

'Fuel price hike was avoid'

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The hike in the pump price of fuel could have been avoided if the Government had strengthened the ringgit, former prime minister Tun Dr Mahathir Mohamad said today.

By having a strong ringgit, the effect of higher world oil prices would have been minimum, he added.

Dr Mahathir, who spoke to reporters after meeting Universiti Malaya student leaders at the Yayasan Leadership Foundation here, said the ringgit was undervalued.

"If we had strengthened our currency we need not have to increase the pump price of oil. Since oil prices are quoted in US dollars, when they rise, they cause a bigger increase in ringgit terms."

He said Malaysians might have become used to price stability in essential items and therefore thought that any price increase was unnatural.

"In many countries, prices go up all the time."

Malaysia is a net exporter of oil, although the Government has said it will no longer be so in a few years.

Oil subsidies were lowered on Feb 28, causing the price of fuel to go up by 30 sen per litre.

Source: NST | www.nst.com.my