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OIC `yes' to oil as weapon (HL)

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KUALA LUMPUR, Wed. - The Organisation of the Islamic Conference has agreed to look into ways to turn the Muslim world's oil wealth to its advantage, Datuk Seri Dr Mahathir Mohamad said today.

OIC member countries, the Prime Minister said, agreed that oil could be turned into an effective weapon but careful study was needed so that it would not backfire.

"How this can be done is something else. But there is a consensus among us to think about it.

"This is something dangerous, as some have said. It may cause a lot of repercussions. But if we don't think about it, we will not be able to exert some influence in our favour," he said.

Dr Mahathir was speaking at the Putra World Trade Centre after chairing an informal meeting of the OIC, centring on the Palestinian issue and the threat of war on Iraq.

The meeting was called by Malaysia to take advantage of the presence of many OIC leaders at the Non-Aligned Movement Summit that ended yesterday. Malaysia is the NAM chairman.

Forty-nine OIC members attended the meeting at various levels, with 20 nations represented by their leaders.

In October last year, Dr Mahathir had suggested that oil be turned into an effective weapon and defence for the Islamic world.

He said with Muslim countries being major producers, the commodity could be used to their advantage as oil was needed by the rest of the world.

On the possible effects of a protracted war in Iraq, Dr Mahathir said one possibility was an increase in oil prices.

"Today, just the mere threat of war has pushed up the price. Some say it can go up to US\$50 (RM190) per barrel. When that happens, the economy of the world will face tremendous problems, especially poor nations that can't pay for oil."

Dr Mahathir said this could lead to trade and economic reversals and affect the US itself.

"Besides the effects of Sept 11, this will practically put a stop to the growth of the world's economy.

"Lots of people will certainly have to pay a very high price, including the rich countries.

"Unfortunately, the poor countries will be very much affected unless they develop a strategy to overcome this."

To a question from an Australian journalist, Dr Mahathir said many countries in the South would suffer, especially non-oil-producing countries.

"Of course, if we do not know how to use this weapon (oil), we simply pump up the price, we might cause a very bad reaction.

"That's why I recommend we should think about it, be very careful about using this double-edged weapon, because it may hurt us more than it will hurt the other party."

The Prime Minister was also asked whether the OIC and NAM would recognise a new government in Iraq, which the United States planned to install after President Saddam Hussein is toppled.

He said if and when a regime change occurred, both organisations would deal with the matter.

"Then we will know what kind of government it is. If the government is

accepted by the Iraqi people, we cannot say we cannot accept. It all depends on the Iraqi people.

"If there is a total rejection, rebellion, civil war ...we will have to wait and see until the Iraqi people decide if they want it or not."

On whether he was bothered by criticisms of NAM and the OIC as ineffective, Dr Mahathir riposted: "There are cynics all over the world and if we listen to them, we would never do anything. I am not unduly influenced by them."

He also dismissed rumours that the October OIC Summit in Malaysia would be called off.