

THE STAR

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# Pump prices

## Cabinet discusses possibility as crude oil slips to US\$122

The Star

**PUTRAJAYA:** The Government is considering lowering retail fuel prices, in line with falling global crude oil prices, Datuk Seri Abdullah Ahmad Badawi said.

He said the Cabinet discussed the possibility on Wednesday, a day after crude oil slipped to US\$122.19 (RM402) a barrel.

Petrol prices were raised by 41% and diesel by 63% in early June to curb a runaway subsidy bill when crude prices were hovering around US\$140 (RM460.60) a barrel.

"We're looking at it very, very carefully. Of course I would be so happy if we can reduce it," the Prime Minister told AP in an interview here.

But he said the Government was wary of lowering prices at the pump just to have to hike them when oil markets rose again.

Crude has fallen over the last three weeks from a record high of US\$147.27 (RM479.87) per barrel on July 11, in part, on expectations that the spike in prices over the last year has begun to dampen demand by the United States for gasoline.

But the slide has since halted and yesterday sweet crude for September delivery was holding steady at US\$126.81 (RM417.20) per barrel in electronic trading on the New York Mercantile Exchange.

Abdullah said the Government was conducting a study to find out if retail fuel prices could be brought down and would announce a decision "at an appropriate time."

He acknowledged that rising inflation was weighing heavily on the Government by handing the Op-

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DATUK SERI ABDULLAH AHMAD BADAWI

position a way to criticise its economic policies.

"This has been regarded as a weakness of the Government today for allowing prices to go up. I am also upset.

"We are paying more than before. It is a burden to us," he said, adding that the Government was taking steps to reduce inflation.

Abdullah said the Government was making efforts to boost income levels of the poor as well as improve transport services and seek cheaper sources of power.

Bank Negara has raised projections for average inflation for this year to between 5.5% and 6% from 4.2%.

Also, the Government announced last week that consumer prices spiked by 7.7% in June compared with the same month last year. It was the steepest climb in 27 years, spurred by higher gasoline prices.



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