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Rafizi says 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. — Bernama photo

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).

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. 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 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. — Bernama