Bernama - Govt To Ensure Petronas Able To Return To Profitability - Zafrul

Sunday, Sep 06 2020

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KUALA TERENGGANU, Sept 6 --The government is committed to ensuring that Petroliam Nasional Bhd (Petronas) is able to return to profitability, but it depends on world oil prices.

Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said the loss announced by Petronas two days ago were due to the fall in oil prices but for now they have shown an increase.

"If I am not mistaken, in March and April (Brent crude) oil price fell to US$20 per barrel. At least now there is an increase (in oil price) in the global economy ... the projected oil price this year is about US$40 per barrel, so the projection is still within our range," he told reporters here today.

Tengku Zafrul was commenting on Petronas' announcement on its net loss of RM21 billion in the second quarter (Q2) ended June 30 2020, dragged by huge impairments on assets and weaker oil prices, against a profit of RM14.7 billion in the same quarter last year.

It was the first quarter the national oil and gas company recorded a loss since the fourth quarter of the financial year 2015.

Tengku Zafrul, who is on a two-day official visit to Terengganu starting yesterday, earlier paid a courtesy call on Terengganu Menteri Besar Datuk Seri Dr Ahmad Samsuri Mokhtar.

The minister said although Petronas did not make a profit, Terengganu will still be getting its share of oil royalties in September as decided by the government, but the amount still needs to be refined due to the current situation.

He said the loss suffered by Petronas, however, would not affect the country's development as the government has undertaken several initiatives to stabilise the economy and generate revenue.

"We will still be spending, especially for development ... that is why our fiscal deficit will increase. The country's deficit is expected to increase, with the implementation of PENJANA (the National Economic Recovery Plan), to 5.8 per cent to 6.0 per cent from 3.4 per cent last year.

“This shows the government's commitment to continue to make important spending to help the rakyat and businesses to boost the economy," he said.

He asserted that the government does not rely only on Petronas’ resources, instead it also has other sources of revenue, as the national oil company contributes less than 20 per cent.

Meanwhile, Tengku Zafrul said the people of Terengganu have enjoyed benefits worth RM767 million under the Prihatin Rakyat Economic Stimulus Package (PRIHATIN), while its entrepreneurs received benefits worth RM257 million under PENJANA.

"In terms of strengthening the state's economy, the federal government has channelled assistance worth RM3.8 million through small projects. We have also discussed various measures that can be taken with the federal government to further boost the state's economy, especially to offset the COVID-19 quandary," he said.

Among the main focus of the Ministry of Finance's official visit to Terengganu is to meet with representatives of associations and the tourism industry affected by COVID-19, as well as representatives of the oil, gas and petrochemical industries.

In addition, Tengku Zafrul said the federal government would work with the state government to ensure that the assistance and measures to be provided by the federal government through the 2021 Budget would reach the target groups transparently and quickly.

"For example, Terengganu is rich in natural resources, cultural heritage and natural environment. It has great potential to continue to be developed. This potential will be explored together through discussions with stakeholders," he said.

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