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MAHATHIR: PGU -- NEWSOURCE OF REVENUE FOR COUNTRY

SEGAMAT, Dec 14 (Bernama) -- The Peninsular Gas Utilisation (PGU) project, which is opening up new horizons for Malaysia, would also save the country billions of ringgit, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

From now until the year 2000, Malaysia would be able to save \$18 billion following the replacement of fuel oil with natural gas as an energy source, he said.

Speaking at the official opening of the second stage of the PGU project (PGU JT) and the launch of the distribution of natural gas from the east coast of Peninsular Malaysia to the west coast, he said the government would have a new source of revenue for the country through the PGU project.

With increased usage of our own natural gas by the power generation sector and local industries, more gas would be produced, he said.

This would increase revenue through royalties for the nation and for Terengganu apart, from earnings in the form of taxes and dividends, he said.

Datuk Seri Dr Mahathir said the additional earnings would enable the government to provide other amenities and infrastructural facilities for the people and for the development of export industries.

Apart from that, the replacement of fuel oil by natural gas would save valuable foreign exchange and reduce the country's deficit, he said. This is because most of the power stations depended on fuel oil which is imported, he added.

From 1995, the prime minister said the government expects to reduce the dependence on fuel oil for power generation to 5.5 percent from the present 42 percent.

Meanwhile, earnings contributions from natural gas is expected to rise from the present 23 percent to 75 percent, in 1995, he said.

Datuk Seri Dr Mahathir said the usage of gas by the power generation sector would enable Malaysia to reap the full benefits from the combined cycle technology.

The new generation of power plants have the capacity to achieve 50 percent better efficiency than the 30 percent, by conventional plants using fuel oil, he said.

He said the benefits to be derived from such technology are immense and they would also help to enhance the country's industrialisation process. --Bernama