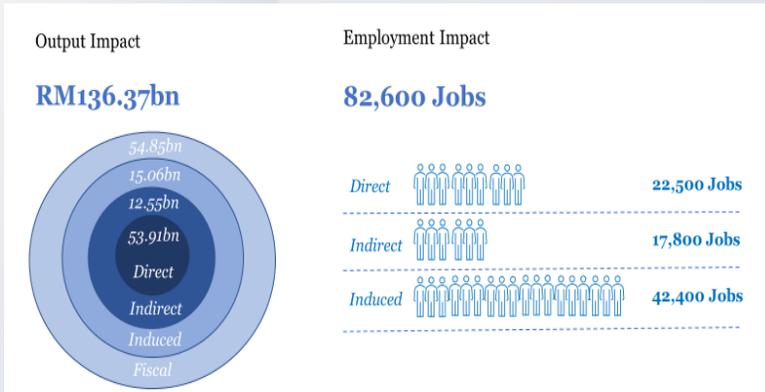


Impact of Natural Gas Industry to the Malaysian Economy

The natural gas industry has contributed to Malaysia's overall socio-economic well-being through the creation of job opportunities, supporting economic output, external trade balance and expand to global suppliers. Besides, the natural gas industry also improves public spending in order to maintain the fiscal sustainability in future. Moreover, Natural gas industry also expands their support in an innovation ecosystem that leads to positive spill-overs which can provide the basis for greater economic contribution in the future as demonstrated by the US shale revolution of recent years.



The natural gas industry supports the fiscal sustainability of public spending.

The natural gas will continue to play a crucial role in maintaining fiscal sustainability over the next decade: it estimates that natural gas will contribute nearly RM400 billion in royalties and tax between 2020 and 2030.

The natural gas industry supports tens of thousands of jobs and billions in economic output across the Malaysia economy

The economic contribution can be distinguished into three categories of economic impact: direct (the jobs and output generated in the natural gas industry itself), indirect (the jobs and output generated in supply chain) and induced (the jobs and output generated from spending in the wider economy from the industry and its supply chain). In aggregate, the natural gas industry is estimated to support over 82,000 jobs and generates over RM136 billion in output.

Fiscal Impact

RM400bn
fiscal contribution projected
2020-2030

Trade Impact

RM375bn
Total net export value between
2010-2017

51.15%
Average contribution to positive
trade balance between 2010-2017

Natural gas exports have consistently supported Malaysia's external trade balance.

The total net export value contributed by LNG between 2010 and 2017 is equivalent to RM375.23 billion. Besides, the highest LNG contribution to the balance of trade (the difference between total export and total import of given year) was 80.44% in 2013 whereas the lowest was 35.06% in 2016. On average, LNG contribution to the balance of trade between 2010 to 2017 is approximately 51.15%.

Malaysia's natural gas industry has nurtured a number of companies from local players to global suppliers.

In 1974, Malaysian policymakers decided to assert more control over the country's national resources through the creation of PETRONAS. Through the control of the list of suppliers and the work programs of oil operators, PETRONAS created incentives for Malaysian-based companies to acquire the capabilities necessary to thrive in a technically complex industry. As a result, Malaysia has developed strong local players which now have a global footprint and compete head-to-head with US and European companies.