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MAHATHIR-REVENUE

EXERCISE CAUTION WHEN NEGOTIATING OIL DEALS, SAYS DR MAHATHIR

By: Ahmad Zukiman Zain

DILI, Oct 23 (Bernama) -- Small nations rich with natural resources such as oil must exercise caution when negotiating production sharing agreements to avoid being cheated, said Datuk Seri Dr Mahathir Mohamad.

The prime minister said he was forced to give such advice as Malaysia has in-depth knowledge in this area.

"In our previous production sharing agreements, they was lop-sided and favoured the party that received the concession," he said.

"That is why we are compelled to warn other countries to be careful because although they (the party that receives the concession) say nice things, we cannot depend on such niceties and sweet words alone," he told a joint press conference with Timor Leste Prime Minister Dr Mari Alkatiri after they had launched the Dili International Youth Forum Website here today.

"It is said that when you are given a horse, its best to see if its teeth are good or not."

"That is our opinion, but it is up to the Timor Leste government whether or not it takes or rejects our opinion. We, as neighbours, have good intentions to prosper our neighbours, this is one of Malaysia's policies -- prosper-thy-neighbour," said Dr Mahathir, who had a tight programme here today, the second day of his three-day visit to Timor Leste.

He asked by a journalist from Timor Leste on what the newly-independent nation should do as it was in discussions with Australia on the petroleum development concession.

Asked to comment on the matter, Alkatiri said: "As you may know, we are always trying to get advice from our friends and then we will try to see how this can be applied in reality."

Another reporter asked Dr Mahathir to elaborate on his speech at the Timor Leste National Parliament this morning in which he had spoken, among others, about democratic countries that cheated poor countries of their oil resources.

She asked whether the comment was a reference to the difficulties that the Timor Leste government has had in its negotiations on the matter with the Australian government.

"We say in Malay ...he who bites the chilli, feels its heat. So, if you feel the heat, maybe it is because you are involved."

Dr Mahathir said as far as Malaysia was concerned, Timor Leste President Xanana Gusmao and Alkatiri had been assured by him that it was not Petronas's intention to come here and take the oil for itself.

"We have come here to provide some advice based on our experience in dealing with multinational companies which enter into production sharing agreements with countries," he said.

In his speech to Timor Leste parliamentarians and Council of Ministers this morning, Dr Mahathir said most developing countries depended upon their natural resources to sustain their economies.

"Unfortunately they do not have the means, either financially or technologically, to extract their natural resources. Petroleum resources cannot be exploited by poor countries," he said.

He added, "Historically the oil majors had cheated the poor countries by paying them less than one U.S. Dollar for a barrel of oil. For decades the poor countries were cheated while the majors waxed rich producing, refining and retailing the oil."

The prime minister said that had it not been for OPEC, the price of oil would never have reached the present level of above 25 US dollars.

"But today unless the petroleum-rich countries are smart in negotiating the concessions, they are still likely to be cheated.

"That is the kind of world we live in. We must not believe that a democratic country will not cheat.

"It is important to remember that nuclear bombs have only been dropped by a democratic country," said Dr Mahathir, who leaves for Papua New Guinea on Friday.

At the press conference, Alkatiri regarded Dr Mahathir as "a very special prime minister" whose leadership had helped Malaysia to become one of the richest countries in the developing world.

He said there were vast potential for co-operation between the two countries. "Being a Muslim dominated country, and having chosen Timor Leste, a Christian dominated country, shows clearly that Dr Mahathir and Malaysia is really developing relations without any kind of discrimination, (or) discriminatory mind," he said. -- BERNAMA

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