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OSV OPERATORS SET TO GAIN AS OIL FIRMS SHIFT FOCUS FROM WEST ASIA

KUALA LUMPUR, March 24 (Bernama) – The decision by oil companies to shift away from West Asia and support offshore crude oil exploration in Southeast Asia could potentially benefit offshore support vessel (OSV) operators.

The decision to realign investments will depend on the duration of the war in West Asia, ongoing disruptions at the Strait of Hormuz, rising oil prices, and the economics of upstream oil and gas (O&G) exploration. Understandably, the driving factors are heightening concerns over global oil supply security, more so with crude oil prices now above 100 US Dollars per barrel, which is putting a strain on oil-consuming nations.

Global energy markets continue to be highly affected by disruptions in oil supply from West Asia, as this region contributes a significant portion of global oil production and exports. The presence of critical transit routes, such as the Strait of Hormuz, plays a vital role in these dynamics. As a result, there may be advantages for regional offshore marine support services serving the upstream O&G industry, such as Perdana Petroleum Berhad.

This is largely due to the fact that prolonged instability in West Asia could influence oil price dynamics and upstream investment decisions worldwide, with implications for offshore exploration and related support services. In this context, offshore services providers such as Perdana could benefit if stronger crude oil prices improve the economics of upstream O&G projects.

Managing Director Jamalludin bin Obeng said the military conflict is unfolding in a key oil-producing region responsible for around 20 per cent of global O&G supply, alluding to countries now looking for alternative and secure sources of energy supply.

“Though oil majors and national oil companies have yet to make announcements on shifts in capital or operational spending, naturally, with these developments, other producing regions, including Southeast Asia, may need to increase production to support global energy demand. This could eventually lead to higher upstream activities and increased demand for OSVs,” he told Bernama.

Energy Supply Risks

Jamalludin bin Obeng said sustained higher crude oil prices could improve the economics of upstream O&G projects, encouraging oil majors and national oil companies to proceed with exploration, development and production activities.

“As offshore projects grow, the demand for supporting services, such as vessel chartering, offshore logistics, and marine support, typically increases, which benefits OSV operators,” he said.

Offshore Activity Outlook

Fleet utilisation for Perdana is currently at a healthy level and typically improves further during non-monsoon seasons, particularly in the second and third quarters of the year.

“Southeast Asia remains an active offshore region, and at Perdana, we are also bidding for contracts beyond Malaysia, in adjacent countries. In Malaysia, with Petronas continuing to prioritise sustaining production levels while investing in production sustainability and new field developments, it creates opportunities for OSV operators to support drilling, development and offshore maintenance activities,” said Jamalludin bin Obeng.

He noted that the medium-term fundamentals of the OSV sector are expected to remain stable in 2026, even with the current tensions and supply disruption in West Asia. This projection is supported by the continued commitment of Petronas to offshore exploration and production activities, which provides a baseline demand for OSVs.

However, Jamalludin bin Obeng said that the company would continue to navigate cautiously as the operating environment remains influenced by broader economic challenges and geopolitical uncertainties.

“Industry-wide, concerns remain regarding the ageing OSV fleet and the slow pace of new vessel deliveries, which could tighten vessel supply over the medium term and support firmer charter rates,” he said.

Investment Shift Uncertain

While stronger oil prices may support upstream activities, it may be premature to expect immediate shifts in global energy investment strategies. CGS International Securities Malaysia chief economist Nazmi Idrus said it is still too early to determine whether the ongoing conflict would lead to significant realignments in energy investment decisions.

“I am not sure if anyone would change their investment strategy this early in the conflict. We need to see whether this is a long game, and if so, only then would investment realign to the new reality,” he said.

Meanwhile, Bank Muamalat Malaysia Berhad chief economist Dr Mohd Afzanizam Abdul Rashid expects the geopolitical tensions in West Asia to heighten concerns over global oil supply. He said the O&G industry is undergoing structural changes as economies transition towards renewable energy and electric vehicles.

Mohd Afzanizam pointed out that global oil rig activity has yet to recover to pre-2014 levels following the oil price collapse that was partly triggered by a surge in supply, including from the United States shale production.

“The structural shift in the industry is real as more economies move towards sustainable energy sources, although O&G remain relevant due to their importance in petrochemicals and various industrial applications,” he said.

Mohd Afzanizam added that despite supply risks arising from geopolitical tensions, oil companies may not necessarily ramp up capital expenditure significantly as investment decisions remain largely driven by commercial considerations and long-term demand trends.

While geopolitical tensions could lend near-term support to oil prices and offshore activities, the longer-term outlook for upstream investments will continue to be shaped by evolving energy demand, supply dynamics and the global transition towards cleaner energy sources.

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About Perdana Petroleum Berhad

www.perdana.my

Perdana Petroleum Berhad (“Perdana” or the “Company”) core businesses encompass the provision of offshore marine support services for the upstream oil and gas industry in the domestic and regional markets.

The Company owns and operates a fleet of vessels that consists of Anchor Handling Tug Supply vessels, Accommodation Workboats and Workbarges to support an array of offshore activities from exploration, development, facilities installation, hook-up & commissioning, production, operation, and maintenance. Perdana Group’s vessels are designed and fitted with reliable international-standard equipment to meet the challenging requirements of the offshore oil and gas industry.

Since 2004, Perdana Group has built a reputation for excellent service in its core activities of providing offshore support to a host of clients. The services rendered include:

- Workbarges and workboats for onboard accommodation and work facilities for offshore personnel;
- Towing, mooring, and anchoring of non-self-propelled barges and rigs; and
- Transportation of drilling, production and project materials and chemicals.