

Fuel prices may be raised to ease burden of subsidy

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KUALA LUMPUR, Wed. — The Government, burdened by huge subsidies for petrol, diesel and liquefied petroleum gas, may be forced to raise retail prices for fuel but such increases, if necessary, will be minimal.

Prime Minister Datuk Seri Dr Mahathir Mohamad said today the Government needed to source funds from other sectors to subsidise petroleum prices.

“We review petrol prices every month but we have not increased them yet. Maybe we will soon be forced to do so,” he said after launching the “Family First — Bring

Your Heart Home” campaign at the Women’s Affairs and Family Development Ministry.

“Even if there is an increase, it will be very minimal.”

He was asked to comment on Domestic Trade and Consumer Affairs Minister Tan Sri Muhyiddin Yassin’s statement yesterday that the Government would reduce the fuel subsidy in stages.

Dr Mahathir, who is also Finance Minister, said the Government was not going to end the subsidy totally but daily consumption of petroleum had risen while production had not.

Petroleum production hovers around 650,000 barrels a day while consumption has increased from

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350,000 barrels a day in the past to 550,000 barrels now.

“Previously, we could sell about 300,000 barrels and use that money as subsidy but now we are left with just 100,000 barrels to be sold. The money is insufficient. In the end, (the subsidy) is not coming from petro-

leum . . . it is from other sources.”

To another question, he said the public was often actually burdened by traders and businessmen rather than by the direct impact of fuel price increases.

“If we increase by one per cent, they want to hike prices of their goods by a similar quantum.

“This is not right because the in-

put of petroleum into whatever business that they are doing is minute . . . at the most 10 per cent. It means they should raise their price by 0.1 per cent only but they find excuses for a bigger margin. This is the real problem.”

Muhyiddin, meanwhile, said there would be no increase in petrol prices in August.

in August, says Muhyiddin

Asked if the proposed flexi-price system now being fine-tuned by the Finance Ministry would be implemented by the end of the year, he said it was not possible to say but “sooner or later, it will”.

Muhyiddin said the current mechanism was based on Singapore prices but most of the time, the Government did not increase prices.

The Government’s subsidies and tax exemptions for fuel from 1996 to this year amounted to RM17.318 billion and RM10.144 billion respectively.

Petrol costs RM1.32 per litre in Malaysia, RM1.39 in Thailand, RM1.34 in the Philippines, RM2.42 in Pakistan, RM2.68 in Singapore and RM5.29 in Hong Kong, he said.

Diesel in Malaysia is RM0.72 per litre, RM1.16 in Thailand, RM1.57 in the Philippines, RM1.22 in Pakistan, RM1.29 in Singapore and RM2.86 in Hong Kong.

Meanwhile, the Pan Malaysia Lorry Owners Association said it would raise charges from 15-18 sen per tonne per 1.6km up to 25 sen per tonne if fuel prices rose.