

Dr M: Replacement of oil fuel better for the environment

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\$18b savings with gas

By Lim Kean Liang
and K.P. Waran

SEGAMAT, Sat. -- The gradual replacement of oil with natural gas as an energy source will result in savings of up to \$18 billion for the country in the year 2000 besides ensuring a cleaner environment, the Prime Minister said today.

Datuk Seri Dr Mahathir Mohamad said the Government was stepping up efforts to use natural gas as a source of fuel as part of its programme to further develop the country's natural resources and ensure an abundant supply of efficient energy source.

Launching the operations of the Peninsular Gas Utilisation (PGU) II project here, Dr Mahathir urged local industries to grab the opportunities provided by Petronas and switch to natural gas as a source of fuel.

He also said to encourage its use further, the Government had decided to reduce the price of natural gas for vehicles (NGV) to half that of petrol from January.

The Prime Minister said

chemical industry. This gas-based industry has a huge potential for development here," he said.

Dr Mahathir said Malaysia has gas reserves three times that of oil reserves and, furthermore, gas is a versatile commodity since it is a more efficient fuel especially in combined cycle electricity generation. It can also be used as a raw material by the petrochemical industry.

He said the plastics industry could benefit by using gas as it could upgrade its production capacities and also draw foreign investors to site their production plants here.

Dr Mahathir said the gas resources in the country were still not fully utilised and added that the implementation of the PGU project, apart from developing the gas industry, also contributed to industrial growth. He cited this as a reason for the PGU gas pipeline running through the major industrial areas.

Later, when asked by reporters if the Government planned to give incentives

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that in the case of power generation, by 1995 the use of fuel oil would be reduced from the present 42 per cent to 5.5 per cent while natural gas usage would increase from 23 per cent to 75 per cent during the same period.

Stressing that the PGU project would bring about a new focus to the nation's industrialisation process, he said from next year Malaysia would produce methyl tertiary butyl ethane (MTBE) and polypropylene from its plants in Gebeng, Pahang.

He also said Petronas planned to build an ethylene and polyethylene producing plant in Terengganu which is expected to be completed by 1995.

"Gas development projects will open-up a new era to the high-technology and capital intensive petro-

to local industries which opt to use gas as a source of energy, Dr Mahathir said these industries should realise that by implementing the PGU the Government provided the industries with a cheaper energy alternative.

"It has to be understood that when the Government provides incentives it has to reduce its spending in other sectors," he said, adding that if the Government continued to provide incentives for all sectors this might affect infrastructure and development allocations.

On NGV, he said Petronas would launch a programme to encourage the use of NGV as an alternative to petrol and diesel.

Dr Mahathir told reporters later that motorists should invest in the conversion kit for their vehicles to be fuelled by NGV, which was a more efficient fuel than petrol.