

**Petrol prices cut by 10 sen**  
**Malaysiakini.com**  
**Sept 24, 2008**

The government has cut petrol and diesel prices by 10 sen each to RM2.45 and RM2.40 per litre effective from tomorrow, according to Prime Minister Abdullah Ahmad Badawi.

The cut of 3.9 percent is the second in two months the government has cut fuel prices since a 41 percent hike in June on the back of soaring crude costs - a 5.6 percent cut was introduced last month.

The massive rise in June sparked angry street protests and calls for Abdullah to quit. The PM later said prices will be reviewed periodically based on the cost of oil.

Abdullah said in a statement the price of RON97 will be lowered by 10 sen to RM2.45 per litre, RON92 by 10 sen to RM2.30, while diesel would also be reduced by 10 sen to RM2.40 per litre.

The prime minister said the recent fall in world oil prices plus the weakening of the ringgit gave the government a window of opportunity to lower local pump prices.

**Reductions in time for Hari Raya**

With Hari Raya imminent, he hoped the reduction would help to lighten the burden of consumers and travellers who traditionally spend more during the festive season.

"Based on the formula we have prescribed in determining retail pump prices, the reduction of 10 sen is the best that we can give," Abdullah said.

Abdullah had previously said if world crude prices stabilised at US\$109 per barrel, the government may consider another 15 cents reduction in price.

The government last month lowered pump prices by 15 sen or 5.6 percent to RM2.55 per litre.

Domestic Trade and Consumer Affairs Minister Shahrir Abdul Samad said at a press conference that the reduction of prices was made ahead of the Hari Raya celebrations next week.

Though the government had initially planned to only adjust fuel prices at the beginning of each month, the cabinet decided to reduce it a week earlier this month.

**Government subsidises 33 sen a litre**

After his press conference on the country's August inflation figures today, Shahrir said that although there is a 10-sen reduction across the board for petrol, the government will still be subsidising 33 sen per litre.

"Because of the oil price spike on Monday (crude oil price went up 16 percent on Monday) the average price of oil was higher.

"The initial calculations had put the price per litre at around RM2.47 but the cabinet decided to round the figure to 10 sen per litre as Monday was an anomaly," said Shahrir.

On the threat of rising US dollars, Shahrir, said the impact was minimal.

"We are more worried of speculation in oil rather than the appreciating US dollar. If people treat commodities like oil as an investment, it will cause the price to spike again."

When asked if the government would consider free floating the price of petrol, Shahrir said that his ministry was studying the matter.

"It's still too early for that as people are just getting used to the idea of petrol prices moving up and down. But this is something we are looking into," said Shahrir.

The hike in fuel prices saw inflation skyrocket, with the August price index reaching a 27-year high of 8.5 percent, driven by the escalating cost of food.

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Source : <http://www.malaysiakini.com/news/90289>