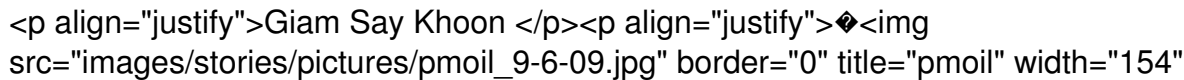


Giam Say Khoon

A small, square image placeholder with a diamond symbol in the top right corner. The image is titled "pmoil" and has dimensions of 154x100 pixels.

KUALA LUMPUR (June 8, 2009) : Prime Minister Datuk Seri Najib Abdul Razak predicts that the global growth in oil demand is not expected to recover any time soon to the rapid pace achieved in previous years because the financial crisis will have lasting effects on credit and capital flows.

Addressing delegates to the 14th Asia Oil and Gas Conference today, Najib said oil demand now appears likely to grow at a more modest rate over the next five years compared to projections from only nine to 12 months ago.

"However, the development of higher cost reserves to satisfy rising demand remains inevitable, even though the relevant demand will emerge later and perhaps more gradually than previously assumed.

"Therefore, prices are still expected to rise as the global economy recovers," he said.

Najib, who is also finance minister, said the current low oil price risks obscuring the market signals required to ensure adequate investment which is vital for capacity expansion, continued research and development and encouraging new human capital to meet future energy demands.

"There may be no consensus on a fair price for oil, but I believe that a reasonable oil price should achieve the following: first, oil prices should be low enough to facilitate economic growth, particularly in emerging and low-income countries.

"Second, they should be high enough to provide sufficient returns to producers that ensure adequate and timely investment ... Third, prices should also be at a level high enough to encourage consumers to use oil efficiently," he added.

Najib said some developments were expected to impact the oil and gas industry over the next 20 years that includes growing world population, shifting of economic power to China, continuing global economic growth, and more extreme shifts in the climate.

"In view of this growing long-term global demand for energy, the world must pursue a diverse energy strategy, producing energy from all possible sources," he said.

He said while it may be impossible to completely eliminate large movements in prices, more timely, global and accurate data on oil demand, supply and inventories were critical to reducing oil price volatility, given current difficulties in assessing oil market conditions.

<br />Source: <a href="http://www.sun2surf.com/article.cfm?id=34391">http://www.sun2surf.com/article.cfm?id=34391</a>