

A bigger Petronas Sabah role mooted

Daily Express - 30/3/2005

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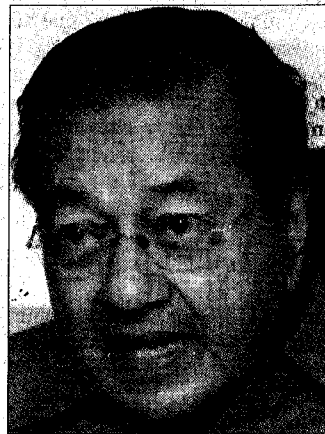
KOTA KINABALU: Former Prime Minister Tun Dr Mahathir Mohamad said there is no reason why the national oil company, Petronas, should not set up base in Sabah if studies show it to be feasible.

"I agree that Petronas should look into the possibility of going into new fields in Sabah," he said.

He was responding to Deputy Chief Minister Tan Sri Chong Kah Kiat during the special question and answer session at the International CEOs Conference 2005 at Magellan Suteria Harbour Resort, here, Tuesday.

Dr Mahathir, a Petronas Advisor, however, said this was taking too long to materialise.

He cited the process in



Mahathir

Terengganu, the corporation's biggest operation centre in the country, which also took a long time to materialise.

Should there be a feasibility, Petronas would undoubtedly venture more and more into the petroleum downstream sector and provide

more infrastructure in Sabah, he said.

Chong, who said he was taking the opportunity as the session's moderator to pose the first question to Dr Mahathir, had asked whether it was timely for Petronas to come in strongly in Sabah.

Dr Mahathir jested that since he was no longer the Premier, it was possible that his advice to Petronas might be rejected, drawing laughter from the floor.

Asked about the concession award given by Petronas to Shell to explore for oil in the Sulawesi Sea, which Indonesia claimed was its area, he said that he would not want to answer that.

"The government is handling that," said Dr Mahathir, who is Petronas advisor.

As for rising unemployment rate, he said that there were various reasons like "what they qualified in and what the industries want."

Poor command of English was also another reason, he said.

"So, there are many causes. I think the government is studying it and will find a solution," he said.

To another question about stiff competition from China faced by the country, especially in the processing

industry, he said Malaysia-China trade has become the fastest growing compared to the country's other trade partners.

Instead of competing with them in sectors that we cannot win, he said the country should, instead, capitalise on China's huge market.

"They have 1.3 billion people, I say even if each of them take one teaspoonful of (our) palm oil it will be enough. Sell more palm oil to them," he said.

Dr Mahathir said among the main reasons why China is so strong was their "ridiculously low wage price" enabling them to keep a very low price.

Nonetheless, he believed the time would come when China would not be able to keep the wage level so low based on Japan's experience, which used to produce electronic goods much cheaper than rivals from Europe.

However, as time went by, this industry was not able to sustain the low operational cost due to the increasing demand among its workers for good pay.

"I suspect China would be finding the same problem. I'm told that in some places in China labour is getting costlier now," he said.

REPORTS: Larry Ralon, Barnard Yang and Chris Maskilone

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