

'Review quotation of oil prices in dollars'

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KUALA LUMPUR: Malaysia wants the quotation of oil prices in US dollars be reviewed, particularly against the em-o, to protect oil producers from the uncertainties of currency markets, especially their susceptibility to manipulation by rogue currency traders.

Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi said yesterday the call was made to enable oil-producing countries in Asia to gain from the better pricing of the commodity

The mechanism to do so depended on whether the currency on which the

oil price was to be quoted performed favourably against the dollar he said after opening the 8th Asia Oil and Gas Conference on behalf of Prime Minister Datuk Seri Dr Mahathir Mohamad.

For instance, Abdullah said, if the euro appreciated against the dollar, then oil-producing countries would benefit if the quote is in euro.

Likewise, if the US dollar strengthened against the euro, then the quote should be in US dollar.

"That is the kind of mechanism that provides some sort of flexibility to the oil company to decide on what would be the best," he said.

On whether the government would ask Petronas to use the euro to price its

oil products, Abdullah said the national oil corporation would decide on what would be in its best interest.

In his speech, Mahathir said oil is traded in US dollars as it simplifies trading and accounting but, unfortunately, the US currency, like all other currencies, fluctuates in value.

"Only three years ago, the euro was worth slightly over US\$0.80. Today, it is equal to US\$1.20," he said in his speech, read by Abdullah.

Based on this, the prime minister said, oil producing countries are getting much less than the quoted price and this is felt by many countries which have to import from Europe and Japan.