

KEYNOTE ADDRESS YAB PM AT 19TH ASIA OIL AND GAS CONFERENCE

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Assalamualaikum Warahmatullahi Wabarakatuh,

A very good morning,

Excellencies,

Distinguished guests,

Ladies and gentlemen,

1. I am delighted to be here this morning to deliver the Keynote Address at the **19th Asia Oil and Gas Conference**, which brings together eminent industry leaders, policymakers and delegates from around the world. Let me take this opportunity to thank the organisers for once again inviting me to share some thoughts on the industry and its future.

2. Let me also issue a special welcome to the 350 students from local schools and universities who are present today. I am told they have been selected as having ambitions and aspirations to work in the Oil and Gas sector on graduation. You are a very important part of our human capital for the future, and I hope you will find this conference a rewarding and inspirational experience.

Ladies and gentlemen,

3. We gather today at a time of great changes and global uncertainties, and the oil and gas industry - which is crucial to the global economy - has not been exempt from having to face a series of new realities.

4. There has been the shale revolution, principally in North America but elsewhere as well.

5. There has been increased competition due to advancements in renewable energy resources. In many countries there is strong public pressure to shift to these, and to support the growth of wind and solar power.

6. The International Energy Agency (IEA) predicts that global energy demand will double by 2050, not least because of a rising global population, and legacy industry players will need to work harder and realign their strategic priorities in order to remain relevant and sustainable in the long run.

7. And then, of course, there are the geopolitical issues of which we are all aware, many of which could shape markets, trade flows and relations between countries in ways that we cannot as yet know.

Ladies and gentlemen,

8. To address these new realities, the oil and gas industry is driving new approaches to resource development, cost management and technology.

9. The abundance of gas discoveries have helped spur the growth of the Liquefied Natural Gas, or LNG, industry in the Middle East, the Asia Pacific and Australia.

10. The emergence of more producers, increased supplies and competitive gas prices has transformed LNG into an attractive energy resource for emerging economies, and one that also has the benefit of being far less carbon intensive.

11. I strongly believe that industry players can collaborate to support the wider adoption of LNG by offering innovative commercial solutions and technical assistance to nations with a fledgling interest in this sector.

Ladies and gentlemen,

12. The oil and gas industry continues to be at the leading edge of adopting new technologies to raise efficiency and productivity. With the rise of the Internet of Things, the increasing use of big data analytics, and automation, the industry will be able to deliver more energy resources at better prices.

13. Indeed, I have witnessed firsthand how the adoption of digital technology by PETRONAS has helped our national oil corporation enhance the efficiency of its global operations, reduce operational costs, and harness data to improve performance, all from its digitally-enabled Integrated Operations centre.

14. Further, a strong oil and gas sector can only function well with the support of a robust services sector, and the consolidation of the oil and gas services sector is crucial.

15. In Malaysia, we have already witnessed a number of service sector players responding to the new realities by reorganising their structure and strategies to be more robust and competitive, and I hope others will follow suit.

Ladies and Gentlemen,

16. Against the backdrop of these new realities and the new approaches being adopted by leading players, I am pleased to say that Malaysia's economy continues to thrive, despite headwinds.

17. Last year we recorded growth of 4.2 percent, and this year the economy is projected to grow between 4.3 and 4.8 percent, supported by healthy domestic demand and robust private sector investment.

18. Gross exports are expected to accelerate at a faster pace of 2.7 percent, due to a rebound in exports of commodities and good demand for electronics and electrical products, which are expected to spur the manufacturing sector.

19. Under the Government's Economic Transformation Programme, or ETP, the energy sector is set to register annual growth of 5 percent up to 2020, transforming Malaysia into a regional oil trading and storage hub, and ensuring long-term energy supply security to the domestic market.

20. The recent USD7 billion investment by Saudi ARAMCO in PETRONAS Refinery and Petrochemical Integrated Development, or RAPID, project in Pengerang, Johor, exemplifies Malaysia's ongoing attractiveness as an energy investment destination of choice.

21. This clearly positions the oil and gas industry as one of the biggest drivers of the ETP. This investment also makes Saudi ARAMCO the single largest investor in the country so far.

22. It is an acknowledgement of the Malaysian Government and PETRONAS' hard work to realise RAPID as a world class downstream project that is more than capable of meeting future global oil and gas demand. And it is also a strong vote of confidence in the Malaysian economy.

