

KL climbs up ranks of world's most-expensive cities

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KUALA LUMPUR, Feb 17 — Kuala Lumpur rose another twelve spots in the Economist Intelligence Unit's (EIU) ranking of the world's most expensive cities, reaching 74th in February from 86th in June last year.

This comes as mounting concerns over stubbornly high inflation and stagnant wages pose a potential challenge for the Najib administration which has to call for general elections before March next year.

Data made available by the EIU to The Malaysia Insider show that KL's cost of living index rose from 67th in June 2009, which was just after Datuk Seri Najib Razak took over as prime minister, to 83rd this month, a jump of 16 points or 23 per cent.

This means KL is now 83 per cent as expensive as New York although its salaries are nowhere near as high as those in the global financial capital.

The EIU takes into account more than 160 items, from food, toiletries and clothing to domestic help, transport and utility bills, in 140 cities worldwide to formulate its index, which uses New York City as a benchmark.

Analysts have said that the cost of living will be one of the biggest issues in the next election.

In the run-up to the 2008 polls, a spike in fuel prices and toll rates had contributed to a backlash against the Abdullah administration and helped earn the ruling Barisan Nasional (BN) coalition the informal moniker of "Barang Naik" (Malay for "Price Increase").

The cost of living was also a key election issue in last year's Singapore general election in which the ruling People's Action Party (PAP) won in the narrowest vote-margin since the island republic's independence.

While the Consumer Price Index, which is taken to be the official rate of inflation, was 3.2 per cent last year, many urbanites feel that the figures do not reflect the real rise in cost of living and that wages have not kept pace.

Price increases, especially for property and food, also tend to be higher in urban areas where BN tends to be weakest.

The Najib administration faces a difficult dilemma as it has pledged financial reforms such as subsidy cuts to help reduce the budget deficit and eliminate market distortions, but aggressive reductions in subsidy could further increase the cost of living.

It introduced a one-off cash grant for low income households in this year's budget but such schemes are not seen to be sustainable.

Zurich was ranked the world's most expensive city, about 70 per cent more expensive than

New York, followed by Tokyo and Oslo.

The online version of the EIU report is available [here](#).

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