

PM: Develop alternative fuel

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'Use oil royalties to fund research'

By Sarban Singh

DATUK Seri Dr Mahathir Mohamad yesterday suggested that countries contribute a proportionate percentage of their oil royalties and revenue to finance research and development for an alternative fuel.

"It is going to be a long-drawn-out affair, but as the wise Confucius said 'a journey of a thousand miles begins with the first step'," he said when opening the Fifth Asia Oil and Gas Conference 2000.

He said although oil-producing countries have been able to keep up with demand following the discovery of new oil fields, there would come a time where the energy resources around the world would deplete.

He also said if there was a need for oil companies to come together to pool their resources to finance the research and development of an alternative fuel, now was the right time to meet that need.

When oil prices rose to unreasonable heights during the first oil crisis, there was a sense of urgency to search and develop alternative energy, he said.

"Now we have become more complacent.

"New oil fields are being found that will last hundreds of years . . .

so there is no urgency.

"Besides, it can affect the profitability of the petroleum companies," he said.

Dr Mahathir said the demand for energy would keep increasing all the time.

Citing examples, he said if people could no longer pay for oil or gas, they would cut down trees and shrubs to burn as fuel.

"Invariably, the environment suffers.

"In time, all the trees and shrubs will be gone.

"Where once there was a green forest, now there will be desert," he said.

He said although rivers could produce hydro-electric power, the environmentalists would oppose the development of such projects as this would involve the flooding of large tracts of forest where few tribal people hunted for food.

"Even resettling these people, giving them jobs with good wages and food in plenty is unacceptable to environmentalists."

Dr Mahathir said the rich countries had also put up nuclear power plants to produce atomic energy so that they would not have to depend much on thermal power, which was based on oil and gas.

"Now we are finding that nuclear

power plants are not safe. Any number of things can go wrong and people near and far will suffer from radiation carried by the wind and by food contamination," he said.

He added there was not a hope that solar, wind and wave power could generate enough electricity to replace thermal non-renewable power.

"There will, therefore, always be a demand for oil and gas — growing as the population of the world grows, growing as the wealth of the people grows."

On another note, Dr Mahathir said the fluctuations in world oil prices did not affect Malaysia because it was not a big producer of crude oil and as such, the commodity did not contribute much to the country's exports.

"For us, oil is only a small section of our economy. We are not dependent on oil," he said.

He said the main income earner was the electronics sector and palm oil.

"Whether the oil price went up or down, it would not affect the local economy because we are not dependent on oil," he said.

Malaysia produces 650,000 barrels per day which is sufficient for local demand. The excess is exported.