

Statement

The Way Out For The Country's Fuel Shortage

Central Leadership Committee of People's Democratic Party (KPP-PRD)

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Long line-ups of vehicles at gas stations in major cities, as reported by the print and electronic media, is one of the many public reactions to the reality of fuel shortage, faced not only by consumers of premium-type gasoline, but also by those of other fuel types like kerosene and solar.

One of the causes of the fuel shortage is low domestic fuel production due to limitations in technological capacity, productive forces, and financial ability to process oil domestically. As the result, we are always so dependent on foreign companies that the lion-share of our oil revenue goes abroad. On the other hand, to meet domestic fuel demand, we have to import very expensive oil products; with price exceeding people's buying power.

Then, the fuel deregulation brought about by the passing of Oil and Gas Bill no 22/2001 caused the state's oil company, Pertamina, to lose control and access to KPS, while the ability to import oil is heavily dependent on state funds allocated to Pertamina to purchase imported oil.

Government's fuel subsidy quota, which was passed by the Parliament and yet far from meeting the public fuel demand, is also a significant factor that limits fuel provision. World's oil price increase greatly reduces Pertamina's capacity to provide fuel due to insufficient financial support to the company. World's oil price hike aside is government's tendency to export as much oil to the international market in order to gain as much profit as possible, leaving domestic demand behind.

The currently ongoing system will ensure prolonged, albeit latent, fuel crisis. The government must immediately find and carry out short-term and long-term solutions to the fuel shortage problem.

The Government of Susilo Bambang Yudhoyono - Jusuf Kalla has proven failed in meeting the national energy need. There have not been any concrete measure taken to deal with the fuel shortage; the people are only given empty promises ever since their campaign for presidency. Fuel crisis requires concrete measures, not political rhetoric and empty promises.

Measures that must be carried out to immediately solve the current fuel shortage are below:

1. To revoke and readjust the fuel subsidy quota stated in the state's budget
2. To ban the selling and export of fuel abroad. Domestic oil production must be prioritized to meet domestic fuel demand
3. To eradicate corruption in Pertamina and to use the confiscated funds to support domestic fuel provision.
4. To return state's control of production, purchasing, selling, distribution, and profit sharing

through Pertamina

5. To immediately mobilize state's financial capacity to purchase fuel. If needed, the government should declare unilateral moratorium of foreign debt.
6. To save the fuel, there should be limitation to the use of private cars. The policy should be carried out nationally
7. Oil and Gas production revenue-sharing contract must be written to benefit the Indonesian people, to meet domestic fuel need, both for short term use and long term reserve.
8. To cut fuel demand by reducing import of private cars

To ensure domestic fuel provision such as below in the long term the government must embark on some concrete policies below:

1. Revoke Law 22 year 2001 that deregulates oil and gas control. The national oil and gas production, in both primary (extractive) and secondary (processing) sector, must be under government's control.
2. Nationalisation of companies engaged in the exploitation and processing of oil and gas so that the government can control the production and distribution to meet the domestic need.
3. Transfer of technology to domestic productive force in order to create independency in the production and supply of domestic demand for oil and gas.
4. To enforce public transportation vehicles to switch fuel to gas within a not too long period of time - a year for instance. Therefore, export of natural gas must be limited and national gas production must aim to meet the domestic need.
5. To engage in the research and development of alternative energy source such as solar power, wind, and others.
6. To prepare sufficient budget for long term budget reserve to anticipate domestic fuel need.

It must be acknowledged that the country's current situation is in crisis. The Indonesian people must mobilize themselves and visit government offices to demand that the government immediately carry out immediate and comprehensive measure to solve the fuel crisis.

Jakarta, 7th July 2005

Central Leaderships Committee of People Democratic Party

(KPP-PRD)