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MAHATHIR-OIL 2 2 2

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KUALA LUMPUR, JULY 24 (BERNAMA) — THE PUBLIC MAY HAVE TO PAY MORE FOR PETROLEUM AND RELATED PRODUCTS SOON, POSSIBLY BEFORE THE COMING HARI RAYA.

DEPUTY PRIME MINISTER (DATUK SERI DR. MAHATHIR MOHAMAD), WHO GAVE THIS HINT TODAY, SAID DUE TO THE RISING COST OF CRUDE OIL, THE GOVERNMENT MIGHT NOT FIND IT POSSIBLE TO PROVIDE A LARGER SUBSIDY FOR THE PRODUCT.

— +AS IT IS NOW, THE GOVERNMENT IS SPENDING A HUGE SUM OF \$640 MILLION IN SUBSIDIES,+ HE SAID.

HE WAS SPEAKING TO REPORTERS AFTER RECEIVING THE AUSTRALIAN OPPOSITION LEADER, ENCIK WILLIAM G. HAYDEN, AT HIS OFFICE IN JALAN DUTA HERE.

DATUK SERI DR. MAHATHIR, WHO IS ALSO THE TRADE AND INDUSTRY MINISTER, SAID THE GOVERNMENT WAS NOW TRYING TO COMPLETE AS SOON AS POSSIBLE ITS STUDIES INTO THE APPLICATION BY THE OIL COMPANIES FOR THE PRICE INCREASES.

ASKED WHETHER THE NEW PRICES WOULD BE ANNOUNCED BEFORE THE HARI RAYA, HE SAID: +GTHE CHANCES ARE THERE.+ — BERNAMA MORE 1804 SZ

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+THE GOVERNMENT IS NOW GOING INTO THE COSTINGS,+ HE ADDED. ON DOMESTIC GAS, DATUK SERI DR. MAHATHIR SAID THE SUPPLY SITUATION IN THE COUNTRY WAS IMPROVING.

HE EXPLAINED THAT THE PROBLEM WAS THAT OIL COMPANIES WERE CLAIMING THAT THEY WERE NOT ABLE TO RECOVER COSTS.

HE SAID: +BECAUSE OF THIS, THE OIL COMPANIES SAID THEY WOULD SUPPLY WHATEVER THEY COULD BUT AN INCREASE WOULD INCUR FURTHER LOSSES FOR THEM.

+UNLESS, THE TRADE IS MADE WORTHWHILE FOR THEM, THE COMPANIES WILL NOT INCREASE SUPPLY.+

ASKED WHETHER THE GOVERNMENT WOULD CONSIDER ADOPTING A SINGLE PRICING SYSTEM FOR THE PRODUCT, DATUK SERI DR. MAHATHIR SAID THIS WOULD NOT BE POSSIBLE AS THE GAS SOLD VARIED IN PRICE WITH THE OIL COMPANIES.

THE PRICE VARIATION WAS DUE TO THE FACT THAT SOME COMPANIES DID THE REFINING LOCALLY AND SOME ABROAD WHILE OTHER USED EITHER , CHEAP OR EXPANSIVE CRUDE. —BERNAMA MORE 1825/MM

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+IF WE FIX A SINGLE PRICE, THEN SOME OIL COMPANIES WILL MAKE MONEY WHILE OTHERS MAY LOSE,+ HE SAID.

+BUT NOW THE GOVERNMENT IS WORKING OUT TO EQUALISE THE RETURNS FOR THE OIL COMPANIES.+

ON THE SHORTAGE OF LABOUR IN THE PLANTATION INDUSTRY, DATUK SERI DR. MAHATHIR SPOKE OF THE POSSIBILITY OF THE COUNTRY RESORTING TO CONTRACT LABOURERS FROM OVERSEAS.

+WE MAY HAVE NO PROBLEM IN THIS BECAUSE WAGES PAID HERE ARE ALREADY ATTRACTIVE COMPARED WITH OTHER COUNTRIES IN THE REGION AND THE COST OF LIVING IS RELATIVELY LOW,+ HE SAID.

HE FELT THAT THE SHORTAGE WAS DUE TO THE FACT THAT LOCAL LABOUR WAS UNWILLING TO WORK IN PLANTATIONS AND WOULD PREFER THE COMFORT OF WORKING IN OFFICES.

ON HIS TALKS WITH ENCIK HAYDEN, DATUK SERI DR. MAHATHIR SAID THEY EXCHANGED VIEWS MAINLY ON ECONOMIC AND TRADE RELATIONS BETWEEN THE TWO COUNTRIES.

THEY ALSO DISCUSSED AUSTRALIA'S CURRENT POLICY ON LABOUR INTENSIVE INDUSTRIES, AUSTRALIA'S INVESTMENT IN MALAYSIA, JAPANESE INVESTMENT IN THE REGION AS WELL AS THE PROPOSAL BY THE UNITED STATES AND JAPAN TO SET UP THE PACIFIC BASIN COMMUNITY.

DATUK SERI DR. MAHATHIR EXPLAINED THAT AS YET MALAYSIA HAD NO DEFINITE VIEWS ON THE PROPOSAL +BUT WE FEEL THAT WE SHOULD BE CAUTIOUS.+—BERNAMA 1830/MM