

Petrol dealers association seeks to close some kiosks during MCO



Bumipeda says the public can be serviced even if half the number of petrol stations are allowed to shut during the MCO

by AFIQ AZIZ/ pic by TMR FILE
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PETROL pump operators are looking to halve the number of stations that are open during the Movement Control Order (MCO) to cut losses as motorists stay home going into the fifth week of travel restrictions.

Petrol pumps are considered essential services and must remain open under instructions from the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), but dealers are asking that some locations be allowed to stop business until the MCO is revoked because there is no demand at the moment.

Bumiputera Petrol Dealers Association of Malaysia (Bumipeda) president Datuk Abu Samah Bachik said the public can be serviced even if half the number of stations are allowed to shut during the MCO.

Even with the drop in oil prices, the demand for fuel has dried up as only essential travel is allowed since March 18 and will be enforced at least until April 28. Globally, the benchmark Brent crude dropped 5% on Wednesday to US\$28 (RM121.80) a barrel, as demand drops to a 25-year low.

Abu Samah said petrol stations are losing money because there's not enough business to cover operating costs during the MCO.

"Now, because they are buying at a lower volume of about 5,000 litre, it requires a small capital. However, on average they can only sell 1,000 litres of petrol and hold the balance for the remaining days.

"So, it is still running at loss. When the situation gets better, they may have to order a larger volume and need more money to do so. So, would they have cash at that time?"

Abu Samah told The Malaysian Reserve (TMR) in a phone interview yesterday that the operators hope to minimise their losses during this period. "Given a choice, it is more viable for us to cease operations temporarily."

He said the association will suggest that half of petrol stations be allowed to cease operations, as the ones that remain open will be sufficient to service demand during the MCO.

"Roughly, in one dense area there are about five to six stations. So, the government should allow perhaps only one station to remain in business to cater to market demand."

Abu Samah said the closure of some petrol stations would also help with social distancing because many customers come only to stock up on cigarettes and other small items.

Pump prices have dropped for five straight weeks with RON95 at RM1.25 and RON97 at RM1.55 as of Friday last week. In early March — the week before MCO was enforced — RON95 retailed at RM2.08 and RON97 was RM2.40.

He said petrol stations are licensed by the KPDNHEP, while the MCO is handled by the National Security Council, and their licences are liable to be revoked if they stop operations without permission.

Under the third phase of the MCO, only food delivery services and essential sectors are allowed to be on the road, while most people must stay home in an effort to break the Covid-19 infection chain.

The government has also deployed the police and army to enforce more than 800 roadblocks throughout the country, with more than half a million vehicles have been inspected since the MCO took off.

Abu Samah said the government's limiting operating hours from 8am to 8pm has helped petrol stations to cut some of their operational costs.

"However, we are still being pinched by the monthly rental cost, staff salary and utilities.

"If we are allowed to put on hold (some) operations, perhaps only one staff or the owner himself can come to the station. This can at least save the utility or even maintenance cost," Abu Samah said.

So far, he said the future of 3,000 petrol dealers under Bumipeda is uncertain and some may have to close permanently.

Last month, TMR reported that petrol pump operators have suffered some RM139 million in losses in the last three weeks as a result of the coronavirus outbreak.

The Petrol Dealers Association of Malaysia said each outlet recorded around 70% of losses or around RM40,000 per station since early March.

<https://themalaysianreserve.com/2020/04/17/petrol-dealers-association-seeks-to-close-some-kiosks-during-mco/>