

# Dr M: Petronas has done very well

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THE pluck shown by Petrolim Nasional Bhd (Petronas) to venture abroad and take on the "big boys in the oil industry" and its sheer determination to excel in its own way have turned the company into what it is today, former Prime Minister Tun Mahathir Mohamad said.

The national oil corporation, which celebrated its 30th anniversary on Aug 17 on a relatively quiet note, has gradually grown to stake out a significant global presence by becoming a fully integrated oil and gas multinational.

"If compared with other national oil companies, its success is remarkable as no other company has expanded so much despite the fact that Malaysia is a small producer," said Dr Mahathir, who is now an adviser to Petronas.

In an interview at his office in Putrajaya, he said Petronas had done very well by having a strong presence in 35 countries and being involved in every aspect of the oil industry from exploration, production to marketing.

Dr Mahathir said Petronas, incorporated in 1974, was not modelled after any other company as it was the first national oil company to go abroad to get involved in all aspects of the petroleum business.

"Usually countries (with oil resources) are quite content to collect royalties but (as the national oil

corporation) Petronas had right from the start wanted to learn how to produce oil and participate in the oil business," he said.

It formed its first subsidiary, Petronas Carigali Sdn Bhd, in 1978. This exploration and production arm made its first oil discovery in 1982 in the Dulang oilfield, offshore Terengganu.

Petronas began its globalisation drive in 1990 as a member of a consortium for a maiden exploration and production venture in Myanmar.

Today, Petronas is involved in upstream activities in 25 countries. Diplomatic initiatives, too, had opened doors for Petronas, Dr Mahathir recalled.

At first, he said, it was quite difficult to convince some developing countries, which were already familiar with the oil majors, that Petronas, too, could do what the bigger oil companies were already doing.

"But we have good relations with developing countries, which is part of our policies with the countries of the South. So, they are willing to give Petronas a chance," he explained.

At the same time, some countries also found it difficult to work with some of the oil majors, he said.

Dr Mahathir cited the case of Sudan, a country "not very popular with some of the big powers".



Tun Dr Mahathir Mohamad

So Sudan requested for Petronas's assistance and together with the latter's venture partner from China, the oil corporation helped to enrich Sudan in a way it had helped to enrich others as well, he said.

Besides being involved in Sudan's retail marketing and upstream sectors, Petronas also provided various social and educational services to local communities in that country.

For the record, Petronas registered a record revenue of RM97.51bil and a pre-tax profit of RM37.44bil for the

year ended March 31.

From a start-up capital of just RM10mil when it was incorporated in 1974, its total assets had now ballooned to RM203.21bil with shareholders' funds worth RM97.6bil. Revenue from international operations had also doubled from RM17.1bil in 1995 to RM34.15bil currently, accounting for 35% of the group's total revenue.

Petronas president and chief executive officer Tan Sri Mohd Hassan Marican said the excellent showing was due to talented and committed employees who embraced the challenge and delivered results.

The late Petronas chairman, Tan Sri Azizan Zainul Abidin, said this at Petronas's 10th anniversary in Vietnam in 2001: "We share a common aspiration to prove that the people of developing nations have both the capability and will to successfully participate in the oil industry."

On his thoughts on its prospects in the next 10 years, Dr Mahathir said Petronas would want to expand itself into all areas of the petroleum industry to build up reserves and have an edge through investments in numerous countries.

Reflecting on the difficulties faced in the early days of Petronas, Dr Mahathir said, "The problem started before its incorporation. We were not very knowledgeable about oil

production and we gave concession to one company for the whole area east of Terengganu."

The difficulty was when Petronas had to renegotiate to get back the concession in order to give small areas to different companies. Once that was done, he said Petronas was on the right track.

With upstream ventures in 25 countries, Petronas's overseas oil and gas production now accounts for 22.8% of its total output.

Would Petronas continue to be state-owned?

To this, Dr Mahathir said "the national oil corporation is doing very well as it is and is seen as a source of income for the government."

In giving an insight into his dealings with Petronas during his tenure as prime minister, he stressed that the government did not interfere with its operations.

"When I was PM, they (the management) reported directly to me. They were willing to listen to advice but the decisions were made by themselves based on good business practice. We should make it that way," he said, adding that this was what generally happened when Petronas was doing well.

"When it is not doing well, then the government will have to ask many questions," he said with a smile at the end of the interview. - Bernama