

SPEECH BY: DATO' SERI DR MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: THE CEREMONY FOR THE SIGNING OF THE GAS SALES AGREEMENT BETWEEN
MALAYSIA-THAILAND JOINT AUTHORITY

VENUE: THE DEWAN SERI NEGERI, WISMA DARUL AMAN ALOR SETAR, KEDAH

DATE: 30 OCT 1999

TIME::

It gives me great pleasure to be here today to witness the signing of the Gas Sales Agreement for the gas produced from the Malaysia-Thailand Joint Development Area as well as the Shareholders Agreement between Petroleum Authority of Thailand (PTT) and PETRONAS for the Trans-Thai-Malaysia Pipeline and Gas Separation Plant projects.

2. The idea to jointly develop hydrocarbon resources in a disputed area and turning it into a joint- development area, is a 'win-win' approach to resolve territorial disputes between sovereign nations. The Joint Development Area (JDA) will stand out in history as a testament to the unique and successful cross- border co-operation between two neighbouring countries in resolving territorial disputes and the ability of both countries to monetise jointly and equitably the hydrocarbon resources found within their overlapping claim areas thereby further strengthening and enhancing bilateral sovereign relationships.

3. I have witnessed the signing of the Heads of Agreement relating to the JDA Gas Sales in April 1998. It gives me added pleasure today to witness the realisation of the intent in the Heads of Agreement culminating in the Gas Sales Agreement which is signed today between the joint sellers, Malaysia Thailand Joint Authority (MTJA), Triton Oil Company of Thailand and PETRONAS Carigali (JDA) and the joint buyers, PETRONAS and PTT for the sales of gas from Block A-18 of the JDA.

4. Under the agreement, the first gas from Block A-18 will be delivered by mid-2002. The natural gas from the central processing platform of Block A-18 will be brought via an offshore pipeline onto a Gas Separation Plant in Songkhla for processing. The pipeline will be extended onshore from Songkhla to the Malaysia-Thailand border and will be connected to the Peninsular Gas Utilisation (PGU) pipeline at Changlun in the State of Kedah.

5. The onshore and offshore Pipeline System and the Gas Separation Plant will be jointly built, owned and operated by PTT and PETRONAS on an equal sharing basis and will upon completion realise the integration of the upstream activities in the JDA with the downstream sector.

6. Today's signing of the Shareholders Agreement between PTT and PETRONAS for the formation of two joint venture companies, one in Thailand, The Trans-Thai- Malaysia (Thailand) Ltd, for the joint ownership of the Pipeline System and Gas Separation Plant in Thailand and another in Malaysia, the Trans-Thai-Malaysia (Malaysia) Sdn Bhd, for the joint ownership of the Pipeline System in Malaysia indeed marks an important milestone and a step forward in the bilateral relations between our two countries. An important milestone because it is the largest venture between Malaysia and Thailand and a step forward because upon its completion, the Pipeline System will form an important building block for the eventual realisation of the Trans-Asean Pipeline and Power Grid and thereby directly contribute towards closer integration within ASEAN.

7. The recent Asian economic crisis has taught us many lessons, one of which is the need for us in ASEAN to proactively manage and control our own destiny by the strategic charting of our present and future activities. In this context, I believe the Trans-Asean Pipeline and Power Grid represents one of such important strategic activities as it will link and expand the region's existing pipeline and power infrastructures to meet ASEAN's energy requirements in the next millennium and to achieve a quantum leap in the economic development and industrialisation of the ASEAN region as a whole through the efficient utilisation of indigenous gas resources.

8. The foundation for the Trans-Asean Gas Pipeline and Power Grid has already been laid with the interconnection of Malaysia's Peninsular Gas Utilisation System with Singapore. The Trans-Thai- Malaysia Pipeline will inter-connect a third ASEAN country to the same pipeline system. In the not too distant future, further linkages of national gas grids will be realised and I believe, our vision of a Trans- ASEAN Gas and Power Grid will ultimately be achieved.

9. I understand that the construction of the Trans- Thai-Malaysia Pipeline and the Gas Separation Plant will require the approval and consent of the various governmental authorities in both countries in particular the EIA requirement. I hope that the respective authorities will extend their fullest co- operation and assistance to accelerate the development of these strategically important projects. The projects, I believe, will play a vital role in the quest for clean and efficient fuel to support the industrial and economic development of both southern Thailand and Peninsular Malaysia.

10. In this respect, I would like to take this opportunity to thank the Thai Government for the support that they have provided to the JDA project as well as the Trans-Thai-Malaysia Pipeline and Gas Separation Plant projects. I trust that their unwavering support and the spirit of co-operation and mutual understanding will continue during the actual implementation and operation of the projects. On behalf of Malaysia I would like to assure all parties that the Government will always cooperate and support joint economic activities between Malaysia and Thailand. I also wish to congratulate MTJA, Triton, PETRONAS Carigali, PTT and PETRONAS for their hard work in successfully negotiating and agreeing upon the terms of the

various agreements involved.

11. In conclusion, I would like to extend my best wishes to all parties involved for their efforts to help realise these very important projects.