

PM: Understand reasons for fuel hike
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Abdullah Ahmad Badawi has expressed hope that the public would acquire the right information on the global fuel price hike phenomenon in order to really understand what the country was facing.
MCPX

In his speech at an investiture ceremony held in conjunction with the Yang diPertuan Agong's birthday at Istana Negara today, the prime minister said everyone has a role and responsibility to face these trying times.

"Let's together face this challenge with resilience for the greater good of the nation and our future generations," Bernama quoted him as saying.

On Wednesday, the premier announced that the government will lower its fuel subsidies resulting in a sharp increase in petrol and diesel prices.

The premier said the government had held out for as long as possible but the steep price of oil has risen rapidly in the world market.

Abdullah elaborated that in January 2007, the price of crude oil in the world market was only around US\$50 (USD1=RM3.29) a barrel.

Now, 18 months later, it had risen to almost US\$130 a barrel and analysts were predicting it would continue to rise up to US\$200 a barrel, he said.

abdullah ahmad badawi pm mihas halal convention 080508 01 "In this situation, the fact is government expenditure will not be able to meet the difference between controlled selling prices and of that in the world market despite higher revenues gained by Petronas," stressed Abdullah, adding that this was a challenge that all Malaysians had to bear.

He also said the government was aware that the fuel price hikes had caused uneasiness and worry among the population.

"The government would do all it could to alleviate the burden experienced by the people, especially by those in the lower income group and among the steps to be taken was increasing direct aid to them apart from assuring prices of essential goods remained affordable," he said.

The PM added that the government would also take steps to save on public sector expenditure, increase the range of goods under the price control scheme, improve public transportation and postpone projects that are not urgently needed.

However, Abdullah noted there are many challenges needed to be tackled to ensure the nation continued to move forward.

This include the slowdown in world economic growth as a result of a stagnant United States economy, which had spill-over effects on Europe besides emerging and developing economies.

On right track

Despite of all these, Abdullah said the national economy experienced encouraging growth last year proving the nation was on the right track.

"Real Gross Domestic Product (GDP) growth last year was at 6.3 per cent despite a challenging world environment.

"All sectors recorded strong growth in particular the services, construction, mining and plantation sectors. Consumer demand growth also was healthy at 11.8 per cent," he said.

He also pointed out that the government succeeded in reducing the national deficit to 3.2 per cent.

"We are achieving economic growth that was supported by a resilient domestic economy and having a more diversified economic structure.

"These achievements clearly show the government is always implementing policies and economic management strategies that are flexible and pragmatic," he explained.

The prime minister also reiterated the government's commitment to improve the quality of living of the people.

"Average household income of Malaysians increased from RM3,249 in 2004 to RM3,686 in 2007, an average increase of more 4.3 per cent a year," he said.

He also said the poverty rate has been reduced from 5.7 per cent in 2004 to 3.6 per cent in 2007, while hardcore poverty it dropped from 1.2 per cent to 0.7 per cent during the same period.

On efforts to combat corruption, Abdullah said reforms were being undertaken to make the Anti-Corruption Agency a full-fledged commission while a Parliamentary Select Committee on corruption prevention had also been set up.