

Dr M: We don't want oil price to be too high

KUALA LUMPUR: Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday that the government was comfortable with current oil prices and spoke out against efforts to raise world prices by cutting production.

"It (the current oil price) is fine for Malaysia because we don't produce a lot of oil," Mahathir told a news conference on the sidelines of a regional oil and gas conference here.

"We just produce 650,000 barrels a day and more than half is consumed at home. If oil price is too high and we have to maintain retail price here, that means we have to contribute towards the subsidised sale of oil."

Mahathir said oil prices should not be **increased** by cutting production.

"It will keep on increas-

ing over time with increasing cost of production and inflation," he said. "But it should increase gradually. It should not increase artificially by cutting back so heavily on production."

A cutback in oil output to raise prices would hurt oil-importing countries.

"If it is too high it hurts a lot of people. So you have to make oil price reasonable to give **producers** returns and also not to hurt the economies of those who have to depend on imported oil."

Malaysian Tapis crude prices were indicated around **US\$29 (RM1 10.20)** a barrel yesterday.

World oil prices rose to their highest levels since the Gulf War earlier this year on supply cuts by **Opec** and several **non-Opec** producers. - Reuters