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Co-operation way to resolve disputes (HL)

Saiful Azhar Abdullah in Songkhla

THE joint effort by Malaysian and Thai companies in gas production and distribution along the two countries' borders is proof that co-operation is an effective means of resolving territorial disputes, Datuk Seri Dr Mahathir Mohamad said.

The Prime Minister said the effort in the Malaysia-Thailand Joint Development Area (MTJDA) also stood out as a precedent. The MTJDA is a 7,250 sq km area of overlapping continental shelf claimed by the two countries.

In fact, the project also helped to strengthen bilateral relations between the two countries, he said at the signing of an agreement yesterday for the sale and purchase of natural gas from the MTJDA.

His Thai counterpart Chuan Leekpai also witnessed the signing held at the Grand Hall of General Prem Tinsulanonda Park.

Both countries agreed to jointly develop the disputed area in the lower part of the Gulf of Thailand through the establishment of a Malaysia-Thailand Joint Authority.

The area has gas reserves amounting to more than 10 trillion standard cubic feet which could sustain the two countries' energy requirements for at least two decades.

A report by Thailand's Ministry of Industry to the Prime Ministers said RM5.55 billion (US\$1.5 billion) would be spent on the development of gas fields and facilities in the next three to four years.

Some RM2.96 billion would be spent on the Trans Thailand Malaysia pipeline and Gas Separation Plant (GSP) to channel gas to northern Malaysia and southern Thailand.

Since 1994, 28 exploration and appraisal wells had been drilled and close to RM510 million spent. This had led to the discovery of 13 gas fields.

Dr Mahathir said that even though it took some time for the two countries to agree on an arrangement to jointly exploit the hydrocarbon resources in the area, steady progress had been achieved, especially after the production sharing contracts were awarded in 1994. He said the signing of the agreement marked the commencement of an integrated development of the MTJDA and gas production would commence by mid-2001.

The natural gas from the offshore fields would be sent through a pipeline to the GSP to be processed for use by the power, industrial, commercial and residential sectors.

Dr Mahathir said inter-dependence and inter-connection of economies in the region had become more critical as the countries tried to overcome the current challenges.

He said the co-operation by the two countries' national oil companies had provided an impetus to revitalise the economies which had been affected by the regional economic and financial problems.

"This spirit of joint co-operation, which also comes under the Indonesia-Malaysia-Thailand Growth Triangle Project framework stands as a testimony to the 'prosper-thy-neighbour' philosophy we have been advocating," he added.

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