Now, ladies and gentlemen,

23. The people who really know Malaysia are well aware that there is every reason to have confidence in our country.

24. They know that under the stewardship of this Government there have been years of healthy growth; that 2.26 million new jobs have been created; that unemployment and inflation have been kept low, and that our Gross National Income has increased by nearly 50 percent.

25. This did not happen by chance. It happened because the Government had a plan. That plan has delivered, and is continuing to deliver.

26. This has been recognised by many renowned institutions. There are too many instances to mention, but I will quote from the World Bank's latest report on Malaysia, which said: "Malaysia is one of the top performing economies in the region in terms of the efficiency and quality of business regulations measured by the Doing Business report, owing to the continuous reform efforts by the government over the past decade."

27. And just recently, the American firm BAV Consulting and the Wharton School of the University of Pennsylvania declared Malaysia to be the runaway leader in the 2017 Best Countries to Invest in category.

Ladies and gentlemen,

28. I mention these facts and figures, and these statements of recognition, because there are certain parties who wish to paint a different picture of Malaysia. They do so for their own ends, and they do not tell the true story of our country.

29. So please - don't be deceived by fake news. There is more than enough of that about, and we don't want it to obscure the achievements and successes of Malaysia's transformation - a transformation that all Malaysians, whatever their views, ought to be proud of.

Ladies and gentlemen,

30. As I'm sure you are aware, in terms of Malaysia's oil and gas sector, there have been plenty of achievements and successes. For instance:

31. To monetise Malaysia's valuable stranded gas assets, we have developed the world's first floating LNG facility, images of which we saw just now. I understand that the PFLNG SATU is a game changer for the industry, bringing together the liquefaction, production, storage and offloading processes of LNG to offshore gas fields.

32. We are proud that PETRONAS has developed this technology, which will maintain the company's technical edge as a key global LNG supplier.

33. Another ETP driver in the energy sector is Cost Reduction Alliance 2.0, or CORAL 2.0. This is a long-term industry-wide programme driven by PETRONAS to ensure the sustainability of the country's oil and gas industry by preparing for future challenges through asset and cost optimisation, efficiency upgrades and intensifying innovation across operations.

34. The current state of the industry demands that we pay more attention to the higher value end, and CORAL 2.0 will help Malaysia's oil and gas industry, especially the upstream sector, to remain competitive.

Ladies and Gentlemen,

35. As part of our pursuit of growth that is inclusive and sustainable, the Government places an uncompromising emphasis on managing our environment for future generations. We are committed to adhering to global standards in protection and conservation, such as our pledge to reduce greenhouse gas emissions by 45 percent by 2030.

36. We originally pledged to reduce it by 40 percent back in 2009, and after incorporating policies to safeguard the environment under the Tenth Malaysia Plan, we had achieved a 33 percent reduction in emissions by 2013 alone.

37. This strong record is being built on under the Eleventh Malaysia Plan 2016-2020 through the Green Growth Agenda. This calls for strengthening the enabling environment, including policy and regulatory frameworks, human capital, and support for the rollout of green technology to move this forward.

Ladies and gentlemen,

38. The talks at the recent COP-22 in Morocco underlined the urgency with which we must act to reduce our carbon footprint. Malaysia is fully committed to the objective of combatting climate change, and I believe that oil and gas players are key stakeholders in helping us realise these goals.

39. Firstly, I believe oil and gas companies can help push the technological envelope to reduce the amount of greenhouse gases emitted during their industry's processes.

40. I understand that there have been some strides in the development of CO2 management technologies, including by PETRONAS, and I hope more can be done to achieve a quantum leap in improving and deploying these technologies.

41. Secondly, I believe oil and gas companies can help promote the use of natural gas, together with renewable energy, as the cleaner fuel option to sustain economic growth. This is the right time to encourage the adoption of natural gas in new markets as prices have become attractive, aided by the right investment in infrastructure.

42. I am hopeful that companies and governments can form “smart” partnerships to unlock the full potential of natural gas as a viable option - which will make both commercial sense and environmental sense, and it is important that we see these two motives as supporting one another, not being in opposition.

Ladies and Gentlemen,

43. I hope that this edition of the AOGC will help bring fresh perspectives and insights to all the participants, and that they will lead to new approaches to pushing innovation to its utmost limit; to producing abundant, cheaper, and cleaner sources of energy; and to ensuring that the future for our industries and our people is bright, a future for all, and one that respects the Creation of which Allah S.W.T has tasked us to be stewards.

44. I wish you all a very interesting and stimulating two days, and with that, it gives me great pleasure to declare the Asia Oil and Gas Conference 2017 officially open.

Thank you.

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