

Najib: Fuel price not likely to change this year

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PUTRAJAYA: Although fuel prices will be up for review, it is not likely that they will change in the next 12 months.

Deputy Prime Minister Datuk Seri Najib Razak said the government would monitor trends in global oil prices during the period before making any decision on the local fuel price.

However, he made clear that there was no guarantee of a price reduction after a review was done.

"We will review it. (But) do not misconstrue it to mean that we will lower fuel prices. A review does not mean that we will reduce prices.

"It is up to the Cabinet to decide.

It is a question of our judgment on the matter," he said after chairing the National Minerals Council meeting.

Najib was asked if the government would consider reducing fuel prices following a softening in the world market.

According to the New York Mercantile Exchange, the price of crude oil paused at US\$54 (RM189) a barrel on Monday as traders expected a rise in crude oil inventories in the United States.

On how a reduction in fuel prices would affect government finances, he said subsidies on fuel would remain high.

In February last year, the government announced a 30-sen hike

in the prices of petrol and diesel to RM1.92 and RM1.58 per litre respectively, and the price of liquefied petroleum gas (LPG) to RM1.75 per kg.

The fuel price increase was the largest ever in the country but still kept Malaysian prices the second lowest in the region after Brunei.

The last price increase was on July 31, 2005, when the petrol price went up by 10 sen per litre, diesel price by 20 sen per litre and LPG price by five sen per kg.

Asked if the fuel surcharge for Malaysia Airlines would be reduced in line with other airlines in the region, Najib said it was up to the Transport Ministry to make recommendations.

"They will have to discuss with MAS and we will decide later," he said.

Singapore Airlines and its regional arm SilkAir on Monday announced they would make their second cut in fuel surcharges "following a decline in jet fuel prices in recent weeks".

The decision came after British Airways set a precedent mid-month, as the price of jet kerosene and crude oil had been receding steadily since last July to levels last seen in 2005.

Qantas Airways and Cathay Pacific Airways have also cut surcharges. Thai Airways said it would decide on the extent of its reduction by the end of next week.