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Petronas escapes sanctions

MALAYSIA welcomed news that the United States will not be imposing sanctions on Petronas for investing in Iran. The national oil & gas company, together with partners SA Total of France and Gazprom of Russia, is involved in a US\$2 billion (about RM7.6 billion) project to develop a gas field there.

Under the terms of the US's Iran-Libya Sanctions Act, instituted to punish the two countries for suspected involvement in terrorism, any company that invests more than US\$20 million a year in the oil & gas sector of Iran or Libya is liable to severe penalties. The US's decision to waive sanctions against Petronas and its partners is seen as a political compromise with the European Union.

The month of May also saw Petronas launching its largest foreign investment ever, a US\$600 million (about RM2.28 billion) venture in Africa. Inaugurated by Prime Minister Datuk Seri Dr Mahathir Mohamad, the project gives Petronas a 30% stake in an international consortium that is developing several oil fields in southern Sudan's Muglad Basin.

Petronas and its partners - China National Petroleum Corporation with 40%, Canada's State Petroleum with 25%, and Sudapet (The Sudanese National Oil Company) with 5% - will also construct, own and manage a 1,540km long pipeline from the oil wells to Port Sudan.

Based on the current exploration programme, recoverable reserves from the oil fields is estimated to total 1.2 billion barrels by 2002 while daily production is expected to top 250,000 barrels. Oil is likely to begin flowing by June next year, at the rate of 150,000 barrels a day.

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