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## Visions of success

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THE real success story of the liquefied natural gas (LNG) ventures in Bintulu is not the record that they form the single largest LNG production complex in the world with a combined production capacity of nearly 23 million tonnes per year.

"The real source of pride for all Malaysians should be the foresight of the government to 'monetise' Malaysia's natural resources, help fuel the growth of several north Asian countries and successfully develop its 'human capital', said Petronas president and chief executive officer Tan Sri Mohd Hassan Marican.

"The real story should be the vision of the leadership at that time to monetise the natural gas resources that was discovered offshore of Sarawak.

"While Malaysia's gas reserves are not the largest in the world, we able to create value out of this resource which many other countries had not yet done so," he said.

He said the reputation that Petronas had earned for developing the Malaysian oil and gas industry, and its dedication to its customers, would help in generating new businesses.

"We (Malaysians) can take pride in the fact that 25 per cent of Japan's gas requirements come from Malaysia, and similarly we have also helped meet South Korea and Taiwan's energy needs."

Since the first delivery of LNG to Japan in 1983 till end-March 2003, no cargo shipment had been missed and by maintaining this kind of performance.

Petronas is highly regarded by its customers.

Up to March, 3,561 cargoes were sold, 108 million tonnes of LNG had been shipped and US\$36.1 billion (RM136.8 billion) in revenue earned from the sales of LNG.

He said this during a recent media briefing and familiarisation tour at the Petronas LNG Complex in Bintulu here recently.

Officially opened by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday, the complex will become the single-largest LNG-producing facility in the world with the coming on stream of MNLG Tiga Sdn Bhd's second train in October.

Natural gas reserves were discovered in Central Luconia offshore Bintulu in 1967 and in 1975; then Prime Minister Tun Abdul Razak Hussein set up a LNG Task Force to undertake implementation of Malaysia's first LNG project. In 1978, Malaysia LNG Sdn Bhd was formed, a joint-venture involving Petronas, Shell Gas BV, Mitsubishi Corp of Japan and the Sarawak Government to use the non-associated gas from offshore Sarawak for export.

MLNG began production in 1983 with its first shipment to Japan, Malaysia LNG Dua and Malaysia LNG Tiga plants subsequently came on stream in 1995 and 2003, respectively. Beginning from 1994, Petronas started using its first LNG tanker Puteri Intan to deliver its LNG.

LNG is produced through liquefaction where natural gas is cooled to minus 161 degrees Celsius and its volume shrank by 600 times while the tankers were fabricated to act like floating refrigerants, maintaining the same temperature.

Globally, the LNG business evolved since the early 1960s with the first cargo being transported from Algeria to the United Kingdom in 1964, then Alaska to Japan in 1969.

For North America and Europe, gas was transported through their extensive pipeline network but for countries such as Japan, Korea and Taiwan, which do not possess own resources or pipeline, LNG is in demand.

"LNG projects are demand-driven and not speculative because contracts are for the long term. It is also an expensive business," he said.

Malaysian gas reserves stood at 88 trillion cubic feet (tcf), of which 53 per cent was found in Sarawak's offshore.

Besides being supplying to major buyers Japan, South Korea and Taiwan under longer-term contracts, Petronas has also shipped 'opportunistic cargoes' to the east coast of the United States.

Its subsidiary, Malaysia International Shipping Corporation Bhd (MISC), is the world's largest operator of LNG tankers, having 15 of them, four more being constructed and two being ordered.

Hassan added that the vision of the leaders had successfully turned the small fishing village of Bintulu into one of the most vibrant industrial towns in the country today.

Prior to the establishment of MLNG, the population in Bintulu was about 5,000. Today it has grown to about 160,000.

He said LNG exports had benefited the Federal Government and Sarawak Government in terms of royalty.

Since 1983, LNG had brought in foreign revenues totalling US\$36 billion and RM25 billion in Foreign Direct Investment (FDI).

LNG exports earned RM12.4 billion or 5.6 per cent of Malaysia's gross domestic product (GDP) last year.

He added that another gem in the MLNG success story was the developing of capital.

As of March 1, out of the 849 people working in the Petronas LNG Complex, 685 or 80.7 per cent are Sarawakians, 144 or 16.9 per cent from the Peninsula, five or 0.6 per cent from Sabah, and 15 or 1.8 per cent foreigners.

He said his office succeeded in developing its human capital to such a high level within a relatively short time because it had always been the focus and philosophy of Petronas to home in on such issues.

Petronas, he said, had been practising the 'shadow position' strategy for decades to secure technology transfer to locals.

He said: "If we have an expatriate working for us, we want a Malaysian to shadow that position and eventually take over the position.

"Take someone like (MLNG plant senior general manager) Samsudin Miskon as an example. He is only 40 to 41 years old and he can run the whole (MLNG) complex. But that did not happen overnight as he has been with Petronas for the last 20 years or so.

"It is that kind of development of technology transfer that we insist on, whether it is offshore or plant facilities."