

Don't cash in, traders warned

Petrol price increase no reason to charge more, says PM

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SHAH ALAM, Thurs: Traders are warned not to raise prices of their goods or services just because of the impending increase in the price of petrol.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the fuel price increase will involve only a small percentage of the total production costs of any business.

"The fuel cost in our businesses, at most, is only 5% of the total cost of production. Therefore, if the oil price is increased by 10%, it is only 0.5% of the total production costs.

"That is why nobody has the right to raise the price of their services or goods simply because of the increase in oil price," he said.

Mahathir said this after officiating and delivering the keynote address of an International Conference on the Role of Media in Non-Aligned Countries today.

He said transportation industry should keep the increase in fares within a limited range although the fuel factor may be the major cost element.

"We would like to know how big it (cost element) is. If it is between 20 and 30%, they should not increase the fares or charges by more than that," he added.

Premium grade petrol now costs RM1.10 a litre.

Asked when a final decision on the increase in oil price can be expected, Mahathir said it is still being worked out and the government is always careful when thinking about the people's welfare.

Earlier, Mahathir reiterated that the government can no longer afford to continue with the present subsidy for oil as the price of crude oil has gone up sharply in the international market.

He said, the government spends more than RM1 billion on the subsidy and should the price of petrol go up, it would still involve government subsidy, but at a reduced rate.

The petroleum subsidy is expected to reach RM1.5 billion this year. In 1998 it was RM499.6 million and the year before RM228 million.

see also PAGE 22