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Petronas may list more subsidiaries, says Dr M

PETROLIAM Nasional Bhd (Petronas) may privatise more subsidiaries as it pursues costly global expansion but it should remain in state hands, said its special adviser, former Prime Minister Tun Dr Mahathir Mohamad.

"It all depends upon the finances of Malaysians," he said in an interview yesterday. "If Petronas is short of funds, it may be necessary to privatise it. But at the moment, Petronas is very well off and it is able to borrow on the strength of its performance."

Dr Mahathir said a future option could be to float the company's international oil exploration arm, Petronas Carigali Overseas. But the parent firm should remain under Government control and, if necessary, moderate growth rather than find itself in a need to raise private equity.

"It should remain a national oil company and all the benefits and revenues and whatever should accrue to the people via the Government," Dr Mahathir said.

Petronas has so far listed three operating units - shipping firm Malaysian International Shipping Corp Bhd, petrol station operator Petronas Dagangan Bhd and domestic gas distributor Petronas Gas Bhd. It has also listed its real estate arm KLCC Property Holdings Bhd.

Petronas's offshore operations, which span 30 countries, account for a third of its revenue and represent its biggest source of upstream growth. It has developed a reputation for going where some other companies dare not tread, including Sudan and Myanmar.

Dr Mahathir, who was appointed special adviser to Petronas after his retirement last year from 22 years as Prime Minister, said such forays would continue.

"So far, Petronas has been able to operate in what may be termed as risky areas because the assessment of the risk was wrong, in that it was politically motivated," said Dr Mahathir, who does not sit on the board of Petronas, but offers advice to the company whenever necessary.

"There are still a lot of opportunities that big players seem to avoid, maybe for political reasons."

But Petronas's aggressive search for oil has also led to overlapping claims with neighbours such as Brunei and Indonesia.

Dr Mahathir said a joint development plan might be the answer to the Brunei dispute while in Indonesia, "our rights are clear".

He said Petronas should get an increase when it next reviews charges for supplying gas to Tenaga Nasional Bhd (TNB). Current prices come up for possible review in December 2005.

He said it was unrealistic to expect Petronas to continue to supply gas to TNB at fixed prices below market rates at a time when energy costs were climbing. Three-quarters of Malaysia's power relies on Petronas gas. - Reuters