

How to solve the diesel problem —

by Mahathir

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KUALA LUMPUR, Thurs. — Consumers of diesel must stop hoarding, smuggling and using the commodity in excess if the current diesel shortage is to be solved, Deputy Prime Minister **Datuk Seri Dr Mahathir Mohamad** said tonight.

The Government could, he said, pump in an unlimited supply of diesel to the domestic market, but unless consumers were willing to play their role, they should also be prepared to see the commodity being siphoned to other markets.

Speaking in a special programme, *Ehwal Semasa* (Current Affairs) over Television Malaysia which highlighted the diesel problem, **Datuk Seri Dr Mahathir** called on consumers to be more responsible and report any malpractices arising out of the shortage.

Also taking part in the forum were **Datuk Mohamed Sophe Ibrahim** the vice-chairman of the National Consumers Advisory Council; **Encik Mohamed Ariff Bador**, the government affairs adviser of **Esso**; **Raja Zazaman Shah**, the vice-president of the Petroleum Dealers Association and two local journalists.

Datuk Seri Dr Mahathir, who is also the Trade and Industry Minister, said there were many people taking advantage of the current shortage.

The Government had instructed **Petronas**, the national oil corporation, to supply the market but

whatever amount supplied would never be sufficient because the commodity would continue to be hoarded and smuggled out.

Its effect

He said the government was being practical in increasing the prices of oil although it had pledged earlier the Opec price increase would not lead to any price revision in the country.

"We were faced with two choices — to provide more subsidy so that the old prices can be maintained or to increase the prices," he said.

The government adopted both but even then diesel continued to flow out because in South Thailand a gallon cost \$2.50 compared with \$1.30 here.

The effect could have been worse if there was no price revision, he added.

The current oil situation, he said, did not hinge on prices but on supply and this must be accepted by the consumers.

In reply to a suggestion, **Datuk Seri Dr Mahathir** said the government could not scrap the subsidy and allow diesel prices to find their own level through free market forces because of its very serious inflationary implications.

The shortage may be solved but the people must also be willing to pay very high prices.

He said oil prices had a direct bearing on the prices of other things and the government has to consider this inflationary effect before removing the subsidy.

Datuk Seri Dr Mahathir said in the past when there was ample supply, the incidents of hoarding and smuggling did not happen.

But because of the current worldwide shortage in supply and increased consumption coupled with the government's difficulty in getting additional crude

supplies, people were hoarding, smuggling and using the commodity in excess.

On the regulatory issue of receipts for every diesel transaction effective from Monday, he said the measure could solve part of the problem insofar as malpractice was concerned.

Its real effect could only be seen and felt after the measure was implemented, he added.

He said the government, in approving the recent oil price increases, had concluded that the increase would not mean giving the oil companies a big profit margin.

The other participants in the forum generally agreed that hoarding, smuggling and other unscrupulous activities arising out of the shortage were the reasons behind the current diesel supply crisis.

Raja Zazaman said pump attendants were inclined to supply more than the stipulated diesel to consumers when they were given tips.

Datuk Mohamed Sophe suggested rationing the commodity as a step to solve the shortage, but added that such a drastic step should be taken only as a measure of last resort.

Encik Ariff, speaking on behalf of **Esso**, said his company was fulfilling the requirements of its traditional customers and that it had, in the past six months, increased supply by nine per cent.