

Now for the Thai connection

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By NOR HAWA YUNUS

KUALA LUMPUR, Tues. — Malaysia is now exploring the possibility of supplying natural gas by pipeline to Thailand, Datuk Seri Dr Mahathir Mohamad said today.

The gas will be fed to power stations to be built in Southern Thailand.

The Prime Minister said negotiations with the Thais on the gas supply were now under way.

Dr Mahathir was delivering a keynote address at the *Gastech 88 Conference and Exhibition* at the Putra World Trade centre (PWTC) here.

Petronas president Tan Sri Azizan Zainul Abidin told newsmen later that the talks with Thailand were still at the preliminary stage and further discussions were expected.

He said details such as the quantity of natural gas to be exported had yet to be worked out.

Malaysia recently concluded an agreement for the supply of gas to Singapore by pipeline.

Dr Mahathir, in his speech, emphasised the growing importance of the nation's natural gas resources to the economy.

He said the share of natural gas in the total energy consumption in the country was 58,000 barrels of oil equivalent or 18 per cent last year.

This is expected to increase to 27 per cent in 1990 and to 40 per cent by the year 2000.

The growth was expected to accelerate after 1991 with the completion of Phase Two of the Peninsular Gas Utilisation (PGU) project, which would bring gas to the more densely populated industrialised areas of the west coast.

It was projected that gas consumption would increase in all sectors with the power and industrial sectors leading.

By the year 2000, gas would dominate the power sector and some industries while liquefied petroleum gas (LPG) and compressed natural gas (CNG) was expected to make some inroads into the transport sector.

"Piped gas or piped LPG will be a familiar feature in urban households. This is the likely energy scenario in the future."

He added that the National Electricity Board had also envisaged that by 1992, the electricity generated from gas would increase to 64 per cent,

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reducing oil's share to a mere one percent.

Coal would contribute 20 per cent and hydro power 15 per cent.

At present about 58 per cent of the country's electricity is generated from oil, with only 15 per cent from gas.

On the export front, the Prime Minister said natural gas development had borne fruit adding that the country had become a major producer of liquefied natural gas (LNG) with revenue reaching US\$996 million (about \$2.58 billion) last year compared with US\$330 million in 1983.

"Although we are pleased with the success of our plant and with our LNG market in Japan, the declining prices and our dependence on two consumers are matters of concern to us."

Therefore, he added, Malay-

sia would like to see the LNG price stabilising and was also looking into developing new markets.

Malaysia was also looking for advances in new technologies which would help reduce the cost of development and extraction as well as the cost of distribution and transportation.

It was also now in the process of developing appropriate plans to create an awareness of the potential of gas and to provide the infrastructure for increased utilisation of gas.

"We will be working closely with the various industries to determine what role gas can play in their various processes and production techniques."

Saying that natural gas had brought Malaysia into a new energy era, Dr Mahathir said it was hoped that natural gas would provide Malaysian industries and manufacturers with the competitive edge they needed to succeed both locally and

internationally.

Dr Mahathir said Malaysia now ranked 15th among countries in terms of size of natural gas reserves.

Its recoverable reserve including both associated and non-associated gas amount to about 52 trillion cubic feet or the equivalent of 9.8 billion barrels of oil.

The Prime Minister also noted that natural gas provided an excellent resource base for a domestic petrochemicals industry, adding that with the completion of the PGU II project feedstock for petrochemicals in the form of ethane, propane and butane would be available in sufficient quantities.

He said Petronas would be producing MTBE and polypropylene from propane and butane.

Malaysia's other petrochemicals venture would probably be a world-scale ethane cracker to

produce ethylene and polyethylene for use by the downstream domestic plastics industry for export.

Dr Mahathir said Malaysia was poised to become a full-fledged gas player as well as an exporter and domestic consumer adding that the Gastech conference and exhibition had come at an opportune time.

About 1,800 participants from 50 countries are attending the four-day conference. This is the first time that the conference is being held outside Europe since the inception of Gastech conference and exhibition in 1972.

Dr Mahathir spent about 90 minutes touring the Gastech 88 exhibition, occupying the entire third and fourth floors of the PWTC.

About 130 companies from 15 nations are displaying the latest equipment, materials and services for the natural gas and liquefied gas industries at the exhibition.