

PRESS RELEASE

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Malta Chamber urges Government to lower fuel, utility prices

The Malta Chamber of Commerce, Enterprise and Industry urges the Government to take advantage of the current low price of crude oil and reflect the difference in price to businesses and individual consumers through lower fuel and utility rates, beyond the announced 25% reduction for March 2015 in the case of energy.

Fuel and energy costs account for a significant proportion of overhead costs and unjustified differences between prices locally and elsewhere are most detrimental to business especially for sectors such as import and export, freight forwarding, transport and distribution. This situation also brings about indirect effects on the economy by raising the cost of living.

Other European countries have been reducing fuel prices consistently in the last months. In the UK, various major supermarket chains have reduced their petrol and diesel prices throughout the months of December and January up to 14 times.

In this regard, the Malta Chamber is preoccupied with the apparent price rigidities emerging in the past days where individual petrol stations were seemingly deterred from lowering their selling price by adjusting their profit margin.

The relative cost for Maltese drivers is further increased by the congestion of traffic on our roads as confirmed by research conducted by the University of Malta, which shows that Maltese drivers spend 280% more time in traffic, than their peers in other European countries.

An immediate reduction in the price of fuels and utility rates coupled with the falling value of the Euro will have a windfall effect on Malta's competitiveness and will lead to higher exports which will in turn boost economic growth. This is a unique opportunity which should not be missed as the economic benefits could be significantly higher than the reduction in Government revenue.

The country may also be missing out on important investment opportunities due to pricing itself out of the competition.

While the Malta Chamber appreciates that a degree of stability in fuel prices is important for businesses and industry, such stability must not hold the country's competitiveness to ransom.