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MAHATHIR

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(P)

KUALA LUMPUR, DEC. 2/(BERNAMA) -- PRIME MINISTER DATUK SERI DR. MAHATHIR MOHAMAD HAS CALLED FOR THE STABILISING OF THE PETRO-DOLLAR AS THE PRESENT PRICE FLUCTUATION HAS NOT AND WILL NOT BENEFIT THE OIL PRODUCERS AND DEVELOPING COUNTRIES.

HE WARNED THAT THE PRESENT PETROLEUM PRICE PROBLEM IF LEFT UNCHECKED MIGHT RESULT IN THE OIL MARKET FOLLOWING THE FOOT STEP OF THE TIN MARKET WHICH BROKE DOWN RECENTLY.

STRESSING THAT HE WAS MAKING THE STATEMENT AS A PERSON +UNTUTORED+ IN ECONOMICS, ESPECIALLY IN THE PETROLEUM MARKET, HE SAID THAT EVERYONE WOULD BE BETTER OFF IF PRICES REMAINED STEADY AT A LEVEL THAT WOULD MAKE NEITHER THE PRODUCERS NOR THE POOR CONSUMERS SUFFER.

THE PRIME MINISTER WAS OPENING THE THIRD ASEAN COUNCIL OF PETROLEUM (ASCOPE) CONFERENCE AT THE PUTRA WORLD TRADE CENTRE HERE TODAY. THE FOUR-DAY MEETING IS BEING ATTENDED BY 800 DELEGATES AND OBSERVERS FROM THE ASEAN NATIONS AND 30 OTHER COUNTRIES.

DATUK SERI DR. MAHATHIR RECALLED THAT WHEN THE PRICE OF A BARREL OF PETROLEUM WAS ONCE US\$40, THE PRICE ESCALATION HAD BENEFITTED THE DEVELOPED COUNTRIES WHICH AGAIN WERE THE BIGGEST BENEFICIARIES WHEN THE PRICE WENT DOWN. A BARREL OF OIL NOW COSTS ONLY US\$26.

THE ESCALATION OF PETROLEUM PRICE HAD ALSO BEEN ACCUSED OF CAUSING RECESSION AND HARDSHIP FOR POOR COUNTRIES.

BUT WHEN THE PRICE WENT DOWN, IT HAD NOT, AS EXPECTED TO, HELPED STABILISE THE WORLD'S ECONOMY MUCH LESS REVERSE THE RECESSIONARY TREND. -- MORE

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+WHAT IS HAPPENING IS THAT THE DEVELOPING OIL PRODUCING COUNTRIES ARE GETTING DESPERATELY CASH SHORT, WHILE THE NON-OIL PRODUCING DEVELOPING COUNTRIES ARE BECOMING WORSE OFF THAN THEY WERE WHEN OIL PRICES WERE HIGH,+ HE SAID.

+IT WOULD SEEM THAT ESCALATING OIL PRICES DO NOT MEAN ECONOMIC DECLINE FOR THE NON-OIL PRODUCERS AMONG THE DEVELOPING COUNTRIES, NOR DOES A DECLINING OIL PRICE LEAD TO ECONOMIC WELL-BEING FOR THEM.

+FOR THE OIL PRODUCERS, ESCALATING OIL PRICES MEAN PROSPERITY WHILE DECLINING PRICES CERTAINLY LEAD TO ECONOMIC HARSHIP THOUGH ONE WOULD STILL HESITATE TO SAY THAT THEY WOULD BE BETTER OFF WITH RISING PETROLEUM PRICES.

+IT WOULD BE MORE CORRECT TO SAY THAT EVERYONE WOULD BE BETTER OFF IF THE PRICES REMAIN STEADY AT A LEVEL THAT WILL MAKE NEITHER THE PRODUCERS NOR THE POOR CONSUMERS SUFFER.+

ON THE USE OF AMERICAN DOLLARS IN PRICING PETROLEUM, THE PRIME MINISTER SAID THIS WAS ANOTHER IMPORTANT FACTOR WHICH HAD COMPLICATED THE EFFECT OF OIL ON THE ECONOMY OF NATIONS. -- MORE

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MAHATHIR 3 KUALA LUMPUR

SAYING THAT A HARDENING OF THE DOLLAR AGAINST LOCAL CURRENCY OR A DE FACTO DEVALUATION OF THE DOLLAR WOULD MAKE NONSENSE OF THE BEST PLANNED OF NATIONAL BUDGETS, DATUK SERI DR. MAHATHIR NOTED THAT REMEDIES FOR THE FLUCTUATING DOLLAR EXCHANGE RATES WERE NOT EASILY FOUND.

