

Gas Shortage Causes Storm

Government moves to import gas to combat a possible shortage, was criticized by as being ineffective and insisted, price reduction was impossible as 'cheaper LPG imports is a myth.'

Fuelled by reports that Shell Gas Company had curtailed gas imports, because the Consumer Affairs Authority (CAA) refused a price increase, fears of a gas shortage exist. Trade, Commerce and Consumer Affairs Minister Jeyaraj Fernandopulle ruled out the possibility of giving a subsidy as requested by the gas companies. It is said that low cost LPG was not available in any other country, thus making it impossible to import cheaper gas. The astronomical price hike to US\$ 585 a metric tonne in the world market, made local price hikes a necessity that gas companies were unable to avoid, without incurring massive losses.

With a storm brewing in the lubricant industry Trevor Reckerman, Managing Director, McLaren's Lubricants said that "McLaren's and his principals view this situation with concern. However he added that they have learnt to survive and prosper in such circumstances." He added that "their position with PERC as well as the Ministry of Petroleum was very simple; either open the industry fully and let market forces prevail or regulate the industry to drive a rational development of the industry." According to Reckerman "the upheaval occurred due to the lethargy in resolving the industry status, which until July 2004 was under a licensed regime. However he said that they are confident. Their only hope was that all stakeholders including the government will carefully approach the future and not be carried away by empty promises and unrealistic expectations:'