



DIALOGUE SESSION: Dr Mahathir welcoming Universiti Malaya's student council members in his office at the Perdana Leadership Foundation in Putrajaya yesterday. — Bernamapic

'It could have been avoided'

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Dr M on 30-sen rise in fuel prices

PUTRAJAYA: The 30-sen fuel price increase could have been avoided if the ringgit had strengthened against the US dollar, Tun Dr Mahathir Mohamad said.

He said the increase was inevitable as the ringgit was "tied almost rigidly" to the US currency, hence when the price of oil quoted in the greenback went up, so did the fuel price here.

"Instead of allowing (the ringgit) to float, we can actually fix our currency exchange rate. We had done that before and I think we had benefited (from that)," he told reporters after a dialogue session with Universiti Malaya student council members at the Perdana Leadership Foundation yesterday.

Malaysia had removed its

currency peg to the US dollar for a managed float against trade-weighted currencies.

Asked if the ringgit should be re-pegged, Dr Mahathir said: "I am not the Government, and what I think doesn't matter.

"But it is possible to avoid increases in the US dollar from affecting the price of goods by strengthening the local currency.

"Our money is undervalued. If our currency is strengthened, the price of oil here will not go up so high."

On Feb 28, the Government announced a 30-sen increase in the price of petrol to RM1.92 a litre, and in diesel to RM1.58.

Crude oil prices had soared to more than US\$62.91 (RM238) a barrel recently.

Dr Mahathir said the fuel

price increase in Malaysia was still small, considering that the price per barrel had gone up by 100%, and added that Malaysians were also not used to price increases.

"When this happens, we don't take it as something natural. In many countries, prices go up all the time," he noted.

On Proton's sale of MV Agusta Motors for one euro (RM4.40), Dr Mahathir said Securities Commission officials informed him three weeks ago that the sale was permissible.

"The sale of Agusta at RM4 is permissible because Proton only loses RM400mil and it is small (amount) since the company is worth RM5bil. So shareholders should not question this. That was what I was told," he said.