AS EXAMPLES, HE SAID THAT A HARDENING OF THE DOLLAR WOULD INCREASE FUEL DOLLAR OR IF IT WAS DEVALUED, PRODUCER COUNTRIES WOULD EARN LESS AND IF THEY HAVE BORROWED YEN OR OTHER HARD CURRENCIES, THEY WOULD BE IN TROUBLE.

HE NOTED THAT ANY MOVEMENT IN VALUE OF THE DOLLAR WOULD RESULT IN MORE NEGATIVE THAN POSITIVE EFFECTS ON THE ECONOMY OF A DEVELOPING COUNTRY.

+A STABLE OR STEADY EXCHANGE RATE ON THE OTHER HAND CAN BE ACCOMMODATED THROUGH IMPORTS OR BORROWINGS WITHIN THE MEANS OF A COUNTRY,+ HE SAID.

ON THE FUTURE OF THE PETROLEUM INDUSTRY, HE BELIEVED THAT NO ALTERNATIVE ENERGY RESOURCES WOULD BE ABLE TO CHALLENGE IT IF OIL PRICES WERE TO REMAIN STEADY AND REASONABLE IN THE FUTURE. -- MORE  
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U E405 AAE  
MAHATHIR 4 KUALA LUMPUR

HE REMINDED THOSE IN THE INDUSTRY THAT GOVERNMENTS AND PEOPLE WERE NOT OVERLY CONCERNED ABOUT THE PROSPECT FOR THE INDUSTRY BUT WHAT THEY WERE INTERESTED IN WERE THEIR NATIONS' COST OF LIVING.

IN THE CASE OF MALAYSIA, DATUK SERI DR. MAHATHIR SAID THOUGH THE COUNTRY EXPORTED PETROLEUM IT WAS ONLY SEEN AS A PART OF THE NATION'S OVERALL ECONOMY.

STRESSING THAT +WE LIKE THE MONEY WE EARN FROM PETROLEUM+, HE REMINDED THAT IF PRICE INCREASES RESULTED IN COSTLIER IMPORTS, THEN THE COUNTRY WOULD RATHER STICK TO A STEADY AND COMFORTABLE INCOME.

HE ALSO SAID THAT THE COUNTRY WAS NOW DIVERSIFYING ITS ENERGY SOURCES INCLUDING DOING RESEARCH ON PALM-OIL DIESEL.

ON ASCOPE, THE PRIME MINISTER SAID THOUGH ITS MEMBERS HAD DIFFERING AND CONFLICTING INTERESTS IN THE PETROLEUM INDUSTRY, ITS FORMATION WAS TO FORGE COMMON INTEREST, OR THE LEAST THE NEED TO COOPERATE. -- MORE

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MAHATHIR 5 KUALA LUMPUR

INDONESIA, BRUNEI AND MALAYSIA ARE NETT EXPORTERS WHILE THAILAND, PHILIPPINES AND SINGAPORE ARE CONSUMERS. SINGAPORE IS ALSO THE THIRD BIGGEST PETROLEUM REFINING CENTRE IN THE WORLD.

DATUK SERI DR. MAHATHIR SAID TODAY'S MEETING WOULD BE ABLE TO EDUCATE THE MEMBER COUNTRIES TO HANDLE THE PROBLEM OF PETROLEUM AND RELATED SUBJECTS THUS ENABLING THEM TO BETTER ABLE TO MANAGE THEIR RESPECTIVE ECONOMY.

PETRONAS CHAIRMAN RAJA TAN SRI MOHAR RAJA BADIOZAMAN SAID THAT ASCOPE HAD SERVED AS AN EFFECTIVE VEHICLE IN REGIONAL COOPERATION IN THE AREAS OF TRAINING, EXCHANGE OF TECHNICAL EXPERTS IN OIL EXPLORATION AND PRODUCTION, REFINING OPERATIONS, RESEARCH AND DEVELOPMENT OF ALTERNATIVE SOURCES OF INDIGENOUS ENERGY, TECHNICAL DATA EXCHANGE, PETROLEUM PROCESSING ARRANGEMENTS AND SUPPLY OF OIL TO MEMBERS IN TIME OF PETROLEUM SHORTAGES.

HE WAS HAPPY TO NOTE THAT ASCOPE MEETINGS HAD BECOME IMPORTANT EVENTS IN THE INTERNATIONAL ENERGY AND PETROLEUM INDUSTRY. -- BERNAMA  
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