

Fuel hike: 78 sen more to RM2.70 per litre
Malaysiakini.com
Jun 4, 2008
Beh Lih Yi & Chan Kok Leong

The government has announced that petrol price will go up by 78 sen at midnight - a 40.6 percent jump from RM1.92 per litre to RM2.70.
MCPX

abdullah ahmad badawi govt announce new petrol price increase 040608 07"Effective from tomorrow, June 5, 2008, the price of petrol will be raised by 78 sen and the price of diesel will be raised by RM1," Prime Minister Abdullah Ahmad Badawi told a 50-minute press conference at his office in Putrajaya.

The price of diesel will increase by a whopping 63.3 percent - from RM1.58 per litre to RM2.58.

The price hikes are among government measures to drastically cut the spiralling bill for oil subsidies, which is expected to amount to RM56 billion this year.

With the new structure, Second Finance Minister Nor Mohamed Yakcop - who was also present at the press conference - said the government is expected to spend about RM18 billion a year on oil subsidies

At a press conference held at 5.30pm, Abdullah also announced that the government plans to offer rebates to motorists to offset the fuel price increase.

Under the scheme, vehicles below 2000cc will receive an annual rebate of RM625 to compensate for 800 litres of fuel used under the new price.

"Owners of private motorcycles of engine capacity of up to 250cc will be paid a cash rebate of RM150 per year," he said.

petrol price hike before increase panic consumers 040608 03According to the prime minister, the money will be paid by money order. Rebate will be paid when motorists renew the road tax for their vehicles.

The government is expected to save RM13.7 billion under this new subsidy restructure and other levies.

The figures are derived from the savings made by state-owned oil company Petronas in gas and oil (RM8 billion), petrol (RM4 billion) and the independent power producer and palm oil (RM1.7 billion).

The surplus of RM13.7 billion will be used for food security policy (RM4 billion), subsidies in cooking oil (RM1.5 billion), rice import (RM400 million), flour and bread (RM300 million), petrol, diesel and gas (RM7.5 billion), Abdullah explained.

Since 2004, petrol has gone up by 97.1 percent, while diesel increased by a whopping 231 percent [see chart below].

Higher TNB tariffs

Abdullah also announced that the road tax for vehicles above 2,000cc will be reduced by RM200.

abdullah ahmad badawi govt announce new petrol price increase 040608 02For motorbikes above 250cc, their road tax will be slashed by RM50, but a minimum rate of RM2 road tax will be maintained.

The diesel subsidy for fishermen and vessel owners have been fixed at RM1.43 per litre. Previously fishermen bought diesel at RM1 per litre while vessel owners paid RM1.20 per litre.

The premier also announced a price hike in gas supply for electrical and industry sectors.

The premier added that the electricity tariffs too will be increased, effective July 1.

petrol price hike before increase panic consumers 040608 04He said the power tariff rate would remain the same for households which use below 200 kilowatt of electricity, which amount to RM43.60.

However, those using more than 200 kilowatt will have to pay around 20 percent more.

National power supplier Tenaga Nasional will announce its new price structure at 12 noon tomorrow.

The prime minister, in anticipating public anger from price hikes, has urged Malaysians not to organise street protests.

"The cost of petrol and commodities has risen drastically and so subsidies have to be restructured," he lamented.

"God willing I hope Malaysians will not demonstrate over this," he said, referring to fury over earlier hikes in a country where public transport is poor and most people are reliant on their cars.

Expect more price hikes

Abdullah said that under the new scheme, the government will maintain a 30-sen fuel subsidy, which is independent of the market rate of fuel prices.

petrol price hike before increase panic consumers 040608 01For example, if the market rate is RM3 per litre, the local pump price will be RM2.70 per litre with the 30-sen subsidy.

He said that the government would review the market price on monthly base and announce the subsidised price accordingly.

Abdullah also said that he was confident the economic growth could be maintained at five percent and inflation at four to five percent.

Domestic Trade and Consumer Affairs Minister Shahrir Abdul Samad, who was also at the press conference, conceded that the increase would impact on inflation, which came in at 3.0 percent in April.

"With this hike, the CPI (consumer price index) is expected to rise to 5.0 percent" this year, he said.

He also said that the new price of RM2.70 did not reflect the full market value, which could be as high as RM3-4 when the price controls are completely removed in August.

abdullah ahmad badawi govt announce new petrol price increase 040608 01Also at the press conference were Deputy Prime Minister Najib Abdul Razak, Minister in the Prime Minister's Department Amirsham Abdul Aziz, Information Minister Ahmad Shabery Cheek and International Trade and Industry Minister Muhyiddin Yassin.

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.
Source : <http://www.malaysiakini.com/news/83938>