

Diesel and RON95 go up by 20 sen
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The price per litre of RON95 grade petrol and diesel will increase by 20 sen from midnight tonight.

RON95 grade petrol will now cost RM2.10 per litre while diesel will cost RM2.00 per litre.

Assuming that a new Proton Saga SV has a completely empty 40 litre tank, buying a full tank of RON95 fuel tomorrow would cost RM8 more than today, or about an additional 11 percent.

najib pc on petrol price hike 020913 This is the first price increase for RON95 petrol and diesel since December 2010.

This was announced by Prime Minister Najib Abdul Razak at a specially-called press conference at his office in Putrajaya.

Previously, the Najib administration had warned that the government's many subsidies for fuel and staple goods must be "rationalised" to reduce the federal government's burgeoning budget deficit.

This is just the 'first step'

However, critics have warned that reducing subsidies would cause inflation while suggesting that the government be more prudent instead.

petrol station queue price hike 020913 The increase in fuel prices was among the measures decided by the Fiscal Policy Committee (FPC), which met today. The meeting was chaired by Najib.

Najib said that the FPC's assessment of the external environment was that it was increasingly challenging and it was vital to strengthen the country's fiscal position to sustain economic resilience.

azlan Slashing subsidies, said Najib, can help achieve this goal because the current subsidy system also benefits non-target groups such as the higher income group and foreigners.

Thus the reduction of subsidies for diesel and RON95 grade petrol was among the "first steps" which the FPC had decided on.

Without the 20 sen increase, Najib said that the government would subsidise 83 sen for each litre of RON95 grade petrol and RM1 for every litre of diesel, which would cost public coffers an estimated RM24.8 billion.

Balanced budget by 2020

Other measures decided by the FPC include increased prudence in initiating public sector projects.

"Projects with low import content and high multiplier effects will be given priority, without jeopardising economic growth. However, projects with high import components will be sequenced accordingly, so as not to adversely impact the balance of payment position.

NONE"However, the Mass Rapid Transit (MRT) Lines 1, 2 and 3 will proceed as planned. The Southern Corridor High-Speed Rail (HSR) project is still under negotiation," he said.

He added his administration will also look at ways to enhance Malaysia's competitiveness and further diversify the export markets, with a focus on tourism, because it is a major foreign exchange earner, in view of Visit Malaysia Year 2014.

"(These) measures will not only address the immediate concerns of the economy and the government's financial position, but also strengthen public finances over the medium and long term," he said.

He added that the FPC also reaffirmed the government's commitment to achieve a fiscal deficit target of about three percent of GDP by 2015 and a balanced budget by 2020.

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