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LEAD Mahathir-Flour

GOVT AGREES TO PRICE RISE FOR WHEAT FLOUR

KUALA LUMPUR, June 4 (Bernama) -- The government has agreed to increase the price of wheat flour under pressures of spiralling world wheat prices and shortages of flour in the country.

The new price may be announced next week after the Cabinet has considered a report on the supply and price situation to be submitted by the Domestic Trade and Consumer Affairs Ministry, and it is likely to include a pricing mechanism pegged to the supply and price of wheat.

Prime Minister Datuk Seri Dr Mahathir Mohamad said today the government cannot prevent a rise in the price of wheat flour but it will take measures to ensure the increase will be fair.

Speaking to reporters after launching World Consumer Day 1996 and the Family Comfortable Living Competition at Pusat Islam, he said: "An increase in the price of wheat flour is unavoidable because the commodity is imported. Its (wheat) price has risen 100 per cent. We will try to control it at a fair level."

Domestic Trade and Consumer Affairs Minister Datuk Abu Hassan Omar, in responding to reporters' questions after the Prime Minister's statement, said his ministry is in the final stages of studying the supply and price situation of wheat flour before submitting a report to the Cabinet.

Asked whether the report will be submitted to the Cabinet at its weekly meeting tomorrow, Abu Hassan said: "Unlikely but, perhaps, next week, and the decision of the Cabinet will then be announced."

Abu Hassan said flour millers had applied to the government to raise the price of wheat flour by 40 sen a kilogramme from the present 80 sen.

"We will study their request and work out a formula to determine the price of wheat flour in future based on the supply and current price of wheat," he said.

Abu Hassan warned millers, wholesalers and retailers not to raise the price of the commodity pending the government's decision.

The Prime Minister said he was surprised that roti canai sellers have raised their price even though flour constitutes a small percentage of the cost of making roti canai.

"The price of other ingredients such as oil, egg and sugar and the wages of workers have not increased. Why then raise the price of roti canai up to 10 per cent?"

Dr Mahathir criticised the attitude of bakeries who took advantage of the higher cost of wheat flour to hike their prices although they also make cakes and other products besides bread.

He said the action of the bakeries was irresponsible as it contributed to inflation when they could have subsidised the higher cost of flour.

"I wish to remind that anyone who raises prices should bear the consequences. Justify-lah, don't be like (the traders) in Langkawi where they increase prices when the demand goes up," he said.

Dr Mahathir said traders must not be greedy.

According to him, the prices of imported goods sometimes go up and such a situation is very difficult to control.

Consumers should play their role by exercising thrift and reducing the consumption of such products, he said.

"Where possible, we should use local substitutes. Similarly with imported luxury goods, consumers should reduce their purchases which will force the prices to come down and the quality to improve," he added.

Abu Hassan also said the Cabinet at its meeting last week directed the Royal Customs and Excise Department to tighten checks to prevent any smuggling of wheat flour out of the country since the price of the commodity in Malaysia is the lowest in the region.

The government would also review the licence conditions of wheat flour dealers who export the product to neighbouring countries, he said.

"We will take stern action against anyone who contravenes his licence conditions," he said in referring to reports of dealers who were more keen to export their flour to take advantage of the higher prices abroad. --

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