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OGSE players must tap energy transition expertise

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

"Since the launch of the National Energy Transition Roadmap, 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," he said.

Besides, he said the second vision is scaling the local OGSE players to becoming regional champions as 80 per cent of the OGSE companies are small and medium enterprises (SMEs).

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

He opined 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



Rafizi (third right) and guests launch the National OGSE Industry Blueprint 2021-2030 MTR on Thursday. — Bernama photos

amounting to RM3.3 billion in 2019. In 2022, investments dropped to RM363 million, that is approximately an 89 per cent decrease," he said.

Against this backdrop, he said the MTR comes at a critical juncture in OGSE's history.

The OGSE Blueprint MTR builds on the OGSE Blueprint, originally launched in April 2021 by the Ministry of Economy, with Malaysia Petroleum

Resources Corporation (MPRC) as its custodian, according to MPRC in a separate statement in conjunction with the launch.

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 also 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