

The Official Opening Of Petronas' Bahrain Office

Manama, Bahrain 21 April 2002

First of all, I would like to thank PETRONAS for inviting me to officially open their Bahrain Office. I am delighted that PETRONAS has once again successfully spread its wing into a new frontier, this time making its entry into an Arab Gulf State.

2. PETRONAS' maiden involvement in Bahrain's oil and gas industry signifies yet another milestone in the bilateral relation between Malaysia and Bahrain. The signing of the Exploration and Production Sharing Agreement for Blocks IV and VI between the Ministry of Oil of Bahrain and PETRONAS in Kuala Lumpur on 1 November last year has undoubtedly paved the way for greater Malaysian investment in this island kingdom.

3. We are indeed pleased that the Government of Bahrain has decided to award the production sharing contract for the two offshore blocks to the Malaysian National Oil Corporation following a highly competitive international bidding. More meaningful is the fact that PETRONAS has been assigned the sole operatorship with a 100% equity for each block. This, I believe, is a manifestation of the high level of confidence and trust that the Government of Bahrain has in PETRONAS based on its remarkable reputation and proven track record.

4. Malaysia and Bahrain actually shares a number of similarities. Both have always been trading nations and both are strategically located. In the earlier days, Bahrain was known for its pearl industry and its skilled craftsmen. Its fortune changed with the discovery of oil in 1932. Malaysia, on the other hand, survived on agriculture and mining; exporting most of the commodities in its raw form. After oil was found offshore Terengganu in the East Coast of Peninsular Malaysia in the 1970s, Malaysia has gradually shifted the focus of its economy from agro-based to manufacturing and industrialisation, with the petroleum sector functioning as one of the main engines of growth.

5. Both national oil companies, BAPCO and PETRONAS, have played, and I believe will continue to play, a major role in national development. I hope the relationship that has been forged between these two NOCs will be further strengthened with the presence of PETRONAS here. I suppose it would not be far fetched to expect a partnership or strategic alliance between both NOCs in future, leveraging on the combined strengths, experience and expertise, resulting in investment stretching beyond the shores of both countries.

6. On the part of the Malaysian Government, I would like to assure you that we will continue to encourage and extend support to our private sector to invest in Bahrain. Until the end of last year, the value of direct trade between our two countries was in favour of Bahrain, with total trade amounting to RM234.36 million (22.32 million Bahrain dinar) in the first three quarters of 2001.

7. In efforts to boost trade relations between Malaysia and Bahrain as well as its neighbouring Gulf nations, we have sent a delegation to Manama in February this year to work on the establishment of a Malaysian Trade Centre in this country. An area of 70,000 sq metres at Durrat Al Bahrain in Seef has been earmarked for the site of this trade centre which will be used to market Malaysian products in Bahrain and its neighbouring countries. On the drawing board include plans to construct other facilities to re-export Malaysian-made goods in the Middle East.

8. I was informed that the Bahrain Government has agreed to provide the necessary legal and infrastructure services required to realise this project. According to schedule, the trade centre is expected to be operational by early 2004. With the setting up of the trade centre and the upstream activities of PETRONAS, the economic ties between Malaysia and the Gulf state are poised to be stronger. Notwithstanding these two activities, Malaysia and Bahrain are also set to forge closer co-operation in Islamic finance and banking as reflected by the Memorandum of Understanding signed between the two countries during the visit of Bahraini Prime Minister His Excellency Shaikh Khalifa Salman Al-Khalifa to Malaysia last year. Another MOU, signed early last year, provided the avenue for Malaysian companies to participate in Bahrain's new USD \$500 million Salman Port project. Indeed, Bahrain offers many investment opportunities to Malaysian businessmen and companies, from the oil and gas-related activities to banking and finance and to a wide range of construction works.

9. Before I conclude, I would like to once again record my appreciation to PETRONAS for inviting me to this momentous occasion. I believe that the establishment of PETRONAS Office in this National Bank of Bahrain Tower, a prestigious landmark in this capital city, will enhance not only the image of PETRONAS but also Malaysia in this part of the world. More importantly, the opening of the office reinforces the commitment of PETRONAS and certainly Malaysia towards a long term presence and a mutually beneficial relationship with Bahrain. With the verse Bismillahirrahmannirrahim, I hereby officially open the PETRONAS Bahrain Office.

