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OPEC's Decision Seen Positive To O&G Industry

Premalatha Jayaraman
Tuesday, October 4, 2016



Dzulkipli opined that the O&G industry certainly welcomes OPEC's decision (Pic by Muhd Amin Naharul/TMR)

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The Organisation of the Petroleum Exporting Countries' (OPEC) decision to cut oil output last week is positive for a sector that is struggling with excessive production and thinning margin.

Malaysia External Trade Development Corp (Matrade) CEO Datuk Dzul kifli Mahmud opined that the oil and gas (O&G) industry certainly welcomes OPEC's decision.

"It can help to reduce the surplus in the O&G market and push prices up. It will also enable oil producing countries to get a fair price. Both producers and clients need to have fair prices," Dzul kifli said in Kuala Lumpur last Friday.

He was commenting on OPEC's decision to slash oil production from 33.24 million barrels a day (bpd) to between 32.5 million and 33 million bpd.

Despite a positive response to the reduction, analysts are unsure whether the 740,000- bpd cut by the end of the year would ease the global over-supply problem. OPEC's output cut announcement has pushed oil prices 6% higher. Crude oil prices, before the cut, were trading at around US\$45 (RM184.95)-US\$50 compared to around US\$100 in 2014. This was the first output cut by the cartel since 2008.

Earlier, Dzul kifli officiated the soft launch of the Asian Oil, Gas & Petrochemical Engineering Exhibition 2017 (OGA 2017).

On the local front, he said the government is urging small and medium O&G operators to pursue opportunities abroad.

"They do have good experience and technology know-how to become a leader in the sector," he said, adding that the sector would continue to enjoy growth despite the uncertain global scenario.

He based his observation on the encouraging sales recorded at the third Malaysia O&G Service Exhibition and Conference 2016 (MOGSEC 2016).

"We recorded sales of RM385 million on the second day of the MOGSEC 2016, surpassing our target of RM250 million. This is a positive indicator to the O&G sector. The industry will continue to grow," he said.

On OGA 2017, he said the event, which is scheduled from July 11-13, 2017, is targeted to attract some 2,000 companies from 60 countries, 16 international pavilions and 23,000 trade visitors.