

Seek areas of cooperation, PM urges Asean oil firms

BT 3 DEC 1985

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ASEAN must continue to seek areas of cooperation in the petroleum industry lest it ends up pulling in different directions, Prime Minister Datuk Seri Dr Mahathir Mohamad told the national oil companies of the association in Kuala Lumpur.

He argued that interest of individual members of the grouping "must of necessity differ, and in some instances be in conflict". But the fact that there is an Asean Petroleum Council (Ascope) implies that there is common interest and a "need to cooperate".

The world needs a reasonably stable price to help provide stability in the market and the economy, he added.

Opening the council's

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third conference yesterday, Dr Mahathir said individual members' perspective and relevance on petroleum was peculiar, making it difficult for them to find common ground.

Of the Asean Six, Indonesia, Brunei and Malaysia are self-sufficient and net exporters, while the other members are importers. Singapore, although a non-producer, is the third biggest petroleum refining centre in the world.

Dr Mahathir noted that the oil price escalation in

the early 1970s was a "mixed blessing" for Asean. Some suffered initially, while others prospered as petroleum revenues increased when new fields became economical to explore and produce.

"Countries like Malaysia have a lot to thank the Arabs and the Organisation of Petroleum Exporting Countries (Opec) for. Had Opec not raised crude prices, we would not have been producers but would still be in the market for overpriced

products," Dr Mahathir said.

He said his calculations had helped him conclude that prior to the oil price escalation the big petroleum companies must have made "huge profits". But more than the big companies, the biggest beneficiaries were the developed countries.

Not only did the petrodollars flow in their direction to help finance numerous economic activities, but also huge contracts and supplies to the petroleum countries ensured that whatever the developed countries spent on importation of high-priced oil returned

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to them with interest.

The Prime Minister spoke of the benefit for producers and non-producers alike if prices remain steady at a level that will make neither the producers nor the consumers suffer.

He also drew the participants' attention to the practice of pricing petroleum in US dollars. A hardening of the currency against a local currency or a de facto devaluation will make nonsense of the best planned national budget.

Dr Mahathir said: "Clearly what the world needs is a reasonably stable price that is neither too low nor too high and that stable price must be real and not be subject to the vagaries of currency fluctuation."

"I'm sure even the oil-producing countries will want this. The world economy is sick because it no longer relies on trade. Instead, it gambles on commodity prices and currencies."

He said primary commodity producers are not getting adequate returns on their produce, and feared that there may come a time when they cannot even recover production costs.

Earlier, Raja Tan Sri Mohar bin Raja Badiozaman, chairman of Petronas, which is hosting the meeting, paid tribute to the council for serving as an effective vehicle in regional cooperation in energy.

More than 60 speakers from 17 countries will address the three-day conference which has as its theme *Asean — The Changing Energy Scene*.