

17 JUN 2003

OIL-PRICE

USING MORE CURRENCIES IN OIL TRADE PROBABLY BETTER & MORE SUSTAINABLE

KUALA LUMPUR, June 17 (Bernama) -- Using a multitude of currencies in the pricing of crude oil will probably be better and more sustainable over a period of time, says a delegate attending the ongoing 8th Asian Oil and Gas Conference 2003 here.

McKinsey & Co Inc's UK director, Howard Harris, said that the pricing of crude oil pricing could be better if handled through a basket of currencies rather than a single currency.

"It might be one third (US) dollar, one third yen, one third euro to make your choice," he told Bernama at the sidelines of the conference here today.

"The approach of simply saying if the dollar is high, and 'I want to get paid in dollar' and vice versa will cost uncertainty in the industry," he said.

He was asked on Prime Minister Datuk Seri Dr Mahathir Mohamad's call yesterday for oil to be traded using the euro equivalent of the US dollar.

However, Dr Mahathir in his speech yesterday did not go into details on the practical challenges of changing the entire oil industry's unit of currency.

The dollar has depreciated by about 20 percent against the euro in the past one year.

Harris hoped that the Organisation of the Petroleum Exporting Countries (OPEC) would discuss the possible approach of using a basket of currencies for their oil pricing.

Meanwhile, another delegate at the event said that the idea of pricing oil in euro is not totally new as Iraq under its former president, Saddam Hussein, had sold crude oil in euro for a period of time in protest at what he saw as a US dictated United Nations sanction against the country.

Other OPEC states had rejected the idea of selling oil in euro, he added. -- BERNAMA

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