

Use euro for oil prices, says Dr M

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KUALA LUMPUR: It is time to review the quotation of oil prices in US dollars to protect producers from uncertainties of the currency market, Datuk Seri Dr Mahathir Mohamad said.

The Prime Minister said that three years ago the euro was worth slightly over 80 cents (RM3.04) but today it is worth US\$1.20 (RM4.56).

"As oil is priced in US dollars, producing countries are actually getting much less than the quoted price," he said. Dr Mahathir said that perhaps it would be better if payment for the sale of oil was made with the euro equivalent of the US dollar.

"Then the appreciation of the euro would benefit the producers.

"Should the euro depreciate against the US dollar, then payment should be made in US dollars," he suggested in his speech yesterday at the eighth annual Asia Oil & Gas Conference here.

His speech was read out by Deputy Prime Minister Datuk Seri Abdullah

Ahmad Badawi.

Dr Mahathir said his proposal was "a kind of hedging," adding that although Malaysia was against hedge funds which manipulated currencies to devalue or revalue them, "unmanipulated changes in value due to real and unavoidable causes should be hedged against."

He believed that governments should once again control and stabilise their currencies because in this way world trade would be less risky and would grow faster.

"This is far better than trying to stabilise the world through force of arms. It will not succeed. History has shown that people will fight back if they are oppressed," he said.

Touching on the recent war on Iraq, Dr Mahathir said this did not help advance peace in any way.

He said that, in fact, the whole world was living in greater fear, with people afraid to travel, and certain countries every now again declaring a state of

alert against impending terror attacks.

Dr Mahathir said terror could not be fought through pre-emptive military strikes simply because all the terrorists and potential ones could not really be identified.

Stressing that Malaysia "believed passionately" in peace and negotiations to solve problems, he reiterated the country's policy to help neighbours prosper.

"If Malaysia were a great and powerful country, we would export our love for peace and our prosperity-neighbour policy to the rest of the world," he said.

At a press conference later, Abdullah said the proposal to use the euro for oil prices was a good suggestion which deserved discussion and some thinking.

He, however, said that it was not a call to do away with the US dollar but rather for a mechanism to be flexible and to use the currency that was most favourable at that time.