

Tap energy transition expertise, OGSE firms told

Sentiment	Positive	Frequency	Daily
Outlet Country	Malaysia	Outlet Language	English
Impressions	581,444	Circulation	290,722
PR Value	174,433	Page	14

Page Location



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► Rafizi tells industry players to make use of opportunities to reach consumer markets

KUALA LUMPUR: Local oil and gas services and equipment (OGSE) players must leverage energy transition expertise to reach downstream consumer markets, said Economy Minister Datuk Seri Rafizi Ramli.

He noted that local players possess the technological edge to pivot towards solar panels and sustainable aviation fuel.

"Since the launch of the National Energy Transition Roadmap (NETR), I have personally seen the surge of foreign interest into our OGSE, particularly from Japanese companies, in our renewable energy.

"Unfortunately, there is a mismatch in our supply, (as) we do not have enough local players positioned to capture these opportunities," he said in his speech in conjunction with the launch of the National OGSE Industry Blueprint 2021-2030 Mid-Term Review (MTR) yesterday.

Under the MTR, he said, the ministry will aggressively bridge this gap through the "growth beyond OGSE" flagship.

"By 2030, we aim to have 10 OGSE companies that have successfully expanded into the renewable energy space. We want to show how innovative projects, like plastic to fuel, can be integrated and diversify revenue streams."

Besides that, he said, the second vision is scaling local OGSE players to becoming regional champions as 80% of the OGSE companies are small and medium enterprises.

He said participants in the "regional champions programme" have to be mid-tier size, with over RM50 million in revenue and they must have a positive profit-before-tax over five years with no legal issues.

"The idea is to play an identification and matchmaking role of opportunities. We support the dealmaking process by enabling access to financing and marketing.

Launch of National OGSE Industry Blueprint 2021-2030 Mid-Term Review



Rafizi launching the National OGSE Industry Blueprint 2021-2030 Mid-Term Review yesterday. – BERNAMAPIC

"This can be in the form of mergers and acquisitions, management buyouts, or joint ventures. The point is to increase commercial activity and boost export revenues to at least 50%," he said.

Rafizi opined that the Covid-19 pandemic exposed many of the financial vulnerabilities within the OGSE industry, with players finding themselves trapped in overspecialised business models, burdened by excessive debt, and watching their profit margins vanish.

Geopolitical shocks from wars have triggered significant oil price fluctuations, creating an uncertain landscape that has compromised the security of supply chains.

"If we look at pre-pandemic levels, the industry was able to attract approved investments amounting to RM3.3 billion in 2019. In 2022, investments dropped to RM363 million, that is approximately an 89% decrease," he said.

Against this backdrop, Rafizi said, the MTR

comes at a critical juncture in OGSE's history.

Meanwhile, Malaysia Petroleum Resources Corporation (MPRC) said in a separate statement in conjunction with the launch that the OGSE Blueprint MTR builds on the OGSE Blueprint, originally launched in April 2021 by the Ministry of Economy, with MPRC as its custodian.

It features a refreshed vision to develop a robust, resilient and globally competitive OGSE industry in Malaysia, contributing to national energy security, sustainability and the energy transition agenda by 2030.

Initiatives of the OGSE Blueprint MTR have been streamlined to 26, including seven flagship initiatives, encompassing areas in industry development, finance, technology, talent, export and the national agenda. One component of the seven flagship initiatives includes the regional champions programme, involving the scaling up of SMEs to compete overseas. – Bernama