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PM, Chuan to sign pact on gas sales

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KUALA LUMPUR, Tues. - The leaders of Malaysia and Thailand will sign a gas sales agreement on Saturday, the initial result from the Joint Development Area (JDA) of the two countries.

Prime Minister Datuk Seri Dr Mahathir Mohamad and his Thai counterpart Chuan Leekpai will sign the agreement in Alor Star.

The agreement would be the final step before production, said Ismail Sulaiman, chief executive officer of the Malaysia-Thailand Joint Authority (MTJA) which was authorised to supervise and administer the area.

The JDA is approximately 7,250 square kilometres and is located offshore, about 150km from Kota Baru and 260km from Songkhla, Thailand.

In 1979, the two governments agreed to jointly explore for non-living natural resources and exploit them for the mutual and equal benefit of the two countries. Expenses and profit are split 50-50 between the two countries.

"Both countries have overlapping claims to the area, and the two governments agreed that rather than continue negotiations that might last for some time, it was mutually beneficial for all parties to co-operate in the exploration and exploitation of oil and gas," said Ismail.

He said the gas produced would be piped to Songkhla and it was expected that other downline joint ventures between the two countries would also be put on stream. Coincidentally, Petronas has a gas shortfall this year due to the postponement of the Bakun Dam project.

Production in this phase is expected to bring in US\$3 billion (RM11.4 billion) worth of profits over the next 20 years. The total known reserves of the JDA have been estimated at 10 trillion cubic feet.

"That is very big. It is enough for several lifetimes... even for our grandchildren," said Ismail.

However, the benefit of this joint venture did not lie only in the profit-making area for both governments, Ismail said. It had allowed the peoples of both countries to understand and work with each other better.

"People of different cultures and languages can sit in one room and achieve co-operation. We did not just talk about it, we achieved it.

"This project will have spin-offs for all other industries in southern Thailand, and further develop joint co-operation between the two countries," Ismail added.

He believed this co-operation could be used as an example for other areas where there were territorial disputes, including the Spratly Islands over which a number of nations including China have laid exclusive claim.

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