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Kertih emerges as region's petrochemical hub

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THE cause to make Malaysia an outstanding oil and gas and petrochemical hub led Petronas, being a conduit to the nation building, to spend and sweat vigorously in the once sleepy and swampy fishing village of Kertih in Terengganu.

About RM70 billion worth of investments over 20 years later, Kertih metamorphosed into one of the world's biggest and perhaps, busiest petrochemicals belts.

Covering 4,000ha, the Kertih integrated petroleum industry complex plays host to many big names in the competitive and expensive oil and gas and petrochemicals industries.

The complex is due for launch by Prime Minister Datuk Seri Dr Mahathir Mohamad on May 9.

Petronas flexed its financial muscles to build infrastructure since 1976 when oil was first discovered offshore Terengganu and used its influence to attract foreign players to invest there.

The national oil corporation spent RM27.99 billion over the period to build refinery, gas processing and petrochemical plants as well as pipelines and other ancillary facilities.

The Kertih complex didn't come the way we see today. It was once mostly covered with swamp, Petronas president and chief executive officer Tan Sri Mohd Hassan Marican told 25 group editors, senior editors and journalists on a familiarisation tour of the complex on Wednesday.

Petronas also used RM6.68 billion from its coffers during the over 20 years for the upstream activities of exploring and producing oil and gas in the nearby South China Sea.

Oil and gas are the raw, core materials for companies operating at the complex to make end-products ranging from gases like methane, ethane, propane and butane to petrochemical items such as ethoxylates, glycols ethers, butanol and butyl acetate used in making detergents, brake fluids, lubricants, coatings and adhesives, among others.

The oil and gas are moved from over 60 offshore fields to the Kertih complex via pipelines.

Foreign firms played a pivotal part too in developing Kertih, Hassan said.

US firms ExxonMobil and Dow Chemical, BP of the UK, South Africa's Sasol, Mitsui & Co Ltd of Japan and many others forked out more than half of the RM69.17 billion investment to build the massive complex so far.

As an organisation which acts as a conduit to the nation building, Petronas has structured an oil and gas development based on long-term strategies, Hassan said.

"Concerted efforts were made to attract major petrochemicals companies in the world to invest (in Kertih) amid strong competition from Singapore and Thailand whose industry is more mature.

"Through this programme, we are able to attract lots of foreign direct investment, and I believe Kertih is now the single largest FDI concentration in the country."

Hassan pointed out that foreign players notably ExxonMobil had spent RM39.71 billion including RM5.2 billion on downstream activities over the past 20 years.

How did Petronas secure many foreign players to come here?

"It is because of the stability of the Government and also our

consistent policies, Hassan said.

"The rules of the game don't change. I know they are stringent but we don't change them during the period when the projects are implemented.

Petronas and its joint venture partners such as ExxonMobil, Dow Chemical (formerly Union Carbide Corp) and BP are operating a few world-scale petrochemical plants within the complex.

These include ethylene and polyethylene plants, an ethylene cracker, an olefins plant, an ethylene oxide/ethylene glycol plant, a multi-derivatives plant and vinyl chloride monomer/polyvinyl chloride plants.

There is also an ammonia/syngas plant, an acetic acid plant, an aromatics complex and a low-density polyethylene plant.

The complex is fully integrated with the surrounding infrastructure facilities and other process plants.

These include oil refineries, six gas processing plants fully-owned by Petronas and a centralised utility facility which provides utilities such as electricity, steam and demineralised water, cooling water and nitrogen.

It is backed by the storage and distribution terminal and a specialised port.

The Kertih complex development caused many spill-over effects, the national oil corporation chief said, noting that people there now enjoy a higher disposable income and better public amenities.

Topping that is the priceless technology and know-how transfers from established foreign companies.

The complex now gives jobs to more than 5,000 people.

Hassan also noted that the Kertih complex churned out a gross turnover of RM17.61 billion including RM7.94 billion worth of exports in the year ended March 31 2001.

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