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Petronas should consider trading in euros: PM

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PETROLIAM Nasional Bhd (Petronas) should explore the possibility of using the euro in its oil and gas trades, Prime Minister Datuk Seri Dr Mahathir Mohamad suggested yesterday.

He said it was something worth the consideration of the national oil corporation as the greenback had depreciated by 25 per cent against the euro.

"By using the US dollar, it means we are earning 25 per cent less. If we are to trade using euro at the same price converted from the US dollar, we will gain if the euro appreciates.

"If we had, say in 2000, sold gas in euro at the exchange rate then, with the appreciation of the currency today, we would have made 25 per cent more. So, this is something that has to be considered," the Prime Minister told reporters in Bintulu after opening the Petronas Liquefied Natural Gas complex yesterday.

Dr Mahathir was asked whether Petronas would consider following the plans by Indonesian oil company, Pertamina, in favouring the use of euro instead of the US dollar.

Pertamina was recently reported to be considering dropping the US dollar for the euro in its oil and gas trades.

The plan is said to have received the support of the Indonesian Government.

Indonesia's rationale: The US dollar may be the world's reserve currency, but it has become too volatile.

Dr Mahathir, who is also Finance Minister, said with the slide in the US dollar, Malaysia would not get the full value of its goods and services if deals were concluded in that currency.

To a suggestion that the US would be unhappy with any move to sideline the use of its currency, Dr Mahathir replied: "It is not the question of the US being unhappy but whether we get value for our goods."

That countries favouring the euro would face pressure, the Prime Minister said any pressure should be directed towards enhancing the value of the greenback.

"The pressure should be to push the dollar again, then of course we will go back to the currency. But at the moment, we are still using the dollar."

Earlier in his speech, Dr Mahathir said the greatest return from the LNG project was the change in the thinking of Malaysian managers and workers.

The Prime Minister said he was happy to note the greater degree of confidence among workers and executives throughout the country.

"They are no longer diffident. They know now that they can do what others can do. Without undue hurry, they have learnt the skills and acquired the confidence required to help build and operate this complex," he said.

Today's situation is a far cry from many years ago when Malaysians "fumbled and bungled, not really understanding the oil business and its potential".

"The world's oil business then was dominated by the huge multinationals, run by great people who overawe us. We felt inadequate when negotiating with them even."

The plant, said Dr Mahathir, had helped to change the character of Malaysians, including the indigenous people, who are now more confident.

The Bintulu LNG complex comprises three gas liquefaction plants and other related facilities, and has been conceptualised and developed over the past 20 years by Petronas as an integrated world-class LNG production complex.

With a total of eight production trains and a combined production capacity of about 23 million tonnes per annum, it is set to become the world's largest LNG production facility at a single site when the third plant's second production line comes onstream in October.