

## Rail project to start in 2008

KUALA LUMPUR: Malaysia expects to start construction work early next year on a major rail link in the country's north, state news agency *Bernama* said yesterday, confirming the go-ahead for a project estimated at US\$2.6 billion (RM2.97 billion).

Engineering firm Malaysia Mining Corp Bhd and builder Gamuda Bhd won government approval in June for plans to build the 330 km rail line from Ipoh to Padang Besar near the border with Thailand.

"We expect work to commence early next year," *Bernama* quoted Transport Minister Chan Kong Choy as saying. "The Ipoh-Padang Besar project is expected to take five years to be completed."

The rail project had been shelved in late 2003 by Prime Minister Datuk Seri Abdullah Ahmad Badawi, who said at the time the money would be better spent on healthcare, education and agriculture.

Last year, Gamuda and MMC re-

vived plans to build part of the track under a private finance initiative that would see the companies fund the bulk of the project.

While the government has not said what the estimated cost of the project is, a source familiar with the plan told *Reuters* last year that MMC and Gamuda proposed to spend up to RM9 billion to build the northern rail line.

*Bernama* quoted Chan as saying the government and the two firms were still negotiating over the total project cost. The Ipoh-to-Thai border line was part of a grander scheme for a double-track line running the length of the Malaysian peninsula, linking its major ports with Thailand and Singapore, that had been valued at as much as RM14.5 billion.

Shares of MMC were up 1.3% at RM7.85 while Gamuda stock was down 1.2% at RM8.15 by 0706 GMT, with the benchmark index up 0.9%.

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