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Mustapa-Petrol

PETROL PRICE HIKE NOT EXPECTED TO LEAD TO HIGHER INFLATION

SINTOK, Oct 22 (Bernama) -- National Economic Action Council (NEAC) Executive Director Datuk Mustapa Mohamed said the move by the government to increase petrol and diesel prices was not expected to lead to higher inflation in the country and would not burden most motorists.

At the same time, he hoped traders would not take the opportunity from the move by raising prices of goods.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also Finance Minister, announced the increase in petrol and diesel prices by 10 sen per litre when tabling the national budget for 2002 at the Dewan Rakyat on Friday. The new prices took effect on Saturday.

Mustapa said the increases were due to the government's move to reduce subsidy for the fuel.

"The government was giving a high subsidy for petroleum and this had posed a burden to the government. Thus, the government decided to reduce expenditure on the subsidy," he told reporters after delivering his keynote address at the International Conference - Economic Transition and Change: The Case of Malaysia and The Way Ahead, at Universiti Utara Malaysia (UUM), here today.

The two-day seminar which began today was organised by the School of Economics UUM and the Malaysian Economic Association (MEA) and attended by more than 30 participants comprising government officers and private sector executives including from abroad.

Mustapa said the increase would not be a burden generally.

He said the increase might also teach the people to be thrifty in their spending.

On the protests by several groups over the increase in petroleum prices, he said it had been expected because nobody liked an increase in the cost of living.

Meanwhile in ALOR SETAR, Transport Minister Datuk Seri Dr Ling Liong Sik said today it would not be proper to increase transportation cost because the increase in fuel prices represented only a very small increase in the overall cost of transportation.

He said the increase of 10 sen per litre in the price of diesel, for example, only involved an increase of 1.4 per cent of the overall transportation cost.

He said the cost of diesel usually constituted only about 10 per cent of the overall transportation operation while the remaining 90 per cent was made up of the cost of maintenance, salary and tyres.

"As there is no increase in the cost of maintenance, salary and tyres, it is not proper for transportation cost to be increased although there is a slight increase in the cost of diesel," he told reporters after a meeting with Kedah MCA leaders and members here.

-- BERNAMA

JM AO