

By : **DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK**  
**PERDANA MENTERI MALAYSIA**

Venue : **KL Convention Centre, KL**

Date : **25/03/2014**

Title : **THE OPENING CEREMONY OF THE OFFSHORE TECHNOLOGY  
CONFERENCE ASIA (OTCA) 2014**

Bismilahirrahmanirahim.

Assalamualaikum Warrahmahtullahi Wabarakatuh and Salam 1Malaysia.

**Yang Berbahagia Tan Sri Dato' Shamsul Azhar Abbas;**

Chairman of the 2014 OTC Asia Advisory Committee, and

President & Group CEO PETRONAS,

**Mr. Edward Stokes;**

Chairman of the OTC Board,

**Mr. Helge Haldorsen;**

Chairman of the OTC Asia Oversight Committee, OTC Board Member and Senior Vice  
President of Statoil USA,

Distinguished Members of the OTC Board and OTC Asia Event Oversight Committee,

Distinguished Guests,

Ladies and Gentlemen,

## **OTCA 2014 – THE FIRST IN ASIA**

Before I begin, I would like to take a moment to offer my sincerest gratitude to the military and civilian personnel from Malaysia and around the world who continue to work night and day in the search for MH370. It is the passengers, the crew and their families who are foremost in our thoughts and prayers.

1. Ladies and Gentlemen, it is a pleasure to welcome you to Malaysia, to Kuala Lumpur and to the first edition of the Offshore Technology Asia.
2. We are here to talk about “Meeting the Challenges of Asia”. Those economic, societal and environmental challenges are in many ways daunting. But they also bring phenomenal opportunities.

## **ASIA AS THE CENTRE FOR GROWTH**

3. Asia is a continent with a voracious appetite for energy. A rapidly growing and increasingly urban population twinned with vigorous economic growth mean that primary energy demand in Asia is projected to grow at a rate of 2.5 per cent per annum and would account for approximately 61 per cent of the world primary energy increase up to 2035.
4. Yet this surge in demand is not being met by a uniform surge in supply. The region’s production of natural resources is declining in the conventional sense, with some traditional oil exporters slowly transforming into importing nations.
5. The era of so-called Easy Oil is behind us. The “quick wins” have been won and the low-hanging fruit have been plucked from the tree. This has prompted the oil-producing nations of Asia to embrace a new era of innovation; to find new ways of ensuring our existing reserves are fully developed.
6. The benefits of this approach are already apparent. Unconventional extraction is becoming the norm, unlocking new reserves that used to be deemed too challenging or too expensive.

7. We have seen a rapid rise in new and innovative ways to extract hydrocarbons – new play-types, technological breakthroughs and other novel methods that allow access to oil and gas reserves in harder-to-reach places. You are going further and deeper, both literally and in terms of the technology and techniques you use.

8. This era of innovation has led to new growth in the upstream spending for the Asian region. While global upstream spending in the oil and gas sector is expected to remain set at around 700 billion US dollars over the next decade, close to 20 per cent of this spending will be here in Southeast Asia. In Malaysia alone, our upstream CAPEX is forecast to be almost 60 billion US dollars over the next five years.

9. These converging forces have created a positive environment in which Asia's oil and gas industry can thrive. As we move forward, oil and gas can continue to play a role in providing Asia with the secure energy we need to power rapid development and sustainable long-term economic growth.

10. That is why I see opportunities in Asia's challenges. That is why these are exciting times for the Asian oil and gas industry. And that is why it is apt that the first OTC Asia conference is being held right here in Malaysia.

## **ACTIVE AND ROBUST DOMESTIC OIL & GAS INDUSTRY**

Ladies and Gentlemen,

11. Malaysia is now one of the major oil and gas developers in the world. Since the Production Sharing Contracts scheme was introduced in 1977, more than 100 such contracts have been awarded to oil and gas upstream players. That most are still active is a testament to the continued interest from international players, as well as the vast potential of our oil and gas industry. To date, we have worked with more than 4,000 oil and gas service companies.

12. Malaysia has the perfect mix of ingredients for a regional energy hub. We have an active and robust domestic oil and gas industry, supported by significant resources. We have progressive and supportive policies set by the Government. And we have proven technical capability.

13. Malaysia also has a strong regulatory and legislative framework to safeguard the interests of commercial investors. We are also well positioned to be the regional hub for oil & gas machinery & equipment, fabrication and services.

14. The Malaysian Investment Development Authority (MIDA) under the Ministry of International Trade and Industry is the first point of contact for investors that want to take advantage of Malaysia's vibrant global culture, world-class infrastructure and business-friendly environment to set up their profit centre in Asia. With our domestic capabilities, we believe that Malaysia is an ideal base for businesses to expand their Asian O&G operations.

15. We would like to attract more international oil and gas (O&G) companies to make strategic investments in Malaysia and to complement home-grown companies. Participants should look at Malaysia from a wider regional perspective and consider Malaysia as a strategic business partner within the framework of ASEAN.

