

30 MAR 2005

SABAH-PETRONAS

DOMESTIC DEMAND CRUCIAL IN DOWNSTREAM PLANT, SAYS PETRONAS

KOTA KINABALU, March 30 (Bernama) -- In any development of oil and gas resources, downstream plant or petrochemical project, local demand plays a crucial role, said Petronas vice president for corporate planning and development, Nasarudin Md Idris.

"We have the Sabah onshore gas terminal at Kg Gayang. It has a capacity of 150 mmscf/d but today we are selling less than 30 mmscf/d. So, there is no further optic downstream," he said when asked to comment on the statement by Petronas adviser, Tun Dr Mahathir Mohamad, who is also the former Prime Minister.

At the International CEOs Conference 2005 yesterday, Dr Mahathir said he would advise Petronas to look into the possibility of locating some of its downstream activities in Sabah.

"Tun (Dr Mahathir) has said Petronas will study. (So) It is something Petronas will study," Nasarudin said.

Asked what Sabah needs to attract in order to have the downstream industry, he said this depends on the type of industries which are going to flourish within Sabah and its downstream industries.

"For example, Taiwan has started with the downstream rather than the upstream side of the petrochemical business. Taiwan was strong in the downstream side (such as plastic manufacturing) of the petrochemical business and later integrated it with the upstream side," he said.

Earlier, Sabah State Economic Planning Unit director, Datuk Mohd Noor Moktar, said the state is hopeful of the national oil company setting up either a refinery or a petrochemical factory here.

"We are asking them because Sabah is producing substantial oil and gas. We have conveyed our intention to Petronas occasionally. We hope they will be sympathetic towards Sabah. In Sarawak, they have the biggest LNG complex and we should be given similar treatment," he said. -- BERNAMA

SM LC