

**There's so much to be proud of
New Straits Times (Columns)
26 Aug 2007
Paddy Bowie**

THE emotional barometer is rising as the nation readies itself to celebrate 50 years of nationhood and achievement — a time of rejoicing and recognition.

When we talk about success, we think first of all the tangibles — the landscape, the economic transformation, the record-breaking election result, our large and professional middle class, and our sustainable politics. When we come to people, just as the Petronas Twin Towers stand out physically, it is the aptly named towering personalities we single out — the great leaders and others whose individual contributions have left a deep impact on our history.

I'd like to take a different tack, more anonymous — the capability count: In the Knowledge Age, the search is on as never before for human talent. This is where my 50 years stocktaking begins.

We've just announced the start-up of Malaysia's first deep-water oil field producing 20,000 barrels a day, set to peak at 120,000 barrels a day by next year. We are hearing of the emergence of green rubber.

Palm oil is forecast to stabilise at RM2,400 by the year-end. Companies are gearing up to apply for biodiesel licences. In today's energy-hungry, energy-desperate world, companies are beating a path to our door.

Conclusion: We are a blessed country — for our natural resources. But so is Africa, even more so, but remains one of the poorest regions in the world. Ghana, which got its independence five days before us, as Kofi Annan recently reminded us, is still a Third World country.

We are in the emerging category heading for developed status. Indonesia has far more hydro carbon reserves than we. When Petronas was set up, its first model was Pertamina. Now Indonesia is having to import oil and we are the only net exporter in the region.

My proposition is that "natural" resources remain in their "natural" state without the added value of human resources — the energy, the will and requisite skills to develop them. The oil would have remained in the ground if it had not been discovered. Not by accident but by technology and a highly concentrated scientific search.

We first discovered oil in Miri, Sarawak in 1910. That primitive wooden oil rig that first got lucky, sits on top of the hill — the "Grand Old Lady of Miri". If we now look at how far this seminal industry has come over the years, it provides an audit on Malaysian capability.

By the 1960s, we had gone offshore transforming the seascape with those Space Age oil rigs. In 1975, thanks to the Oil Shock but in line with the Merdeka generation claiming its birthright, the petroleum reserves were now seen to be "national" resources and a National Oil Company was vested with the stewardship of oil and gas for the benefit of the people.

But there wasn't a Malaysian petroleum engineer in sight. Petronas started with a handful of ex-civil servants who knew nothing of the complexities of the world's then No. 1 technology.

At the negotiating table with the international oil majors, it was as if one side were playing a

sophisticated game of chess with experienced reservoir engineers and hot shot lawyers from abroad while the Malaysians were still at the stage of playing draughts. However, the chess board now belonged to them. They could take it away. And so began a productive partnership. Indigenous capability was nurtured on training, skills and technology transfer.

They learned fast. Within a matter of years. Carigali discovered Duyong, their first gas field off the East Coast. Today, it has ventured in deep water territory requiring state-of-the-art high technology with five fields and more to come. Petronas by now is a fully integrated oil multinational, operating in 38 countries round the world. It was in the vanguard of Malaysia's global players in the early 1990s, on a mantra of "Expand or Perish".

Notably, it exported not just capital but expertise. It was the first to discover oil in Vietnam and Sudan. In the latter, it built a pipeline to transport the oil for export, bringing that abjectly poor country economically into the 20th Century. It developed South Africa's Engen refinery and enabled black empowerment.

Petronas' global enterprise exported not only technology but its values and its credo of "Prosper Thy Neighbour" not the churlish "Beggars Thy Neighbour" of capitalist philosophy.

It is accompanied by a model Corporate Social Responsibility programme wherever it goes and for further capability development now boasts an industry-related Petroleum University hosting many foreign students.

At home, it helps supply the power industry and has diversified into petrochemicals and will mastermind the Eastern Corridor, in Malaysia's latest Vision. It has built the Trans Peninsular Gas Pipeline — soon to become Asean in scope and its LNG plant in Bintulu is the second largest exporter in the world.

Rubber was planted even before we discovered oil, demonstrating that money grows on trees. This was to create the first ever-Malaysian brand — SMR — Standard Malaysian Rubber, developed by our own scientific genius — the late Tan Sri B.C. Sekhar who internationalised it.

Later, the industry, with laudable foresight, changed over also to palm oil — to become today the largest producer of this much sought after crop and fathering the biotechnology business. Today, green rubber, a technique for recycling tyres is set to become a global industry among several other modern innovations from the same stable. We no longer rely wholly on acquiring technology by transfer — there being no frontiers to knowledge — but are beginning to foster research and development and inventions of our own. The latest move is our Synergy Drive.

Tin, the other resource of our commodities-based era, lured the migrants from China, attracting thereby a wealth of entrepreneurial talent. The family businesses they built provided the backbone of the local economy. Tin, once deemed a sunset industry, has been given new life in contemporary applications needed for the E way of life.

The other migrant stream, the indentured labour for the rubber estates, have in many cases escaped the coolie lines through the mobility of education and disproportionately populate the professions of law and medicine.

Malaysia's long coastline and its command of the strategic Straits of Malacca, the seaway for one-third of the world's shipping, 40 per cent of the world's oil and the E/W Gateway, made us an open trading nation from earliest times.

In the 20th Century we were in the vanguard of global players — the first large foreign investment in the United States — Genting's casino in Connecticut and in the United Kingdom YTL's Wessex Water. "Who the hell is YTL?" screamed the headlines. The answer came within days — "This is better than what the Romans did and we hope they'll stay longer than the Romans did".

When the first electronic manufacturer came here, they used the newly emancipated women from the kampung — for the assembly lines. Thanks to deft fingers groomed by years of home crafts and infinite patience to routine tasks, they achieved worldwide production levels. Malaysia is a million miles from the Taliban in the achievements of its women at all levels of society.

Malaysia is currently excited about the Iskandar Development concept but in fact, we were the first in the field worldwide with the Multimedia Super Corridor — and the first to introduce cyber laws. Now we are creating cyber cities.

In 1963, the Pilgrim Fund, Tabung Haji, was created. Today, we are the hub for Islamic banking. Eleven banks supply the full range of syariah-compliant services while the other conventional banks have opened a window for Islamic products. We are also the third in the world, after India and China, for outsourcing.

The 3Rs — Resources, Resourcefulness and Resilience — is the formula. Second Finance Minister Tan Sri Nor Mohamed Yakcop has just declared he is "confident that we can handle external shocks" — ready on our track record in the 1980s and 1990s to overcome any overflow from the US sub prime market. He is just the one to talk.

The 1997 financial crisis has often been compared to the Titanic. The Titanic was deemed unsinkable, our economy unassailable. We were carried on a tide of bad debts to collide with the proverbial iceberg. Others scrambled to board the biggest lifeboat, the International Monetary Fund. We chose a smaller, untried, the world deemed an unseaworthy craft. The Doctor in charge left the global financial system, isolated his patient from the infection and administered his own treatment. We recovered first and best.

The doctor was the captain of that ship but the man who steered us to lifesaving capital controls is today the very same second finance minister.

So I share the confidence in our resilience. We will need new thinking, new capabilities for the next Vision 2057 and the bold new strategies of the five Corridors, the Ninth Malaysia Plan, and the rest of our challenging future.

I'm bullish not just because that's a catchword but also because of that overarching belief in Malaysia Boleh!

Copyright © 2007 NST Online