

**THE 2ND AFRO-ASIAN INTERNATIONAL CONFERENCE ON POWER DEVELOPMENT**

PUTRA WORLD TRADE CENTRE (PWTC), KUALA LUMPUR, 5 SEPTEMBER 1994

I would like to take this opportunity to say 'Selamat Datang' to all delegates and guests, especially those from the Afro-Asian countries. I wish our guests a pleasant stay in Malaysia and hope you will remember your short stay with fond memories.

2. This conference demonstrates our commitment to closer ties in order to enhance South-South cooperation. I hope this conference will lead to more exchange programmes, not only in technical fields but also in enhancing social and cultural ties.

3. I have been informed that this conference is held in conjunction with our celebration of 100 years of electricity in Malaysia. Electricity was introduced in this country about 12 years after the birth of the electric utility industry in the United States when Thomas Edison brought the Pearl Street Generating Power Station on line in 1882.

4. Modern technologies require adequate and reliable electricity supply to operate efficiently. Thus the demand for electricity, particularly in developing countries with rapid economic growth, will not only grow but must improve in quality all the time.

5. A major challenge is to efficiently operate the supply system in order to provide reliable and affordable electricity to all categories of consumers. This can only be achieved by adopting state-of-the-art technologies which will enable developing countries to leapfrog and enjoy world-class electricity supply.

6. A recent study by ESCAP indicates that about US\$1.4 trillion would be required to finance infrastructure development between 1993 and 2000 in the Asia-Pacific countries. The power sector alone requires up to US\$630 billion or 45 percent of the total. Only US\$500 billion was identified as available or already committed. Consequently, the financial 'gap' for infrastructure projects amounts to around US\$900 billion.

7. The provision of adequate infrastructure is one of the prerequisites for sustainable economic and social development. Developing countries must now examine and 'experiment' with non-traditional and virtually untried methods to implement needed infrastructure development. The ability to learn from

failures is as critical as the lessons from the success of any experiment.

8. The fundamental challenge before governments is to improvise ways to advance the process of systematic change and to guide it through successive stages to completion. The issue is not whether reform should be more or less radical, but how to ensure that the reconstruction of the institutional structures and development of new norms do not lag behind liberalisation and deregulation. The right approach seems to be to marry boldness with realism.

9. Malaysia is fortunate because of its experience in managing many forms of privatisation and privatised projects. Progressive and phased removal of subsidies in favour of the 'users pay' principle is now well accepted. But that does not mean that the poor should do without. With our strong desire to create a caring Malaysian society, the 'haves' are made to or encouraged to extend assistance to the ever fewer 'have-nots' so they too can enjoy a reasonably good life. There should not be poverty in the midst of plenty.

10. In the power industry, we began with corporatising the Government power authority and then selling off a substantial portion to the employees and the public through the listing of Tenaga Nasional Berhad (TNB) or National Power Limited. In order to speed up the generation of power, the Government allowed other investors to set up Independent Power Plants (IPPs). However transmission and distribution remain with TNB. TNB has already signed five power purchase agreements with the IPPs. Over 4000 MW of new capacities, representing about 30 percent of total requirement will be provided by IPPs in Peninsular Malaysia by 1998. Of course, there may be excess capacity. It is up to the IPPs, and TNB to increase the consumption of power in order to take up any excess. The power generation and distribution business can contribute towards economic growth and it should therefore be encouraged.

11. Successful privatisation of other types of infrastructure, for example shipping, ports, airlines, highways, telecommunications, water supply, sewerage and airports provide us with the confidence to pursue and implement other privatisation projects.

12. Although there are fears that private power generation would lead to the neglect of our environment, Malaysia has laws that ensure environmental compliance and protection. Environmental impact assessments are mandatory for all major power generation projects as they are for most industries. We are equally committed to playing our role to protect the global environment and achieve sustainable development.

Malaysia is a signatory to the International Framework for Climate Change. Our goal to become a developed and industrialised nation remains a high priority. We hope to achieve this while limiting carbon dioxide emission, a natural by-product of burning hydrocarbons for power.

13. One important carbon dioxide-free power source is hydroelectricity. Malaysia is committed to developing the Bakun project despite opposition from ill-informed environmentalists. The area involved is relatively small and every care would be taken to conserve as much as possible. By all measures the development of hydro power is less damaging to the environment than the perpetual burning of fossil fuels. The oil and gas resources of our country are not limitless but we will use it to create the necessary national wealth for the development of the hydro power potentials in Sarawak, which is sparsely-populated and rich in hydro power.

14. Harnessing our vast hydro resources will enable our country to switch from depleting to renewable energy resources. The long-term positive impacts of hydro power projects in reducing global greenhouse gas emissions far outweigh the ecological impacts.

15. The economic reform towards the free market economy sweeping the world must be managed well. Malaysia has undergone the transformation from an agro-based to an industrial economy in just over a decade. The progress after the privatisation of TNB and the smooth introduction of large IPPs has enabled Malaysia to build up a wealth of experience.

16. It would perhaps be worthwhile for developing countries to share the experiences in order to lessen the cost of experimenting. Some Malaysians who have acquired expertise in this area are keen to join in the power development of other countries.

17. On that note, I have great pleasure in declaring open the 2nd Afro-Asian International Conference on Power Development.