16. We can also muster significant domestic expertise in extractive technologies. While some parts of the industry have struggled to adapt to decreasing natural production, PETRONAS has forged ahead. Thanks to the innovation of our engineers in developing new extraction methods and identifying new fields, Malaysia's domestic production grew by 1.8 per cent in 2012 and a further 2.1 per cent last year.

### **MALAYSIA'S PROGRESSIVE POLICIES HAVE FACILITATED INDUSTRY GROWTH**

Ladies and Gentlemen,

17. This success is no accident. Since the beginning, Malaysia's dynamic oil and gas industry has been facilitated by the close co-operation and support of the Government – through progressive policies, well-designed incentives and active two-way communication. And our support for the oil and gas industry has kept pace with new developments. In 2011 we introduced Risk Service Contracts (RSCs) to help develop marginal fields. The first three fields opened up by RSCs are already producing, and a fourth contract was signed in October.

18. Elsewhere, my Government's Economic Transformation Programme has developed targets in Oil, Gas and Energy in order to galvanise Malaysia's upstream sector, expand our domestic downstream sector and venture into alternative energy sources – which will become increasingly important as the world shifts onto a more sustainable energy track.

19. Economic Transformation Programme projects include rejuvenating existing fields through enhanced oil recovery, developing marginal fields and intensifying exploration activities. These projects provide for huge opportunities for upstream players to participate in, with the strong support and backing of the Government.

### **DEVELOPMENT ON THE BACK OF TALENT AND TECHNOLOGY**

Ladies and Gentlemen,

20. Our policy landscape is important, but Malaysia's oil and gas future is built on our highly skilled workforce – and our strong technological base.

21. Our people are equipped with capability and technical know-how – not just in traditional extraction methods, but also in new areas, such as Enhanced Oil Recovery, deep-water plays, and High Pressure High Temperature work. We have expanded our investment in R&D, creating centres of excellence to develop advanced technologies.

22. All the technology in the world is worth nothing without skilled workers to maintain and operate it. Comprehensive technical training benefits both nation and industry, and only by working together can we ensure that future generations have the skills required to keep Asia at the forefront of the offshore technology world.

23. Here in Malaysia we are leading by example. PETRONAS has collaborations with universities and research centres around the world, collaborations that have sped up the development of technology and greatly enhanced the company's capability in areas such as CO<sub>2</sub> Management and Enhanced Oil Recovery. I'm also pleased to see PETRONAS aggressively accelerating its global talent development through tie-ups with leading industry and technology players.

24. Technology and human capital development are the keys that unlock new sources of energy supply. Our energy future – the supplies that will drive development – is not based simply on resources, but on skilled people achieving amazing things with incredible machines.

## **ON PETRONAS**

25. And nowhere is that demonstrated more clearly than at PETRONAS. This year, PETRONAS celebrates its 40<sup>th</sup> birthday, and its achievements over those four decades are extraordinary. It now boasts more than 200 companies and has a presence in almost 60 countries. Annual production stands at 2.1 million barrels. With revenues in the region of 100 billion dollars it is the 12<sup>th</sup> largest company in the world and the most profitable in Asia. As a Malaysian, I am immensely proud to see PETRONAS grow and evolve into a truly global company.

26. But the success of PETRONAS should not be measured simply in terms of dollars and cents. The PETRONAS brand and the values it symbolises are also world leaders. Brand Finance has ranked PETRONAS in its top 500 list of the world's biggest names. In the oil and gas sector, PETRONAS was ranked ahead of the likes of Statoil, ConocoPhillips, Petrobras and Gazprom. Among consumer brands, PETRONAS ranks ahead of VISA, Renault, Dell, Canon, Adidas and even Cartier. The emerald green oil drop logo is recognised around the world.

27. Over the past four decades, PETRONAS has built a sound corporate reputation; consistently proving itself as a trusted partner, reliable energy supplier and responsible company. And I know that is going to continue for many years to come – because, as the old saying goes, life begins at 40!

## **CLOSING**

Ladies and Gentlemen,

28. In this anniversary year, it is fitting that PETRONAS has been appointed as the Corporate Supporting Organisation for the very first OTC Asia.

29. Over the next few days more than 15,000 delegates and trade visitors from over 72 countries will pass through these halls, discussing the big issues, debating future strategies and sharing the ideas that will shape the Asian offshore market in the months and years ahead.

30. Meeting Asia's growing demand for energy is a formidable challenge. But there is no better place to rise to that challenge than here, and no better moment than now.

31. I hope you enjoy your time in Kuala Lumpur, I hope you have a fruitful and successful conference, and I hope you will all be joining us this weekend at the Formula 1 PETRONAS Malaysia Grand Prix.

32. I hereby announce the Offshore Technology Conference Asia 2014 open.

Thank you.

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh