

2019 BUDGET

'RISING OIL PRICE WINDOW FOR GOVT'

Additional revenue can be used for aggressive debt reduction plan, says expert

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THE government should take advantage of the current crude oil price of around US\$80 (RM69.70) per barrel and channel back to the people through the 2019 Budget.

Senior Putra Business School lecturer Dr Ahmed Razman Abdul Latiff said additional revenue from rising oil prices can also provide a window for the government to focus on reducing debt more aggressively.

This also includes boosting international reserves and drawing up a comprehensive plan to re-

duce the income gap between rural and urban residents.

"The 2017 Budget used US\$50 per barrel as a benchmark while the 2018 Budget projected US\$52 per barrel as the average price that contributes to government revenue.

"But, with the increase in oil prices above US\$80, the highest in the current four years, the government should set a higher oil price benchmark than US\$52.

"This is because every increase of US\$1 per barrel allows the government to earn an additional income of RM300 million a year," he told NSTP Business.

Ahmed Razman said some global factors, such as the decline in Venezuela's oil production,



Senior Putra Business School lecturer Dr Ahmed Razman Abdul Latiff says some global factors, such as the decline in Venezuela's oil production and economic sanctions by the United States on Iran next month, will cause global oil prices to remain high for the next few months. BLOOMBERG PIC

and the economic sanctions by the United States against Iran next month, would cause oil prices to remain high for the next few months.

He said Saudi Arabia's inability to cover production shortfalls by Iran and Venezuela also forced the oil market to trade at high prices.

Speaking on the 2019 Budget, Ahmed Razman said the government is expected to formulate strategies and initiatives through reforms from existing policies and programmes such as the Economic Transformation Pro-

gramme and the 11th Malaysia Plan (11MP).

He said the government is likely to continue focusing on new economic policies to reduce the income gap, boost ownership of affordable housing, health, education, women and consumer sectors.

Ahmed Razman said the 2019 Budget would be able to drive businesses and create benefits to the people.

"The 2019 Budget is expected to highlight policies and provide clear direction because it is important to all stakeholders, es-

pecially on the government's spending next year," he said.

Meanwhile, Faculty of Economics and Business Faculty of Universiti Putra Malaysia associate professor Dr Rusmawati Said said the government must not be too passionate about changing or introducing new policies, but improve existing policies or structures in terms of implementation.

"11MP is well-formulated, but the implementation needs to be improved. Just maintain the good policies and refine them," she said.