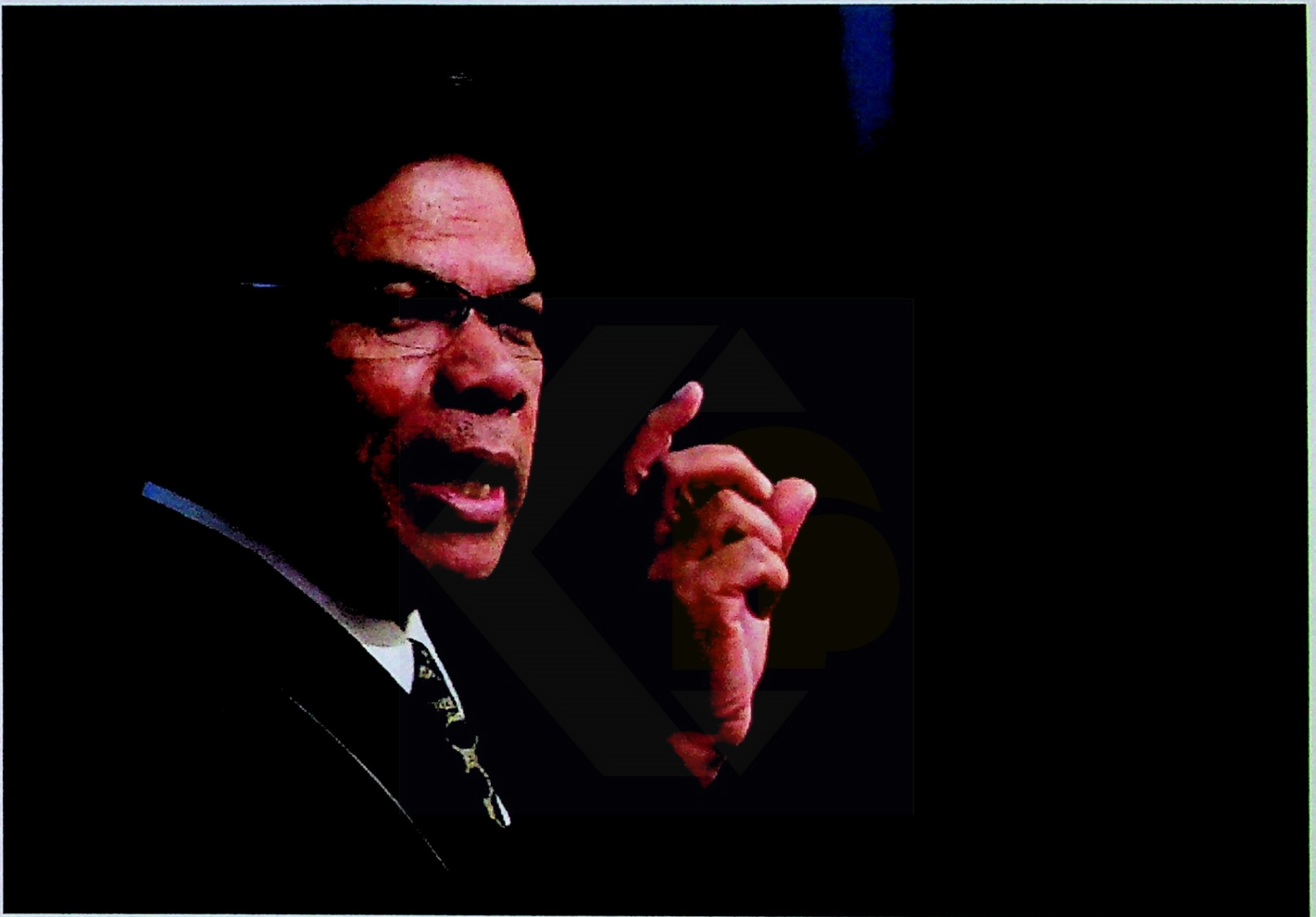


Gradual increase of RON95 next year will be minimal, says minister

AMAR SHAH MOHSEN -ASHWIN KUMAR /10 OCT 2019 / 16:22 H.



KUALA LUMPUR: Those who do not qualify for the targeted fuel subsidy initiative will only see a minimal month-to-month increase in the price of RON95 when the fuel price is floated beginning January.

Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail said the government would continue subsidising the price of the fuel, to ensure a gradual increase until it is equivalent to the global market value, to avoid upsetting the market.

"The increase will be gradual, because we don't want to see a situation where when we start floating the price of RON95, it increases from RM2.08 to say RM2.50. The impact to the economy will be grave," he told the Dewan Rakyat today.

"It is safe to say that the the gradual increase will be minimal. For instance, we may increase it to around RM2.10 in January, which is a 2-sen rise.

"What this means is that the government may still subsidise the price by around 25 sen, depending on the market value then," he added.

However, Saifuddin said, there were no plans to cap the price of RON95 as feedback from oil companies showed that the global price in the coming months would not increase drastically.

He was responding to a question from Khairy Jamaluddin (BN-Rembau) on what is the mechanism that will be used by the government to determine the gradual increase of RON95 when the price of the fuel is floated beginning next year.

The government had earlier this week announced the new targeted fuel subsidy scheme, which will see cost of living allowance recipients receiving RM30 and RM12 respectively for car and motorcycle owners beginning January 2019.

To the people in Sabah, Sarawak and Labuan, who will not enjoy the targeted subsidy, Saifuddin gave an assurance that the price of RON95 in those areas would be fixed at RM2.08 a litre until a new mechanism was announced.

“Even if the price in the peninsular increases to RM2.10 in January for example, it will remain the same there,,” he said.

Asked what the government would do for Sabah, Sarawak and Labuan if the global market value of RON95 goes below RM2.08, Saifuddin said: “If crude oil price drops, then of course RON95 will also be cheaper, and this will be passed down to consumers,,” he added.

