

# Increase inevitable, says Mahathir

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**KUALA LUMPUR:** The increase in fuel prices following the gradual reduction of government subsidy is inevitable because of the rising consumption of fuel compared to its production.

Prime Minister Datuk Seri Dr Mahathir Mohamed said yesterday: "We do not want to abolish the petroleum subsidy altogether but our consumption is more than before."

Speaking at the launch of

the Women and Family Development Ministry's *Family First - Bring Your Heart Home* campaign, he said that previously, Malaysians used 300,000 barrels a day and produced 650,000.

"So, we sell 350,000 barrels and we use the profit to subsidise the 300,000 barrels which are consumed. However, now we use 550,000 barrels a day and only have 100,000 barrels to sell.

"The returns for the sale of the 100,000 barrels are not enough to subsidise the increased consumption of petrol. In the end, of course,

it (the subsidy) is not coming from the petroleum but from other sources."

Mahathir, who is also the finance minister, said petrol prices are reviewed every month but are not always raised, and the rise is usually not much.

"However, the problem is, when there is an increase of 1%, people also increase the prices of goods accordingly," he said.

"That should not be the case, as input of petroleum into whatever business they are doing is usually very minute, at the most 10%."

He said if there is a 10% increase in fuel prices and the cost of petrol in their businesses is also 10%, it means that they should raise their price by 0.1%.

However, they usually use the increase in fuel prices as an excuse to increase the prices of their goods.

On the proposal to make Malaysia a regional centre to counter terrorism following a visit by US Secretary of State Colin Powell on Tuesday, Mahathir said: "We have given our commitment in our fight against terrorism and we will keep our word."