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Ban on plastic products would affect O&G industry

Those who have a better chance of staying in the game are the ones that are agile and can innovate

by P PREM KUMAR

THE ban on plastic straws beginning 2020, on top of the existing restrictions on plastic bags and polystyrene food packaging, is expected to have an impact on the local oil and gas (O&G) industry.

Petroleum Nasional Bhd (Petronas) president and group CEO Tan Sri Wan Zulkiflee Wan Ariffin said while the new developments are disruptions that would have a significant impact on the O&G industry, a highly dynamic and competitive field for all players can also be expected.

"Those who have a better chance of staying in the game are the ones that are agile and can innovate, besides having the ability to capture new frontiers of value," he said in a keynote address at the fourth Malaysian O&G Services Exhibition and Conference (MOGSEC 2018) yesterday.

As it is, the ban on plastic products is expected to shrink the demand among industry players that are the main beneficiaries of petroleum resin.

The production of plastics also begins with the distillation of crude oil in an oil refinery.

In general, however, Wan Zulkiflee said the outlook for the O&G industry looks brighter compared to the last few years.



(From left) Malaysian O&G Services Council president Sharifah Zaida Nurlisha, Wan Zulkiflee, Ministry of International Trade and Industry Minister Ignatius Darell Leiking and TM ONE executive VP and CEO Azizi A Hadi at MOGSEC 2018 yesterday

However, he also cautioned local players of unpredictable operating landscapes.

"While it is evident that players are now switching from survival to growth mode, I urge all players to tread carefully and respond cautiously to the unpredictable landscape.

"All the geopolitical risks, including trade wars are the ongoing challenges that the industry must weather," he added.

Wan Zulkiflee added that the outlook for the country's O&G industry seems to be improving amid rising oil prices and an industry-wide recovery.

He said the industry-wide recovery is evident in the rise of investments in the industry in tandem with better oil prices.

"Currently, (a total of) 20 rigs are in operation, compared to 15 as at the end of last year. As encouraging as it is, we can still expect volatility to continue," he said.

Wan Zulkiflee said in the next few years, the local O&G industry is expected to experience rates of digital disruption that would reshape and redefine common operating procedures which are currently available.

"New technologies will

underpin various processes, from fully-automated drilling operation and autonomous pipeline inspection to the rig-less plugging and abandonment of wells.

"Subsea solutions too, are predicted to rely actively on monitoring and data analytics, while biodegradable polymers will be widely deployed across the industry," he added.

Wan Zulkiflee said the sources of disruption require companies to not only rethink their operating models, but also their talents and organisational culture.

He said the industry needs

more talents among vendors who are skilled and adaptable to navigate through these changes.

Since the programme's inception in 1993, Wan Zulkiflee said Petronas' vendor development programme (VDP) has awarded close to RM9 billion worth of cumulative contract value to 99 vendors.

"In May, we launched VDPx which is an expansion of the original programme to empower second-tier VDP anchors and contractors to develop their own set of vendors with support from industry enablers," he explained.

Pic by Hussein Shaharudin