

04 OCT 2001

MAHATHIR-PETRONAS

BIG STRIDES BY PETROCHEMICAL INDUSTRY IN M'SIA, SAYS MAHATHIR

KUANTAN, Oct 4 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says the country's petrochemical industry has seen tremendous development in the past 10 years when numerous large-scale projects have been implemented.

They have contributed towards adding value to the nation's oil and gas resources as well as transferring state of the art technologies and technical skills to local companies and workforce.

"This augurs well for the realisation of our aspiration to become a developed nation by the year 2020," he said at the opening of the BASF Petronas Chemicals Sdn Bhd at Gebeng here today.

Dr Mahathir said the petrochemical industry has contributed significantly towards further broadening of the country's economic activities, particularly the manufacturing sector which continues to be a major contributor to the national coffers through export earnings as well as foreign exchange savings through import substitution.

"It is encouraging to note that in the first half of this year, income generated from exports of chemicals and chemical products totalled RM7.8 billion, accounting for 5.4 percent of the total exports of RM144 billion, compared to 4.8 percent for the same period in the previous years," he said.

In addition to export earnings, Dr Mahathir said these petrochemical projects have also generated significant inflow of foreign direct investments (FDIs) into the country.

This, he said, was evidenced in the more than US\$5 billion (RM19 billion) worth of investments planned for various petrochemical projects in the next few years, of which 50 percent would come from FDIs.

He also said following the current economic situation in the United States, it would be challenging to consistently attract a steady stream of FDIs into the country.

In light of this, he assured investors, both foreign and local, that the government places importance in safeguarding the country's prevalent conducive investment climate.

The prime minister said investment security remains a top priority as the government would continue to be proactive in ensuring that businesses operate in a safe and secure environment.

Dr Mahathir also said the construction of the East Coast Highway would be a major advantage for petrochemical players, including BASF Petronas Chemicals' integrated chemicals complex.

Dr Mahathir said petrochemical companies were also given incentives to develop their own infrastructural facilities:

"BASF Petronas Chemicals, for instance, was recently granted approval to build and operate a 200-metre dedicated berth at Kuantan Port," he said.

"The availability of adequate feedstock, the existence of good infrastructure facilities with political stability and various incentives provided by the government have, I believe, made Malaysia an attractive location in the region for established multinationals to invest in petrochemical projects," he added.

Among the new projects currently being undertaken in Kerteh are the Petronas-Dow Chemicals joint venture, Optimal Group's olefins crackers with a capacity to produce 600,000 tonnes of ethylene and 85,000 tonnes of propylene per year, a 320,000 tonnes per year ethylene glycol plant and

multi-unit derivatives plant, all scheduled to be commissioned late this year. Also being undertaken is the 225,000-tonne low density polyethylene project, a joint venture between Petronas, Polifin Ltd of South Africa and DSM Polyethylenes of the Netherlands.

Meanwhile, Petronas chairman Tan Sri Azizan Zainul Abidin, who was also present at the function, said the opening of the BASF Petronas Chemicals plant demonstrated the government's success in developing the East Coast of Peninsular Malaysia from Kerteh to Kuantan as the main petrochemicals hub in the country.

Also present at the function were Pahang Menteri Besar Datuk Seri Adnan Yaakob and Petronas chief executive and president Tan Sri Mohd Hassan Marican. -- BERNAMA

MS SHY