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(PRIME MINISTER)

EVENT: THE OFFICIAL INAUGURATION OF INDONESIA'S GAS DELIVERY TO
MALAYSIA

VENUE: ISTANA TAMPAK SIRING, BALI, INDONESIA

DATE: 10 AUG 2002

TIME:

It is a pleasure for me to be here in Bali today with President Megawati Soekarnoputri at the official inauguration of Indonesia's Gas Delivery to Malaysia involving our respective national oil companies, PETRONAS and PERTAMINA. What we are witnessing today is another concrete form of collaboration between Malaysia and Indonesia.

2. The theme of this auspicious event, Growing Through Partnership, certainly describes the strategic alliance between PETRONAS and PERTAMINA. This is one example of a workable initiative for both countries in the oil and gas industry which is currently undergoing one of its most challenging periods in recent history. Through efforts like this we will be able to harness our individual strength to bring about more mutual benefits to our respective countries. Even though we have been enjoying good relations at all levels, efforts must continue to be taken towards strengthening our competitiveness through joint initiatives. Malaysia firmly believes in the philosophy of "prosper thy neighbour" as we are of the opinion that what benefits our neighbours also benefits us, directly or indirectly.

3. In the case of the PETRONAS-PERTAMINA collaboration, it is certainly a win-win strategy for both parties. Indonesia with a proven natural gas reserves of 92.5 trillion cubic feet will benefit in the form of revenue for its development while Malaysia will be assured of an additional secure supply to supplement its needs. The West Natuna gas will help Malaysia to meet the anticipated increase in demand not only for energy but also as feedstock to fuel our industrialisation process. This collaboration has also enabled both countries to maximise the usage of existing individual domestic gas infrastructure by building the necessary linkages to connect the pipeline system.

4. Collaborations such as this will help in enhancing the bilateral relationship between Malaysia and Indonesia in our effort to create more meaningful

economic and social benefits to both nations which have a lot in common in terms of history and culture. Of greater significance, the success of this venture will serve as a catalyst to encourage similar ventures amongst other ASEAN member countries in the energy sector.

5. The emerging Trans-ASEAN Gas Pipeline Project which will link and expand ASEAN's existing gas infrastructure to create a truly regional energy market is a good example of collaboration amongst ASEAN member countries. The foundation for the Trans-ASEAN Gas Pipeline project was laid about a decade ago with Malaysia's Peninsular Gas Utilisation project, or PGU project, which connected Singapore to the grid. The Trans-Thailand-Malaysia pipeline project which will tap gas resources from the Malaysia-Thailand Joint Development Area and linked to the PGU pipeline is underway, bringing another ASEAN nation into the loop. Further north, the completion of the Yadana and Yetagun Gas projects, landing gas from the fields offshore Myanmar to Thailand, provides another significant fit to complete the Trans-ASEAN Gas Pipeline puzzle. Interesting developments are also taking place south of the region. The West Natuna project began supplying gas to Singapore in early 2001 and is now connected to Malaysia. Recently it was announced that the gas from Sumatra will be landed in Singapore by 2003 and Malaysia thereafter while the Malampaya-Comago Batangas Pipeline project in the Philippines will also provide another interesting prospect for the region's gas pipeline network.

6. These are all very exciting developments which bring the Trans-ASEAN Gas Pipeline project significantly closer to reality. With determination, commitment and cooperation of all involved, I am confident that the missing links to realise the integrated regional gas network will be put in place within this decade. The renewed momentum in developing the gas pipeline network in South East Asia will certainly add another boost to the region's fast-growing gas market. Additionally, deregulation and liberalisation in the power and downstream sectors in the previously closed countries will also pave the way for greater investments as well as new investors.

7. Once all the linkages are in place to facilitate the transportation of gas across the borders of member countries, I am confident that we will be able to fully realise ASEAN's vision of achieving energy security and sustainability of supply by 2020. This in turn will promote sustainable development in the region and generate substantial spin-off business opportunities in supporting industries, creating employment opportunities, seeding successful homegrown

entrepreneurs while enhancing our competitiveness globally. With economic growth and development, we can be assured of stability in the region as a whole.

8. There are a lot of other opportunities in ASEAN for us to take advantage of. For example, PETRONAS and PERTAMINA together with PetroVietnam had signed a contract earlier this year to explore and develop oil and gas in Vietnam with plans to form ventures to explore blocks in Malaysia and Indonesia. Apart from that Malaysia, Indonesia and Brunei have also agreed to cooperate on production and shipping of liquefied natural gas in order to maximise plant availability and ensure continuous and secure supply to customers. We need to look at more such cooperative initiatives that will bring about mutual benefits to our countries apart from strengthening our resilience as we face one of the most challenging periods in the global oil and gas industry.

9. Apart from the resources, this region has been blessed with capable people who are willing to learn, absorb and adapt to new technologies and ideas. We also share a common aspiration to prove that the people of developing nations have both the capability and the will to successfully venture into projects like this. The commitment and dedication shown by the respective Project Team members has enabled PETRONAS and PERTAMINA to complete this project in less than two years in collaboration with CONOCO. All parties have been able to combine their capability, resources and technological expertise for mutual benefit. It is a testimony to the capability of our people to be involved at the highest level of technology.

10. On this note, I would like to thank Her Excellency President Megawati Soekarnoputri and the Government of Indonesia for the strong support and assistance in making this collaboration a reality. To PETRONAS and PERTAMINA I say Syabas and I hope this success will spur both NOCs to explore more opportunities together, within and beyond our respective shores.