

08 MAY 2003

PM-BINTULU

PM SAYS M'SIA MUST IMPROVE COMPETITIVENESS IN OIL & GAS INDUSTRY

By: Newmond Tibin

BINTULU, May 8 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has urged all Malaysians to work together to improve the country's competitiveness in the oil industry in facing the challenges ahead, especially in the liquefied natural gas (LNG) business chain.

"We cannot be a passive audience to the changing times because in a globalised world, the price of doing nothing could well mean depriving our future generations of their good future," he said at the official opening of the RM16.6 billion Petronas integrated complex here.

Also present at the ceremony was Sarawak chief minister Tan Sri Abdul Taib Mahmud, Petronas chairman Tan Sri Azizan Zainul Abidin and Pretronas president and chief executive officer Tan Sri Hassan Marican.

The Prime Minister had earlier arrived in his executive jet at the spanking new Bintulu airport whereupon he boarded a helicopter to the complex.

Dr Mahathir said it would be even more challenging to ensure Malaysia's overall competitiveness as a global LNG player.

"To do this, we will have to be cost-competitive and cost-efficient in every aspect of the LNG business chain. We must no longer be confined to the home ground but instead develop capability as well as capacity to be a global LNG producer with the flexibility and ability to supply LNG to our customers in any part of the world from sources of supply located in foreign countries."

He added, "We must continue to invest in our youths so that they would be inspired to take on the challenge of launching the nation into a new and challenging era of the LNG industry in the 21st century."

The prime minister said the new reality in the global LNG was that business had become a battlefield for major players.

The ample global gas reserves had also encouraged the entry of new producers and competition had become steeper as growth in supply increasingly outpaced demand growth in traditional markets, he said.

"New and non-traditional markets on the other hand pose a different set of challenges. Technology has further contributed to the changing business landscape as it enables cheaper and faster exploitation of gas as well as improved transportation cost of LNG."

Dr Mahathir said the stiff competition had also put tremendous pressure on global LNG prices.

He said while Malaysia could be proud of the progress that it had made in the oil and gas industry, "we must remind ourselves there is still much to be learnt, much to be done."

"We cannot afford to be complacent. We know that great companies do not remain great forever. Many had fallen, many great names have disappeared.

"Our reserves are not inexhaustible, indeed it is quite limited. This industry will not be with us forever but the skills and expertise that we acquire while we still have this industry will last much longer as the knowledge and experience is methodically passed to institutions of higher learning and through applications in the other fields."

Dr Mahathir said although LNG exports accounted for 3.6 percent of Malaysia's total exports last year, the export value of LNG alone amounted to RM12.8 billion.

LNG has also generated revenue for the government in other ways such as payment of corporate and other taxes.

This is because it was not only confined to the oil and gas business but included other businesses springing from the need to support the industry and normal domestic trade and industry, he said.

"I am glad to learn several Malaysian companies, including bumiputera companies, are now directly and indirectly involved in maintaining the Bintulu plant and other installations throughout Malaysia," he said.

He said since Malaysia's first LNG cargo was flagged off in Bintulu in January 1983, the country had not only emerged as a credible and efficient operator because it had not missed a single cargo but had also joined the ranks of the world's largest LNG producers.

With the completion of the Malaysia LNG Tiga plant, Dr Mahathir said Malaysia would overtake Algeria as the second largest LNG producer in the world.

He said the Petronas LNG Complex had already earned the reputation of having the world's largest LNG production facility in a single location.

"Indeed, the Petronas LNG complex now serves as another shining example of a vision realised of a national aspiration, transformed into reality by the same belief among Malaysians that 'we can do it'."

The prime minister said the greatest return from the LNG project was the change in the thinking of Malaysian managers and workers.

"We are no longer diffident. They (Malaysian managers and workers) now know that they can do, what others can do. Without undue hurry, they have learnt the skills and acquired the confidence required to help build and operate this complex gas liquefaction plant.

"It is no mean achievement to do this in a relatively short span of time. I am happy to say that throughout Malaysia, we now find a greater degree of confidence amongst workers and executives and Petronas has contributed in a considerable way in building up this confidence.

Dr Mahathir said the LNG plant had not only enabled the country to tap valuable resources from pure gas fields but also the associated gas from the oil production.

He said previously the associated gas was flared off and had contributed towards atmospheric pollution.

"Now this associated gas has turned in additional income for the nation as it is also being liquefied by the plant," he said.

Dr Mahathir said the discovery of oil and gas in Malaysia came at the most propitious time as the country's tin reserves were depleting fast, the price of rubber was falling rapidly and manufacturing had not yet replaced these commodities as the engine of growth.

He added, "In 1973 came the first oil crisis. (With) the high cost of the fuel which we had to enforce then and low returns from our mainstays, the future looked very gloomy for Malaysia (then).

"We never really believed there was oil or gas offshore in Malaysia. We were therefore very generous in giving away exploration and production concessions.

"We fumbled and bungled, not really understanding the oil business and its potential for Malaysia. And the world's oil business was dominated by the huge multinationals, run by great people who overawed us. We even felt inadequate when negotiating with them."

Dr Mahathir said it was this trepidation that led Malaysia to set up its national petroleum corporation, Petronas, and today this company was known throughout the world.

Saying that Malaysia had made some progress in the oil and gas industry, he also congratulated the management and staff of Petronas for their quick acquisition of knowledge and skills to turn the national oil corporation into an international player. -- BERNAMA

NT/FLL SHY/MR/MKO

