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No word from Taiwan on US\$1bn proposal: Petronas

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PETROLIAM Nasional Bhd (Petronas) says it has not received any word from Taiwan about an offer to pay US\$1 billion (US\$1 = RM3.80) as advanced payments for Malaysian liquefied natural gas.

Petronas president and chief executive Tan Sri Hassan Marican told reporters in Kuala Lumpur yesterday that no such proposal from Taiwan or its national oil company, Chinese Petroleum Corp, has reached the company.

"We have not received any proposal or held any meeting with anybody from Taiwan or Chinese Petroleum Corp on the matter," he said after signing a production sharing contract with Esso Production Malaysia Inc and Petronas Carigali Sdn Bhd.

A Reuters report from Taipeh, quoting government officials and state petroleum executives, said Taiwan is offering US\$1 billion to Malaysia, possibly in the form of advanced payments for future shipments of liquefied natural gas.

"There is a proposal to pay US\$1 billion to Malaysia as advanced payments for its LNG," said a senior official at the Cabinet's Council for Economic Planning and Development.

The report said the US\$1 billion energy payments deal may have been negotiated by Taiwan officials attending the Asia-Pacific Economic Cooperation (Apec) meetings in Kuala Lumpur.

Chiang Pin-kung, chairman of the Council for Economic Planning and Development, was in Kuala Lumpur yesterday heading Taiwan's Apec delegation and had met Prime Minister Datuk Seri Dr Mahathir Mohamad on Monday.

According to Reuters, Taiwan's Chinese Petroleum Corp put a slightly different spin on the arrangement, saying the money would not be an advance payment but a loan to Malaysia, with Chinese Petroleum's payments going toward repaying it.

"The US\$1 billion will not be Chinese Petroleum's advanced payments for Malaysian LNG, but local banks can draw funds against proceeds from Malaysia's long-term LNG supply contract with us," a senior Chinese Petroleum executive said.

Chinese Petroleum buys 2.25 million tonnes of LNG a year from Petronas under a 20-year term contract signed in 1994.

Executives said 2.5 million tonnes of LNG would be worth about US\$200 million - meaning that Chinese Petroleum could put as much as US\$200 million a year into loan repayments, depending on how the loan is structured.

Possible participants in the deal have not been identified, but sources in Taipeh said Taiwan Bank, Chiao Tung Bank and The Export-Import Bank of the Republic of China were likely to join the loan.

Taipeh media have said the loan would be part of Taiwan's plans to assist recession-battered South-East Asia.

Meanwhile, Hassan said Petronas does not go into fix-price deals for LNG and crude oil with any of its customers.

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