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MAHATHIR-HIKE

PETROL PRICE HIKE TO BE ANNOUNCED ONCE STUDY IS COMPLETED, SAYS

MAHATHIR

KUALA LUMPUR, Sept 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today said that the announcement of a hike in petroleum prices will be made once a study on the matter has been completed.

He said that a price hike was inevitable as the government could no longer afford the increasing petroleum subsidy as a result of the increase in crude oil prices in the international market.

Last week they reached a 10-year peak of US\$38 per barrel.

The government has spent a lot in subsidising petroleum prices to enable Malaysians to enjoy cheaper prices compared with others, he told reporters after opening the National Muslims Youth Intellectual Discourse here today.

"We cannot afford to subsidise anymore because it (subsidy) is coming to about RM5 billion a year and that is a lot of money," he said.

Dr Mahathir also said that petrol prices in Malaysia were in fact the cheapest compared with others who are also producing oil.

Yesterday, the National Economic Action Council (NEAC) said in a study posted on its website that the government stands to forego revenue in taxes on petroleum products amounting to RM4.598 billion if current prices were maintained.

Due to increasing oil prices worldwide the government had been paying subsidies for petroleum products since 1996.

At the same time, tax revenue forgone because of increasing product costs has risen from RM1.164 billion in 1996 to RM1.727 billion (1997), RM2.121 billion (1998), RM2.676 billion (1999), and an expected RM4.598 billion (2000).

Newsreports today said that fuel prices are expected to be increased by between 10 sen and 20 sen per litre. -- BERNAMA

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