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PETROL PRICES

PETROL PRICES TO BE RAISED BUT GOVT YET TO DECIDE ON QUANTUM

KUALA LUMPUR, Aug 9 (Bernama) -- The price of petrol will be increased but the government has not decided on the quantum of the increase, the Minister of Domestic Trade and Consumer Affairs, Tan Sri Muhyiddin Yassin, said today.

He also said the hike in petrol prices will consider various factors so that it will not burden consumers.

The study on the review of petrol prices is still being done by the Ministry of Finance, he told reporters after a visit by Cabinet ministers to the Petronas Twin Towers led by Prime Minister Datuk Seri Dr Mahathir Mohamad here.

They were given a briefing on the development of the Kuala Lumpur City Centre by the managing director of KLCC Urusharta Sdn Bhd, Puan Arlida Ariff, as well as being hosted to lunch earlier by Suria KLCC chairman Tan Sri Azizan Zainul Abidin.

Also present were Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi and other ministers.

Muhyiddin said that his ministry's officials are providing inputs and views to a committee involved in the study on the proposed petrol price increase.

The minister said the findings of the study had yet to be submitted to the Cabinet.

"There is a possibility (of a price increase) but we have not decided on the the quantum of the increase," he said.

He said the government felt that the subsidy on petrol is big and has surpassed RM5 billion over the past eight to 10 years especially when petrol prices had not been raised.

Among the factors to be considered before deciding on the increase are transport costs, inflation and the effects on the economic recovery which is still in its early stages.

"If there is a possibility of an increase, all factors would be taken into consideration in order not to burden consumers and the government.

"Even if the price is increased, it will still be (comparatively) low in the region except (when compared with prices) in Indonesia."

Institute of Strategic and International Studies deputy director general Datuk Dr Zainal Aznam Yusof said recently that Malaysia's prices of petrol, diesel and liquefied petroleum gas (LPG), with the exception of Indonesia, are the lowest among Asean member countries.

Malaysia's petrol price is 160 percent and 35 percent cheaper than in Singapore and Thailand respectively.

Asked whether the proposed price hike would be more than five percent as had been reported, he said, "I don't know."

"We do not want to burden the rakyat with higher costs but at the same time, the government is not able to bear the cost by providing a large subsidy forever."

He said the people should benefit from the fact that Malaysia is an oil-producing nation.

In Peninsular Malaysia, the controlled retail price of unleaded petrol is 110 sen per litre, leaded petrol 106 sen, diesel 65.10 sen and LPG 118 sen.

Without the subsidy, the price of unleaded petrol would be 155.79 sen per litre, leaded petrol 151.77 sen, diesel 106.38 sen and LPG 183.82 sen.

In Sabah, unleaded petrol costs 108 sen, leaded petrol 106 sen, diesel 65.40 sen and LPG 126 sen while in Sarawak unleaded petrol is 109 sen, leaded petrol 106 sen, diesel 64.80 sen and LPG 126 sen.

ISIS's Dr Aznam had also said in a statement Monday that changes to the petroleum subsidy was in the pipeline since the Ministry of Finance is reviewing the subsidy.

The revision was imperative because of the sharp increase in crude oil prices, he said. Since 1999, oil prices had increased to US\$30 (RM114) per barrel from as low as US\$18 a barrel some two to three years ago.

Dr Aznam noted that the bill for the subsidy on petroleum products had been ballooning over the years.

The subsidy amounted to RM228 million in 1997, rose to RM499.6 million the following year and this amount was seven times more than the subsidy given for the text books loan scheme (RM70.9 million) in 1999.

"In 2000, the anticipated bill for subsidy for petroleum products will probably exceed RM1 billion, even larger than the subsidy for padi," he said. -- BERNAMA

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