

Expert warns of big oil price surge

TORRANCE MENDEZ

The price of oil could easily surge 50 per cent to \$US100 a barrel because of increasing world demand and the shortage of stockpiled reserves, according to visiting American economist Roger Bezdek.

He is giving a doomsday warning to State and Federal politicians about a growing worldwide demand for oil which, he says, supplies cannot meet. Dr Bezdek suggests a hurricane or kidnapping in an oil-sensitive zone

could trigger a massive surge in prices.

"Demand is increasing so rapidly that it's difficult for supply to keep up," he said. "If there was a hurricane in the Gulf of Mexico this year, things could get really dicey."

Dr Bezdek has advised and represented the US Government on energy matters and is president of Management Information Services Inc, based in Washington. He suggests world oil production will peak within 10 years, creating economic chaos unless pre-

emptive steps are taken. "If nothing is done and world oil production peaks in 10 years and growth is continuing at 2 to 3 per cent a year, demand will exceed supply leading to price volatility and without intervention on both demand and supply, the consequences for world economies will be very dire," he said.

Dr Bezdek is urging the Australian Government to form an independent think tank to analyse the problem of oil supply and provide solutions. That strategy should be supported by edu-

cating Australian industry and public about the need for oil conservation.

"All analysts who look at this problem agree that oil is too cheap at current prices," he said. "But the bottom line is that when oil (production) peaks, prices will go extraordinarily high and people have to be aware of that and have some options.

"It's going to be difficult (to educate everyone). Americans think they've got a god-given right to cheap gasoline. To some extent it's true in Australia, too. But that's going to

change whether they like it or not, and it's up to governments to level with the people."

Dr Bezdek disagreed with detractors who said oil could be replenished by liquefying coal or oil sands.

"None of these is close to usability and utility and all are difficult and more costly to extract," he said.

Dr Bezdek addressed the Australian Institute of Company Directors in Brisbane this week and is providing briefings to governments in Victoria, NSW, Queensland and Canberra.