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Kazakhstan wants Petronas to reconsider

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KAZAKHSTAN hopes Malaysia's national oil corporation Petroliam Nasional Bhd (Petronas) will consider an offer to invest in Kazakhstan's US\$20 billion (US\$1 = RM3.80) oil and gas industry, which includes the construction of a 5,200km pipeline through China, Russia, Turkey and Iran.

Kazakhstan's ambassador to Malaysia, Mr Bolathan K. Taizhan, said although nine international petroleum companies are already in the country, Petronas still stands a good chance of winning at least "one or two big contracts".

It is understood that Petronas officials held negotiations with the republic's state pipeline firm KazTransOil on a contract during Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to Kazakhstan in May 1996.

There was, however, no follow-up from both sides. It is believed Petronas has raised the issue of transport as one of the biggest obstacles to investing in the republic.

However, Taizhan said logistic and transport is no more a major problem as Kazakhstan is well-connected by railway tracks to almost all parts of Central and West Asia.

"Our Government would like Petronas to consider this offer again, especially after the discovery of one of the world's largest oil reserves in our country earlier this year. I will approach Petronas soon to discuss it with them," he told Business Times in Kuala Lumpur.

Although the pipeline project, which passes through Iran, has drawn opposition from the US, Kazakhstan believes an export route through Iran is the best and shortest for Central Asian oil.

Kazakhstan, a land-locked republic with estimated oil reserves of 2.1 billion tonnes and 2.4 trillion cu m of natural gas, wants to develop multiple export pipelines to carry its crude and natural gas to world markets.

The first export route expected to come on line is the 1,580km Caspian Pipeline Consortium pipeline, which is scheduled to begin operating in 2001.

Kazakhstan, too, is studying connecting into the Baku-Ceyhan pipeline that would carry oil to Turkey and a route through Iran.

"These are the major oil and gas projects in which Petronas can come in. As Petronas has other similar investment in other countries in the region, its participation in Kazakhstan's oil and gas industry will certainly boost economic relation between our two countries.

"Of course there are problems but things are improving rapidly in Kazakhstan and the region. Stability is back. This is evident with the strong presence of multinational corporations in Kazakhstan and its neighbouring countries.

"We do hope that Petronas and other Malaysian companies will turn to Kazakhstan as their new investment hub. With abundant of opportunities in the republic's industrialisation programme, returns from such investment are guaranteed," Taizhan said.

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