

**Petronas will suffer from Pakatan's pledges, says Najib
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By Syed Jaymal Zahiid**

KUALA LUMPUR, April 2 — Pakatan Rakyat's (PR) promise to increase state oil royalties and keep fuel prices low are actions that go against the interests of national oil company Petronas, Prime Minister Datuk Seri Najib Razak said today.

The Barisan Nasional (BN) chairman noted that PR's oil policies, as stated in its election manifesto, would see stronger government interference in the national oil company operations and curb its ability to expand and reinvest.

"There are people out there with their grandiose manifesto which I said goes against prudent management... our oil and gas prices are among the lowest in the world but yet they want to reduce it even further," Najib (picture) told some 4,000 Petronas employees at a town hall meeting here.

"What would happen if they increase the royalties to 20 per cent? It would mean Petronas' ability to reinvest in new fields would be affected," he said.

Petronas comes under the purview of the Prime Minister's Department and is a major contributor of government revenue.

PR has made the push for the increase in state oil royalties and an increase in fuel subsidies a major election campaign fodder, arguing that the proposals are feasible if Petronas' hefty profits are spent prudently and fiscal "leakages" plugged.

The rise in fuel prices was seen as a major cause behind BN's record losses in Election 2008 where the ruling coalition lost its customary two-thirds parliamentary majority and four additional states on top of its failure to recapture oil-rich Kelantan.

But with the government running on heavy deficits, the Najib administration has said it was left with no choice but to cut subsidies although the plan has since stalled as Najib seeks to avoid a potential voter backlash in the upcoming national polls.

Facing a resurgent opposition whose promise to keep fuel prices low appeals to virgin voters, a key demographic, the prime minister accused the opposition of making irresponsible populist proposals that could bankrupt the country.

He continued today to criticise PR's plans to maintain oil and gas subsidies, arguing this would hurt Petronas' profits badly since Malaysia sells its oil and gas at a price considered among the cheapest in the world.

"Subsidies could go up to RM30 billion. Then there is the hidden subsidy to Petronas. This too will also be raised. The money that should be channelled for more investments is now going to private consumption.

"This is a recipe for economic disaster," he said.

Najib also pointed to PR's opposition to the RM60 billion Petronas Refinery and Petrochemical Integrated Development (RAPID) project in Pengerang, Johor, as a sign of what is to come should the opposition pact wrest federal power.

"When I speak about RAPID I always say I want it developed rapidly," he said.

"But the opposition, they want to put it in reversed gear and this is acting against the interests of Petronas," he said.

Najib urged Petronas staff to continue backing the ruling coalition to ensure stability, saying as corporate workers they knew well that stability and certainty were crucial to the oil company's success.

"So when the time comes and it is coming, please make a wise decision," he said.

The country's sixth prime minister will be seeking to redeem BN's record losses in Election 2013 which he is expected to call soon.

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