Two brothers as directors

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

Sources in the shipping industry said that the companies are required to pay 'mediating charges' - whose sums were tied to the amounts of lumber exported - to Regent Star as instructed by Dewaniaga Sarawak.

Dewaniaga Sarawak signed an agreement with a Japanese shipping cartel in 1981 regarding the transportation of logs from Sarawak to Japan, and nine members of the cartel - including top shippers Mitsui O.S.K. Kinkai Ltd and NYK-Hinode Line Ltd - reported they had paid 'commissions' to Regent Star.

Meanwhile, a search with the Commission of Companies office in Kuching reveals that Dewaniaga Sarawak includes two of Taib's brothers - Mohd Tufail Mahmud and Onn Mahmud - as well as a brother-in-law, Abdul Aziz Hussain, as directors.

The other directors are Kuching Chinese Chamber of Commerce president Wee Kok Tiong, a chamber official, Lee Khin Sin, and Mohd Azami Nawawi.

It has three shareholders - Achi Transportation Sdn Bhd, a Taib family-linked company, as the largest shareholder holding 104,000 shares, followed by Associated Chinese Chamber of Commerce and Industry Sarawak holding 70,000 shares and Koperasi Koppes with 16,000 shares.

One of country's richest politicians

Taib, who is the country's longest-serving chief minister, is believed to be one of Malaysia's richest politicians.

His family has wide-ranging business interests in Sarawak since Taib came to power 26 years ago.

Among them are public-listed conglomerate Cahaya Mata Sarawak - with interests in banking, financial services and construction - and a host of subsidiaries, which Taib's wife, Laila, has substantial stakes.

It has been estimated that Taib's family is worth at least RM2 billion, though this is not officially confirmed.

Since the scandal broke, Taib has returned from Johor where he was bestowed with state honours by the Sultan of Johor but he has not made any comment on the news report.

Prime Minister Abdullah Ahmad Badawi said on Monday that he was not aware of scandal.

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