

Hike in prices: PM calls it 'adjustments'
Malaysiakini.com
July 15, 2010

Prime Minister Najib Abdul Razak says the price hikes for fuel, natural gas and sugar - which he termed "upward price adjustments" - would save the government RM750 million in subsidies this year.

"Even after these changes, the government will still spend an estimated RM7.82 billion on fuel and sugar subsidies in 2010.

"The prices of fuel and sugar in Malaysia will still be among the lowest in the region," Najib said in a statement released at 8pm today.

NONEHe outlined three reasons for the price hikes, beginning with the claim that government subsidies spent on the three goods were not reaching the target audience. The benefits of government subsidies were being enjoyed by foreigners and the high-income group while the government focus was on helping the low and middle income groups.

"Our focus should be on helping the families sharing a motorcycle or a Kancil to get to work and school, but instead our spending on subsidies has provided the same benefits to those driving imported luxury cars.

"The sugar subsidy disproportionately benefits industries, not families. Businesses have been using almost twice as much subsidised sugar as Malaysian households," Najib said.

PM concerned for health of Malaysians

Secondly, subsidised goods also led to smuggling because Malaysian fuel and sugar prices are the cheapest in the region.

He said that although the authorities have stepped up enforcement efforts, smuggling would not cease as long as there were differences in prices.

And finally, Najib argued, Malaysians should change the way they used fossil fuels and sugar in order to protect natural resources, the environment and their health.

NONE"We must also reduce our sugar consumption. Forty percent of Malaysians are now either overweight or obese. The incidence of diabetes is rising fast. Statistics show that the percentage of Malaysians with diabetes now exceeds that in the United States.

"We must, as a matter of urgency, take every step available to tackle what is clearly a public health issue for our nation. Reducing sugar consumption, among our children in particular, is a step in the right direction," he said.

Najib argued that the government arrived at the decision to raise prices only after consulting "thousands" of Malaysians who participated in the Government Transformation Programme roadshows.

Najib: People gave me the green light

According to the Malay version of Najib's statement, public feedback was sought before a

decision was made.

"We no longer just formulate policies in Putrajaya. Thousands of Malaysians participated in the Subsidy Rationalisation Lab open day, online polls, SMS polls and survey forms to support the gradual adjustments to government subsidies," he said.

This quote was omitted in the English version of the statement.

Meanwhile, Najib also said the "difficult, but bold" decision of the government would have a "minimal impact" on households and bring long term benefits to the country.

He said that savings from the subsidy cuts would allow the government to set aside funds for better causes such as the 1Malaysia clinics, 1Malaysia mobile clinics and scholarships.

"By choosing to implement these modest subsidy reforms, we have taken a crucial step in the right direction towards meeting our commitment to reduce the fiscal deficit, without overburdening the Malaysian people.

"These measures are a demonstration of our fiscal responsibility. They will enhance Malaysia's financial stability, while also protecting the rakyat," he added.

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.

Source : <http://www.malaysiakini.com/news/137456>