

05/10/2001

Security of investments assured

Azran Aziz

PRIME Minister Datuk Seri Dr Mahathir Mohamad has assured investors that security of investments in Malaysia will remain a top priority.

"The Government will continue to be proactive in ensuring that businesses operate in a safe and secure environment," he said when opening the BASF Petronas Chemicals Sdn Bhd's RM3.4 billion integrated chemical complex in Gebeng industrial area, Kuantan, yesterday.

BASF Petronas Chemicals is a 60:40 joint venture between BASF Aktiengesellschaft of Germany and Petronas.

The ceremony was witnessed by Pahang Menteri Besar Datuk Seri Adnan Yaakob, Petronas chairman Tan Sri Azizan Zainul Abidin, its president and chief executive Tan Sri Mohd Hassan Marican and BASF AG member of the board of executive directors Helmut Becks.

Dr Mahathir said given the slowdown in the global economy, the challenge to consistently attract foreign direct investment into the country would be much more daunting.

"Should the uncertainty continue to surround the global economy, the competition for a share of the FDI pie will be even tougher with more countries wooing a contracting pool of capital," he said.

He said central to the Government's efforts to enhance the investment climate in the country was the provision and continuous upgrading of logistics and infrastructure facilities.

To this end, he said, the construction of the East Coast Highway linking Kuala Lumpur to Kuala Terengganu through Kuantan could be seen as a major advantage for petrochemical players.

Once completed in August 2003, the new highway was expected to cut road travelling time by nearly one-third and would greatly facilitate road transportation of petrochemical products from the east coast to the industrial centres in the west coast.

"Recently, the Government invested in the expansion of the Kuantan Port, the main channel of product distribution for petrochemical companies in Gebeng.

"To further increase efficiency, the Government has also introduced partial liberalisation of the haulage industry. Petrochemical companies have also been given incentives to develop their own facilities," he said.

Citing an example, he said, BASF Petronas Chemicals was given approval to build and operate a 200-metre dedicated berth at the Kuantan Port.

Dr Mahathir said the stretch between Gebeng and Kertih in Terengganu was beginning to take shape as a petrochemicals hub and attributed this achievement to the commitment and untiring effort of Petronas.

He said Petronas had taken a proactive role to ensure the systematic and efficient development of the country's petrochemicals industry through synergistic strategic alliances with the right and capable foreign partners.

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

Among the new projects being undertaken in Kertih are Petronas-Dow Chemicals joint venture and Optimal Group's olefins cracker, all scheduled to be commissioned later this year, as well as the low-density

polyethylene joint venture between Petronas, Polifin Ltd of South Africa and DSM Polyethylenes of the Netherlands.

Dr Mahathir said the vigorous expansion of the petrochemicals industry had contributed significantly towards further broadening the country's economic activities.

"It is encouraging to note that in the first half of the year, income generated from the exports of chemical and chemical products totalled RM7.8 billion, accounting for 5.4 per cent of the total exports of RM144 billion," he said.