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'Petronas listing very good idea'



POTENTIAL RM60b PROFIT ANNUALLY?

'PETRONAS LISTING VERY GOOD IDEA'

Some economists agree that move will help raise revenue, reduce govt debt

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ECONOMISTS agree with the call for a listing of Petrolim Nasional Bhd (Petronas), saying it is "a very good idea" to help raise more revenue and reduce government debt.

They are receptive to the idea of the government emulating Saudi Arabia in floating the shares of its national oil company Saudi Aramco in 2019.

However, some believe that improving the country's growth rates will be the best way to pare down the huge debt level.

On Tuesday, Subang member of parliament Wong Chen suggested the listing of Petronas as a

means for the government to raise money to help reduce its debt.

"I believe that if Petronas is managed as a company with high international governance standards, the company's average profit will exceed RM60 billion a year and can reach RM100 billion a year," he reportedly said when debating the motion of thanks on the royal address in Parliament.

He added that the move could help reduce the national debt to about 30 per cent of gross domestic product in 10 to 15 years.

"With the listing of Petronas, with a 20 per cent stake sold to the public, we can raise RM300 billion and increase its income to RM60 billion a year," he was quoted by Bernama as saying.



Subang member of parliament Wong Chen says the listing of Petrolim Nasional Bhd can help reduce the national debt to about 30 per cent of gross domestic product within 15 years. PIC BY HAIRUL ANUAR RAHIM

Malaysia University of Science and Technology economist Dr Geoffrey Williams said "it is a very good idea indeed by Wong Chen" to set up a review of the possible listing of part of Petronas.

"Not only would it raise income, which could lower the debt level or be used to create a Malaysian Superfund for social protection and pensions, it would also open up governance, transparency and further investment and growth opportunities for Petronas and the whole oil and gas sector.

"In fact, this should be part of a whole review of possible privatisation opportunities to raise income, pay off debt and open up the market for competition," Williams told the *New Straits Times* yesterday.

Putra Business School Associate Professor Dr Ahmed Razman Abdul Latiff said the move would allow the government to raise money while holding onto a majority stake.

However, he said the disadvantages of this were that the dividends declared would have to be shared with other shareholders.

However, Bank Islam Malaysia Bhd chief economist Firdaus Rosli said the best way to pare down the government debt was to improve the country's economic growth.

"Thanks to our 'superspeed' growth last year, the national debt level is on a decline."

He feels the listing idea needs further deliberation as it will affect how investors view Petronas as a commercial entity.

"We should not look at house-

hold/corporate debt and public debt in the same manner anyway. We cannot go to the bank to pare down public debt but we can do so with household/corporate debts.

"I would also be extra cautious in drawing parallels between Malaysia and Saudi Arabia. Although these are two net energy exporters, as a whole, these are two contrasting economies."

This is primarily because of the value-added tax that was introduced in 2018, which resulted in Saudi Arabia's non-oil revenues trending higher.

"Since Malaysia does not have a similar tax system, our dependence on Petronas is higher. In the event the idea to list Petronas were to take shape, investors will take this point into consideration, for sure," he said.