

5-in-1 price hike: Fuel, sugar and gas up
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Prime Minister Najib Abdul Razak's administration has taken a politically risky manoeuvre by raising prices of three types of fossil fuels, sugar and cooking gas.

Both RON95 grade petrol and diesel prices will be raised by RM0.05 per litre, while liquified petroluem gas (LPG) will be raised by RM0.10 per kilogramme.

In a major departure from current policy, RON97 has been cut loose and will now be based on market price.

"RON97 petrol will no longer be subsidised. It will be subjected to a managed float under which the price will be determined by the automatic pricing mechanism," said a statement from the PM's Department.

Prices would adjusted monthly according to international oil prices. It is unclear how much the increase will be but it could be substantial.

However, it is learnt that the price for RON97 will increase by 5 sen, and this will be further re-adjusted later.

Sugar prices will be raised by RM0.25 per kg.

All price increases will take effect from midnight tonight.

The breakdown of the new prices are:

- * RON 95 grade petrol - from RM1.80 to RM1.85 per litre
- * RON 97 grade petrol - no more subsidies (managed float)
- * Diesel - from RM1.70 to RM1.75 per litre
- * White refined coarse granulated sugar - from RM1.65 to RM1.90 per kg
- * Liquified petroluem gas - from RM1.75 to RM1.85 per kg

For cooking gas: (each cylinder)

- * 10kg - from RM17.50 to RM18.50, RM1 hike
- * 12kg - from RM21.00 to RM22.20, RM1.20 hike
- * 14kg - from RM24.50 to RM25.90, RM1.40 hike

Meticulously well timed?

The announcement was made just hours after the adjournment of Parliament, effectively avoiding a major backlash in the Dewan Rakyat.

The subsidy cuts are believed to be the first stage of the government's plans to reduce

subsidies for essential goods as proposed by the Performance and Delivery Unit (Pemandu).

Pemandu, a unit established under the Prime Minister's Department, had warned that the Malaysia may face bankruptcy by 2019 should subsidies not be reduced.

Idris Jala, Pemandu's chief executive officer, said that Malaysia risk becoming like Greece, which is now debt-ridden.

petrol price hike protest 2 100306 klcc towerThe Najib administration had been working hard on its charm offensive to sell the necessity for subsidy reductions.

However, critics said forcing consumers to tighten their belts without the government undergoing an austerity drive was meaningless.

It must also be noted that this is the second time the federal government had increased sugar prices. On Jan 1, prices were increased by RM0.20 per kg.

At the height of massive public outcry over sharp increase in fuel, water and electricity prices in March 2006, Najib, then deputy premier, infamously urged the public to "change your lifestyle".

In an apparent reference to this, Rembau MP and Umno Youth chief Khairy Jamaluddin said today that he hoped this remark would not be uttered again.

"I pray that no Pak Menteri (senior minister) urge the public to change their lifestyle. Such statements are akin to scoring an own goal with a bicycle kick," said Khairy on his Twitter page late this evening.

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