

Subsidy reduction for fuel and sugar effective Dec 4
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KUALA LUMPUR - The government today announced subsidy reductions of five sen per litre for RON 95 petrol and diesel, five sen per kg for LPG and 20 sen per kg for sugar effective Saturday.

With the reduction, RON95 petrol will cost RM1.90 per litre, diesel RM1.80 per litre, LPG RM1.90 per kg and sugar RM2.10 per kg.

The subsidy rationalisation announcement was made in a joint statement by the Ministry of Domestic Trade, Cooperatives and Consumerism and the Performance Management and Delivery Unit (Pemandu) of the Prime Minister's Department.

The statement said that despite the increase, Malaysia's retail prices for all the items remained lower than those in neighbouring countries, such as Indonesia, Singapore and Thailand.

For example, the price per litre for RON95 petrol is RM2.46 in Indonesia, RM4.36 in Singapore and RM4.25 in Thailand, while the price per litre for diesel is RM2.50 in Indonesia, RM3.18 in Singapore and RM2.96 in Thailand. sugar

LPG costs RM2 per kg in Indonesia, RM6.42 in Singapore and RM1.93 in Thailand while sugar is priced at RM3.50 per kg in Indonesia, RM3.80 in Singapore and RM2.80 in Thailand.

The first step towards the subsidy rationalisation programme was made on July 16 when subsidies for RON95 petrol and diesel were reduced by five sen per litre, for LPG by 10 sen per kg, and for sugar by 25 sen per kg.

The statement said the subsidy rationalisation was necessary as the government recognised that it must continue to manage its fiscal position by enhancing revenue and, at the same time, reducing expenditure.

The Economic Transformation Programme (ETP) aimed to increase the Gross National Income (GNI) per capita to reach US\$15,000 by the year 2020, it said.

To achieve this, it added, the GDP must grow at least at six per cent per annum and this would allow government revenue to increase via tax collection.

The Government Transformation Programme (GTP) attempted to address issues in the six National Key Result Areas (NKRAs), amongst which poverty, rural basic infrastructure and education clearly had an impact on the bottom 40 per cent of the population, it said.

For example, it said, since January this year, the government had built 538km of rural roads, 260 per cent more than the previous year, opened 1,358 pre-school classes benefiting 54,569 children, and reduced the number of hardcore poor households by 55 per cent.

The government was taking the welfare of the poor people as a key priority under the GTP, the statement said.

Mix reaction from NGO

The price hikes have nevertheless received mixed reaction from Non Governmental Organizations (NGO).

FOMCA adviser Prof Hamdan Adnan said the price of RON95 petrol should not have been increased because it remains an important driving force for the people in the country.

"If the price of sugar increases, it is alright but not the price of petrol because it remains the main generator of development and economy of the country and the people depend heavily on its usage daily," he told Bernama when contacted here Friday.

When asked to comment on the price hike, he added that there should be a mechanism to regulate the price of fuel so that the target group will continue to enjoy the subsidy.

Hamdan's views were also shared by Muslim Consumer Association of Malaysia (PPIM), executive secretary Datuk Nadzim Johan.

Meanwhile, CUEPACS president Omar Osman said the union was concerned with the increase because it will have a chain reaction and burden the low income group.

"The increase in prices will certainly affect the lower income group, especially civil servants in the lower levels," he said. - Bernama

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