

**Cheaper O&G, 20 Per Cent Royalty Will Impact Petronas, Says PM
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KUALA LUMPUR, April 2 (Bernama) -- Cheaper oil and gas prices and a 20 per cent royalty for producing states, will take a toll on Petronas and the country's development, Prime Minister Datuk Seri Najib Razak said here Tuesday.

He said the oil and gas sector required a huge amount of capital expenditure, and if the opposition Pakatan Rakyat increased royalties to 20 per cent, it would hamper Petronas' ability to invest and reinvest.

"Not only will the Treasury be affected, but Petronas' ability to invest and reinvest, in exploring for oil in deeper waters, to look for new (oil) reserves, while maintaining existing ones will be in very serious jeopardy. You should know this even better than me.

"This is the fact that Tan Sri Shamsul (President and Chief Executive Officer of Petronas Tan Sri Shamsul Azhar Abbas) has always emphasised to me. Please ensure that Petronas has enough resources to reinvest," he told Petronas staff at a Town hall Meeting here.

He added Petronas would not be the same successful organisation today if not for its strong reserves and ability to invest.

Najib also said if the proposed reduction in the price of petrol, diesel and gas as touted by the opposition were to be implemented, the annual subsidy for fuel may rise to RM30 billion from the current RM22 billion annually.

If this happens, Petronas' resources for productive investment will instead be channelled to private consumption.

"And that is a recipe for economic disaster," he added.

The Prime Minister said Petronas had grown from an initial seed capital of RM10 million in 1974, to a cumulative contribution totalling a staggering RM733 billion as of Dec 31, 2012.

"This is tantamount to a return on investment of 80,000 times. I don't think there is any other investment that can provide this," he added.

Najib also highlighted the opposition's plan to reconsider the Pengerang Refinery And Petrochemical Integrated Development (RAPID) Project.

"Again, they're acting against the interest of Petronas. RAPID is a big investment of more than RM40 billion. You want to reconsider RAPID Pengerang?"

"RAPID is a project that I want to see implemented rapidly, but the opposition wants to put it in reverse gear," he said.

With the Vision 2020 target within reach, Najib called on Petronas staff to stay the course and choose stability.

"I've given you the facts, and the time will come soon for you to decide. Please decide wisely as what's at stake, is not just who gets to Putrajaya but the future of Malaysia," he said.

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