

Oil prices drop but don't expect cheaper goods

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The drop in petrol prices does not guarantee a drop in the prices of essential goods and the cost of living as most traders are profit-oriented.

The view was expressed by Federation of Malaysian Consumer Associations (Fomca) deputy president Mohd Yusof Abdul Rahman who was of the opinion that normally a drop in the price of petrol would not influence the prices of goods.

"Prior to this, when the price of fuel dropped, the prices of goods did not. This was because most traders were oriented to profit rather than the welfare of consumers.

"However, when the price of petrol rises even a bit, they are quick to raise the prices of goods," he said when contacted by Bernama here, today.

Effective today, the government announced a price drop of 35 sen for RON95 and RON97 petrol, to RM1.91 and RM2.11 a litre, respectively.

Meanwhile, Malaysian Islamic Consumer Association (PPIM) secretary-general Dr Maa'mor Osman shared the same opinion and felt it was time the sincerity of the traders was demanded by also dropping the prices of goods.

"The excuse that the price of petrol has gone up is often cited to raise the prices of goods so when the price of petrol drops, it should be in tandem with a drop in the prices of goods," he said.

In turn, the people, he said must be thankful to the government and the savings from the price of petrol must be used for other beneficial purposes, and and the need to maintain thrift.

An economics expert at the Economics, Finance and Banking Studies Centre at Universiti Utara Malaysia, Prof Dr Amir Hussin Baharuddin said petrol price was expected to have a downward trend throughout the year due to the drop in the price of crude oil which was being sold at between US\$60 to US\$80 a barrel.

"The drop in petrol price this time is unexpected and extraordinary. This could be because the United States had constructed 20,000 crude oil wells to meet demand compared to Saudi Arabia which has 2,000 wells," he said.

Drop in price of rubber

Prof Amir Hussin said the drop would see the cost of living also dropping or unchanged, but this still depended on the prices of essential items.

But he projected the matter would bring difficulty to 386,000 rubber tappers and rubber smallholders who were facing a drop in the price of rubber.

He said not many knew if the price of petrol dropped, the price of rubber would also drop, and vice versa.

"The tyre manufacturing industry will use crude oil if its price drops resulting in a drop in the demand for natural rubber. On the other hand, if the price of crude oil is high, the industry would fully use natural rubber to make tyres," he said.

Malaysian Muslim Restaurant Operators Association president Noorul Hassan Saul Hameed said the association was prepared to bring down the prices of food if distributors, wholesalers and producers also reduced their prices.

"Maybe it is still early to speculate as the price of petrol had just been reduced but other costs are still going up such as electricity tariff and shop rental," he said.

Housewife Norliah Baba, 49, said there was no reduction in the prices of goods currently.

"The prices of the goods I buy at the market are still the same. I hope traders can bring down the prices of goods to help reduce the burden of the low income earners," she said.

Taxi driver, Dzulkifli Bidin, 60, hoped the prices of car spare parts and lubricants, which had gone up with the past increases in the prices of petrol, would go down with the drop in the price of petrol.

"I hope the government can play its part to survey the prices of goods to ensure distributors and traders will not continue to reap big profits despite the drop in the price of petrol," he added.

- Bernama