

Gov't scrambles to soften fuel price blow as protests loom
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The government today scrambled to cushion the blow from a 41 percent fuel price hike, as activists planned more rallies to denounce the decision.
MCPX

abdullah ahmad badawi govt announce new petrol price increase 040608 04Prime Minister Abdullah Ahmad Badawi urged angry citizens to understand the reasons behind the move, and said the government would do all it can to alleviate the burden on the poor.

"Each and every one of us has a role and responsibility in facing these trying times. As such, let's face this challenge together with resilience for the greater good of the nation and our future generations," he said.

"The government has held out for as long as possible to protect the people from fuel price increases," the premier said in the speech reported today.

Abdullah was forced to cut fuel subsidies as the bill for this year was set to rocket to US\$17 billion. Even after Thursday's hike to RM2.70 per litre, Malaysia's petrol is still among the cheapest in Asia.

But Salahuddin Ayub, youth leader of the Islamic opposition party PAS, said that as a net oil exporter, Malaysia did not need to implement such a drastic overnight increase.

"We are really very sorry that it has to be this way but it seems the government led by Abdullah has been stubborn, and has not listened to the people," said Salahuddin.

"We will peacefully protest until the government does something to address this issue and review their decision," he added.

Nationwide protests

Salahuddin said the PAS and the PKR party led by Anwar Ibrahim would mount a rally of 10,000 people next Friday at the capital's iconic Petronas Twin Towers - named after the state oil company.

"There will be more protests across the nation in the coming weeks. Poor people are devastated as they are faced with this, while still grappling with the rise in prices of basic needs, like rice," he said.

petrol price hike protest penang 060608 03A number of small street protests have already been held, including one yesterday in Penang, and PKR has planned another rally late r today.

Activists are planning a major public demonstration, which they hope will attract 100,000 people, in the capital on July 12.

Abdullah, whose standing has been in tatters since disastrous March general elections that gave the ruling coalition its biggest battering in half a century, has suggested measures to

appease public wrath.

He said the government will shortly detail initiatives to improve public transport, cut costs at government departments, improve the safety net for the poor, and expand the list of controlled-price goods.

petrol price hike protest penang 060608 06The government expects inflation to reach as high as five percent this year following the hikes, while growth is projected at a slower pace of five percent in 2008, from 6.3 percent last year.

Abdullah's coalition was punished by voters in March for failing to rein in the cost of food and fuel, losing a third of parliamentary seats.

"I think it's going to be a very damaging blow to him because there is no public confidence in his leadership anymore," said Lim Kit Siang from the opposition DAP.

"The manner in which the hike was done, the high percentage, has further undermined public respect for the prime minister and his government," he told AFP.

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