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Petronas expands regionally with opening of Jakarta office

Habhajan Singh in Jakarta

JAKARTA: Thurs: Malaysia's oil corporation Petroliam Nasional Bhd (Petronas), whose new office here officially opened today, has taken a step closer to be a major regional force.

Prime Minister Datuk Seri Dr Mahathir, attending the Group of Fifteen (G-15) Summit, officially opened the office.

Petronas president and chief executive officer, Tan Sri Mohd Hassan Merican said together with Pertamina, the Indonesia national oil and gas company, Petronas hopes the alliance will enable them to leverage on their competitive advantage.

"Indeed, in the face of globalisation and competition with the super majors in oil and gas industry, the need for national oil companies like us to form strategic alliance between us has become more urgent for our continued existence and survival," he added.

He said the creation of an Association of South-East Nations (Asean) super major was certainly within their reach.

"The strengthening of relationship between the two national oil companies particularly over the past two years has been very encouraging and has given us the confidence to expand our presence in Indonesia," said Mohd Hassan.

He also said that Pertamina, PetroVietnam and Petronas have entered into a strategic alliance to explore opportunities in the upstream sector in the three countries as well as third countries.

The office located at Plaza Bapindo on Jalan Jendral Sudirman will play the role of identifying and analysing potential business opportunities in Indonesia's oil, gas, petrochemical, trading and other relevant sectors.

The office will house under one roof the Petronas Group operating in Indonesia, both in the upstream and downstream activities.

It will also house the operations of its subsidiary companies like Malaysia International Shipping Corp, Malaysia International Trading Company and associate company, Proton, the national automotive company.

Petronas global outlook, primarily been driven by the need to secure additional petroleum reserves for Malaysia and growing its business, is not new for the Malaysian national oil company.

Since its inception in 1974, Petronas has grown to become an integrated oil and gas company involved in the whole spectrum of the oil industry in 25 countries contributing 30 per cent of the groups revenue.

Petronas first entered Indonesia in 1979 when it participated, on behalf of the country, in the Asean urea project.

Currently the Asean Acheh Fertiliser, in which Petronas has a 13 per cent stake, produces 660,000 tonnes of urea and 470,000 tonnes of ammonia annually.

The products are marketed in Asean and other Asian countries.

In the upstream sector, Petronas has a production sharing contract with Pertamina in two exploration blocks and indirectly through its interest in Premier Oil Ltd.

Presently, Mohd Hassan noted that Petronas was in discussion directly and with other multinational oil companies to increase their involvement in Indonesia's upstream sector.

In the downstream sector, Petronas continues to supply crude oil and petroleum products to Pertamina and are looking into investing in refinery expansion projects and the retail business.

In the gas sector, Petronas has concluded the purchase of gas from West Natuna which will be delivered through its Duyong offshore facilities to Peninsular Malaysia by August 2002.

Among others, the opening ceremony was attended by Petronas chairman, Tan Sri Azizan Zainul Abidin; Indonesias minister of energy, mineral and mines, Purnomo Yusgiantoro; and Pertamina president and chief executive officer, Baihaki Hakim.

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