

30 JUL 1996

OIL FIRMS SHOULD TEAM UP TO SPREAD RISKS, SAYS MAHATHIR

KUALA LUMPUR, July 30 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today suggested that oil companies cooperate with one another and share the risks of the business.

"They have a need to spread the risks by teaming up with other oil companies, especially major oil corporations," he added.

The willingness of the big companies to accept small national oil companies as partners in ventures in third countries should augur well for the future of the oil industry, he said when opening the 1st Asia Oil and Gas Conference and Exhibition here.

Dr Mahathir also pointed out that national oil companies should go abroad in order to ensure future supplies but the companies, however, would not enjoy the kind of protection they received at home.

"National oil companies can contribute through their business connections and the relation between their country and host nations," he said, adding that the oil companies would not only be useful to bigger international companies but also in third countries.

The Prime Minister said the wealth generated in the oil and gas industry must be shared fairly so as not to be exploited by any party.

He added: "No one should forget the result of the exploitation of the Middle Eastern oil nations.

"Eventually, they hit back by increasing, by many times, the price of oil, resulting in the world's economy once being thrown into a turmoil."

He called on the industry to study and carry out research and development on how to use energy more efficiently and to identify newer fuels and energy resources, in particular renewable resources.

He hit out at some misguided groups which tried to prevent the development of renewable energy resources in Asia.

"... the judicious harnessing of renewable energy resources, particularly hydro-power, should be encouraged and subsidised by the developed Western nations in the interest of conserving exhaustible fossil fuel for them to share in the future," he said.

The growth and increasing affluence of East Asia including Southeast Asian countries would change the pattern of trade and distribution of raw materials for the whole world, he added.

Dr Mahathir said: "This is inevitable. If Asians become massive and wasteful consumers as the Europeans and Americans are, demand must exceed supply of many of the basic raw materials.

"If we can imagine all the Asian countries having the per capita income of Western countries, the consumption of petroleum would probably dry up all the oil wells of the world in record time."

Earlier, Petronas chairman Tan Sri Azizan Zainul Abidin said new trends have emerged that have led to an escalation in the demand for petroleum products.

As such, the situation required urgent attention and appropriate response from the industry.

While the short-term perspective was dominated by the fear of over supply, in the long term the industry would have to grapple with the problem of mounting demand for energy in the industrialising nations, he added.

"New additional capacity is required to satisfy the burgeoning demand. This will only be achieved through a massive injection of capital - a

prospect not easily attainable in the present price and cost scenario," he said.

The three-day conference which will review the current status of the oil industry and predict future trends, is organised by the Asian Strategy and Leadership Institute (ASLI) and co-sponsored by Conference Connection Inc and Petronas. -- BERNAMA

DVS MAM LDB