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Mahathir-oil

M'SIA STANDS TO GAIN US\$54 MLN IF OIL PRICE RISES BY A DOLLAR

By: Mohd Nasir Yusof

KUALA LUMPUR, Feb 20 (Bernama) -- Malaysia, a net exporter of crude oil, stands to gain by US\$54 million (RM205.2 million) if the price of crude oil goes up by just US\$1 (RM3.80), Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said he believed that oil prices could increase to about US\$50 (RM190) per barrel if Iraq were attacked and later faced defeat.

"Oil prices, I believe can go up to about US\$50 because if the United States attack Iraq and Iraq were to see defeat, the possibility is that they will burn all the oil fields as they did in Kuwait," he said.

Therefore, there would be a shortage of oil supply, he told a press conference after chairing the Umno Supreme Council meeting here.

"Certainly, you cannot get the oil from Iraq and that means they have to depend upon Saudi oil and the rest. There will be a shortage and the price will go up," he said when responding to a question on oil prices.

Oil prices have reached a 29-month peak over fears of a possible invasion of oil-rich Iraq by the US.

Dr Mahathir said that in the event of an oil price hike, it was fortunate for Malaysia as it also has oil.

"And if the price of oil goes up by US\$1, we gain by US\$54 million. Just one dollar increase, we gain by US\$54 million," he said.

Malaysia's oil output averages 700,000 barrels per day.

Crude petroleum is Malaysia's third largest export commodity after electrical and electronic components and palm oil, bringing in a revenue of RM11.6 billion last year from RM11.2 billion in 2001.

Dr Mahathir said that on the other hand, a country like Japan, which is definitely very rich, would be adversely affected given that it was a net importer of crude oil.

"The rise in the price of oil by one dollar will cause Japan to lose US\$3 billion (RM11.4 billion). So, for them, it is more than US\$3 billion," he said.

He said other countries would be even less fortunate because "not only were they not rich, they also did not have oil."

"So, we (Malaysia), ought to be very grateful because at least we have some oil," he said.

-- BERNAMA

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