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OIL PRICE INCREASE TO SAVE MALAYSIAN ECONOMY- DR M

LANGKAWI, March 1 (Bernama) -- The Prime Minister, Datuk Seri Dr Mahathir Mohamad, said today the government had to approve an increase in the oil price to ward off rising subsidies following the increase in domestic consumption.

He said domestic consumption increased to 550,000 barrels daily from 350,000 barrels while Malaysia's daily production remained at 650,000 barrels.

Dr Mahathir said if the government continued to bear with high subsidies, the national economy would be severely strained and this should not be allowed to happen.

The Prime Minister was speaking to reporters after opening the Langkawi Lagoon Resort at Padang Matsirat here.

Yesterday, the Minister of Domestic Trade and Consumer Affairs Tan Sri Muhyiddin Yassin announced a two sen increase in the price of one litre of petrol and diesel and a two sen rise in the price of one kilogramme of liquefied petroleum gas (LPG), effective today.

The last petrol price hike was in November when it went up by one sen while diesel and LPG rose by two sen. The oil price increase is the fourth in three years.

Asked if the increase in oil price would affect the competitive edge of local industries and burden consumers, the Prime Minister said the increase was a worldwide phenomenon.

"Rising production costs as a result of the rise in oil prices are also felt in other countries and probably the rise in those countries is steeper than here," he said.

He said consumers the world over were feeling the effects of the increase in oil prices.

Dr Mahathir said the increase would not affect the competitive edge of the national airline.

"Not only MAS other airlines are also facing rising costs. This is a common factor and will not affect the competitiveness of MAS," he said.

Dr Mahathir, who is also Finance Minister, said the government hoped it could maintain the four per cent annual national economic growth rate.

However this depended on the prevailing world situation for if there was a war it would affect the national economy.

"It may not be four per cent if there is a war. If there is no war, the government is confident that with the programme it has launched the four per cent growth rate can be achieved," he said.

The Prime Minister said the government did not want to continue depending on foreign direct investment (FDI) but would focus on local investment.

The Government would help investors and entrepreneurs implement and expand their projects so that domestic contributions would be more significant than that from outside.

"We know Japan and Korea, their economies grew not because of FDI. Many are of the view that without FDI our economy will not grow. This is not true. We can stimulate our economy from within," he said.

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