

CLOSING KEYNOTE
YB DATO' SERI MUSTAPA MOHAMED
MINISTER IN THE PRIME MINISTER'S DEPARTMENT (ECONOMY)
SARAWAK OIL & GAS, SERVICES AND EQUIPMENT (OGSE)
ROADSHOW 2022
23 JUNE 2022

Bismillahirrahmanirrahim

Assalamualaikum warahmatullahi wabarakatuh

Good evening and Salam Keluarga Malaysia

**YAB Datuk Patinggi Tan Sri (Dr.) Abang Haji Abdul Rahman Zohari
bin Tun Datuk Abang Haji Openg**
Premier of Sarawak

YB Dr Hazland Abg Hipni
Deputy Minister of Energy and Environmental Sustainability Sarawak

YBhg. Tan Sri Datuk Amar Dr. Hamid Bugo
Chairman, Petroleum Sarawak Bhd (Petros)

YBhg. Tan Sri Datuk Amar (Dr) Hj Abdul Aziz bin Dato Hj Hussain
Chairman, Sarawak Economic Development Corporation (SEDC)

Distinguished Guests

Ladies and Gentlemen

1. It is a pleasure to be here at the inaugural Sarawak Oil and Gas, Services and Equipment (OGSE) Roadshow 2022, jointly hosted by the Sarawak Economic Planning Unit and Malaysia Petroleum Resources Corporation (MPRC).
2. The Sarawak OGSE Roadshow 2022 marks the second in a series of roadshows hosted around the country to promote the National OGSE Industry Blueprint (OGSE Blueprint) 2021-2030. The first roadshow was held a couple of weeks ago in Kuala Terengganu.

Ladies and gentlemen,

3. The oil and gas industry has faced very challenging times in recent years. Global developments, including the Arab Spring in the early 2010s, the plunge in oil prices in 2014 and the COVID-19 pandemic, have deeply impacted the industry.
4. Now, the world is faced with an even more significant challenge. The war in Ukraine and the subsequent sanctions on Russia have led to a lot of uncertainty and volatility in the commodities market. It has also highlighted the importance of energy security and self-sufficiency.
5. Energy prices - significantly oil - have spiked to triple-digit levels, putting upward pressure on prices globally. As one of Asia Pacific's largest producers and exporters, we are not impervious to these challenges.

6. The Budget 2022 was presented assuming that the average Brent crude oil price would be USD66 per barrel. The year-to-date Brent crude oil price currently stands around USD106 per barrel - a discrepancy of USD40. On fuel alone, subsidies may go up to RM30 billion this year, over 170% higher than RM11 billion in 2021.
7. Economies worldwide are also impacted, with consumers facing a big increase in the cost of living.
8. Despite this, oil and gas remain an essential driver of growth and a key pillar of Malaysia's development agenda.
9. The Twelfth Malaysia Plan (12MP) highlights how this industry would play a role in:
 - i. Closing regional gaps between lagging and high-income states;
 - ii. Building a more inclusive society; and
 - iii. Ensuring energy sustainability in the long term.

Ladies and gentlemen,

10. Despite the significant progress made in the last three decades, our OGSE industry is not without its challenges. In recent years, the industry has become increasingly fragmented. 98 per cent of OGSE companies consist of small and medium-sized enterprises (SMEs).
11. Besides that, there is a high concentration of low complexity work. These factors have inhibited industry players from building financial strength and developing export-ready products and services.

12. The OGSE Blueprint, launched in April last year, outlines a way forward for the industry to develop a robust, resilient and globally-competitive Malaysian OGSE sector.
13. The Blueprint is premised on four strategic pillars; competitiveness, resilience, sustainability and national development. They are anchored by 31 initiatives, of which 21 have been operationalised since the launch of the OGSE Blueprint last year. 19 of them are ahead or on track to achieve targets this year.
14. We need our OGSE players to reach greater technological sophistication and employ more skilled talent.
15. To support this aim, the Government, via MPRC, has initiated the OGSE Development Grant with a total fund amounting to RM25 million over a period of five years, from 2021 - 2025. The funds will be disbursed through matching grants provided to local OGSE companies. To date, 30 companies have received approval for the assistance, with close to RM7 million committed thus far, with about 20% for Sarawak-based companies.

Ladies and gentlemen,

16. The Blueprint will also play an essential role in moving OGSE companies to relevant industries as we heed the call to address climate change and transition away from fossil fuels into renewables.
17. As the world shifts towards using energy from clean and sustainable sources such as renewables, more opportunities will emerge in this

new growth area. Thus, OGSE players should equip themselves with the right skill sets as well as technology to secure growth in this new area.

18. On top of this, capability and competency building in new growth areas beyond the traditional oil and gas is essential for OGSE players to enhance resilience and remain competitive amid the global energy transition.

19. In the short to medium term, the OGSE Blueprint calls for the adoption of ESG elements in the industry. The adoption of ESG elements will send the proper signal to foreign investors and enhance our attractiveness as an investment destination for green-related FDIs.

Ladies and gentlemen,

20. I am encouraged to note Sarawak's efforts in spearheading the country's renewable energy agenda. The establishment of the Ministry of Energy and Environmental Sustainability, Sarawak, is a testament to Sarawak's commitment to balance economic growth and environmental sustainability. At the recent World Hydrogen 2022 Summit and Exhibition held in the Netherlands, the Premier outlined Sarawak's aspiration to be a region for clean, green investment and be a significant provider of renewable energy, primarily hydrogen.

21. Sarawak's Post COVID-19 Development Strategy 2030 strongly emphasises environmental sustainability and achieving energy transition through exploring more opportunities in renewable energy.

22. This will not only be crucial in tackling climate change in line with the 2030 Agenda but also in achieving sustainable socio-economic development through the creation of new, high-value, income-generating opportunities.
23. In a short while, some key oil & gas industry players, including Sarawak Economic Development Corporation, Petronas, Sarawak Shell Berhad and PTTEP HK Offshore Limited, will sign an agreement to build a complex of onshore plants within the Petrochemical Industrial Park in Bintulu.
24. I am optimistic this collaboration will facilitate further progress in Sarawak's oil and gas industry. It also has the potential to create valuable opportunities for the OGSE community and catalyse the industry as a whole.

Ladies and gentlemen,

25. Before I conclude, I would like to extend my sincere gratitude to the Sarawak Government for being gracious co-hosts for this event. Thank you all for taking the time to attend the Sarawak OGSE Roadshow 2022. I hope it was insightful.
26. May this roadshow mark the continued collaboration between the Federal and State Governments in the spirit of Keluarga Malaysia.

Thank you.

Sekian, Wabillahi taufiq wal hidayah

Wassalamualaikum warahmatullahi wabarakatuh