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Be reasonable, PM tells traders (HL)

Cheah Chor Sooi; Zulita Mustafa; Audrey Dermawan

KUALA LUMPUR, Fri. - Prime Minister Datuk Seri Dr Mahathir Mohamad has told businesses to stop using the 2002 Budget as an excuse to push for further price increase of their goods and services.

He criticised some traders for continuing to make unjustified demands simply because the price of petrol and diesel went up by 10 sen.

Referring to a report that the Petrol Dealers Association of Malaysia (PDAM) is seeking a two to four sen increase in commission from the Government following a rise in operating costs, he said:

"They can ask for an increase in their commission rates, but should not use the excuse that this was due to the rise in the price of petrol.

"We have reduced their subsidy by only eight per cent. An eight per cent increase in the cost of petrol does not warrant an 80 per cent increase in their commission".

Dr Mahathir was speaking after launching the Islamic Research Centre (IRC) and the Al-Mursyid (the digital Quran) at the Islamic Arts Museum here.

"They (PDAM) get a commission of six sen and now they are asking for an additional four sen.

"But four sen is about 60 per cent of their commission. Maybe, they have some other reasons (for making the demand).

"They have to settle (that) themselves. But they should not blame this on the price of petrol," he said.

The current commission rates are 6.18 sen a litre for petrol and 2.27 sen for diesel. The rates were last adjusted in 1994 when they were raised by one sen.

The Government has announced that petrol and diesel prices were up by 10 sen per litre with immediate effect in the 2002 Budget.

According to the Malaysian Institute of Economic Research, a small reduction in subsidy and a marginal rise in the price of petroleum products can be absorbed by companies through technological improvement, better management and higher sales.

It is important that proper assistance be provided to companies that incur high petroleum costs and that sufficient time be given to make necessary adjustments in their strategic planning.

Without these, companies may find it convenient to pass the buck by easily transferring the cost onto customers. This cannot be allowed as it will lead to unscrupulous price increases which burden consumers, distorting the inflationary backdrop.

In Penang, Domestic Trade and Consumer Affairs Minister Tan Sri Muhyiddin Yassin said the price of diesel would remain at 81 sen per litre for public transport, fisheries and Government vehicles.

He said price changes would depend on the decision of the Cabinet which would discuss the matter at its weekly meeting on Nov 21.

"The price is still at 81 sen per litre. It will remain so until we meet on Nov 21 to discuss whether to reduce or maintain the price," he said after a "meet-the-people session" in Gelugor here today. Also present was Domestic Trade and Consumer Affairs Parliamentary Secretary Wong Kam Hoong.

He also launched the Sungai Gelugor Consumers' Club, formed in conjunction with the Gelugor Club's 70th anniversary celebrations at the event.

Muhyiddin was clarifying a report in a tabloid today which quoted Entrepreneur Development Minister Datuk Seri Nazri Abdul Aziz as saying that the Government had decided to revert to the pre-Budget diesel price of 71 sen per litre for operators of public transport, the fisheries and Government sectors.

The report was inaccurate, he said, adding that the Cabinet has instead instructed his Ministry and the Finance Ministry to look into the effects of the price hike.

"We have also been instructed to get feedback from consumers and submit our findings at the next Cabinet meeting," he said.

Towards this end, he said both ministries have set up a special committee to study the matter.

Muhyiddin said several fishermen's associations and operators of public transport had planned to increase the prices or rates of their products and services following the price hike in diesel.

He advised all petrol station operators to adhere to the current diesel price as announced on Oct 19.