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APEC-PEG

APEC EXPECTED TO ENDORSE ASIAN GAS PIPELINE PROJECT

By: Mikhail Raj Abdullah

Auckland, Sept 10 (Bernama) -- Asia-Pacific Economic Cooperation (Apec) leaders are expected to endorse an ambitious Asian gas pipeline project worth US\$7.74 billion (RM29.41 billion) which when completed will bring about wide-reaching commercial and environmental benefits to the region.

Tan Sri Francis Yeoh, the chairman of an Apec initiative called the Partnership For Equitable Growth (PEG), said major oil companies such as Enron, Arco and Pertamina are keen on the 5,000 kilometre pipeline project.

It is officially referred to as the the Asian Gas Grid (AGG) project stretching from the Natuna field offshore Sarawak to Shanghai in China and would link up the existing proposed gas networks in Indonesia, Malaysia and Thailand.

"The Indonesian-owned Natuna gasfield has gas reserves to the tune of 1,500 million standard cubic feet (MMSCF), or the ability to fire about 10,000 megawatts," he told Bernama during a break in the Apec Business Advisory Council (Abac) meeting here today

"It would bring a lot of economic activity to the Asian region," said Yeoh, who presented the progress report on the PEG to ABAC, which would in turn present the overall ABAC report to the leaders this weekend.

He said that the project represents most tangible initiative undertaken by PEG, a body set up in April this year and borne out of the Kuala Lumpur Apec summit, to act as a capacity-building vehicle under the forum's economic and technical cooperation framework.

ABAC is the private sector arm of Apec.

Yeoh, who is also managing director of YTL Corporation Bhd, said that the project has met with a lot of enthusiasm with China seen as a huge potential market based on the expected usage of gas along the coastal cities as well as offtake from Taiwan and other rapidly developing economies in the region.

"Asia would increasingly use gas as it is the most clean fuel, so naturally, the coastal cities in China will use it, there is no problem with consumption as the pipeline at any one time can only produce 5-10 percent of China's total consumption," he said.

He said that at least 10 countries could participate gainfully in the project, bringing the highest value to the region.

"This could be the greatest act of cooperation in the history of Apec," he said.

Yeoh said that Prime Minister Datuk Seri Dr Mahathir Mohamad, has given his encouragement for the project which would incorporate the smart partnership concept whereby both developed and developing economies within Apec would stand to gain.

"Rich economies in Apec have the technologies and developing countries such as Indonesia have the resources such as gas and labour and if we combined all of that, economically it would be a very good investment.

He also said that the advantages of a common gas pipeline was cheaper compared with transporting liquefied natural gas (LNG).

It would cost twice as much to transport LNG (and) "there is definitely some common sense economics here," he said.

After leaders have given a clear endorsement in New Zealand, he said that the next step would be a feasibility study undertaken by the

interested parties.

"With Apec leaders endorsing the PEG initiative, we would be giving teeth and muscle into a skeleton of an idea" given that it was mooted a long time ago, he said.

"Natuna's huge gas reserves had been talked about so many years ago, but it seems the ability to bring it to the consumer was not viable yet," he said.

Yeoh said that the endorsement by Apec leaders was crucial because one of PEG's role is to remove impediments through policy changes by Apec economies as the pipeline stretches across seven territories, thus bringing into play sovereign issues and legal matters which needed to be resolved.

While endorsing the project, it would also be important for China for instance to say that it would buy the gas at internationally reasonable prices, he said. -- BERNAMA

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