

Fuel price

[Literature](#), [Russian Literature](#)



Great Impact of Rising Fuel Price Fuel is another transportation system component. Rising of fuel price is one of the major issues facing the transportation industry in Malaysia. Fuel may be gasoline, natural gas, diesel fuel, ethanol, methanol, coal, etc. The costs and efficiency of transportation fuels are considerable interest. (Joseph Sussman; Introduction to Transportation Systems; Transportation System Components; 2000).

Fuel price volatility along with overall price increases has been an issue with transportation carriers, airlines, and even some water carriers and is a continuing challenge to the financial viability, causing some carriers to file for bankruptcy. Overall, it can be argued that is a manifestation of world demand and the supply of crude oil. The demand for oil as a source of energy to power transport equipment and for private use has been growing steady, but crude oil is limited natural resource.

New oil fields have been discovered since World War II, but the known available supply of oil has not kept pace with the increased demand. Consequently, the general trend for fuel prices has been upward. This trend in price has been exacerbated by the location of the best oil fields in distant countries and the disproportionate share of oil consumption. Two factors mentioned have impacted the price of oil namely the growth in demand from other countries and the speculation that occurs in the futures market.

An additional factor is the disruption that can occur with terrorist actions and political upheaval in certain parts of the world. Rising fuel prices could put a pner in the works of the region's recovering economies, Malaysia included, if the market does not cool down soon. The higher costs incurred by

transportation companies are already causing jitters that they might have to offload some of the burden onto end-consumers soon.

Malaysia Airlines, for example, has been lobbying for months for a domestic air fare increase to offset higher direct operational costs, of which jet fuel and kerosene are the largest components. -(Pui Kiew Ling, Jamal Othman, Noorasiah Sulaiman ; Macroeconomics and Industry Effect of an Increase in Fuel Price in Malaysia; 2012) Already there are fears in the US that the runaway oil prices would bring the economy's decade-long expansion to a screeching halt, with all its implications on the rest of the world, particularly export-driven economies like Malaysia which depend heavily on the US, European and Japanese markets. -(Transport, Trade and Climate Change; Carbon Footprints, Fuel Subsidies and Market-based Measure; 2011) The challenge, then, in transportation industry especially for carriers and shippers for example will be deal with the uncertainty and volatility of fuel prices and the expectation that the price will be increasing over time. However, the impact will vary among the modes of transportation because some are more fuel efficient than others due to their different operating and market condition in or outside our country.

In overall, looking to the future and considering the challenges associated with volatility in fuel prices and the environment on the other side, much effort will be directed at the concept of the green supply chain. There is every indication that is not just a concept but rather a growing commitment that has economic as well as environmental benefits to shippers and carriers and also for all type of transport in Malaysia transportation industry generally.