

## KERATAN AKHBAR

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### Govt looking at targeted fuel subsidy mechanism, says Mustapa



Mustapa Mohamed says the government is still working on a suitable fuel subsidy structure and expects it to be completed soon.

KUALA LUMPUR: The government is likely to introduce a targeted fuel subsidy mechanism, especially for the lower income group, to cushion the impact of rising crude oil prices.

Economic affairs minister Mustapa Mohamed said the government was still working on a suitable structure and expected it to be completed soon.

He also noted that the finance ministry was currently looking at whether the government was able to bear the subsidy as prices for RON95 petrol and diesel remained for the time being.

“Those who can afford should pay more and the people who do not deserve (the subsidy) should not be given it at all.

“Subsidies are meant for the poor, particularly the B40. The issue is timing,” he said during a programme on Bernama TV today.

Mustapa said fuel subsidies had played an important role in moderating price increases to between 2% and 3% for the last 10 to 20 years.

“However, it will be a big strain on the budget. When we outlined our budget last year, the estimate was about RM5 billion in subsidies.

“Now the estimate is somewhere around RM30 billion, representing a six-fold increase in subsidies,” he added.

Mustapa said oil subsidies involved four items – RON95 petrol, diesel, liquefied natural gas and cooking oil.

He added that the rise in crude oil prices had affected the country’s inflation rate, where the consumer price index last month rose by 2.2% to 125.6 against 122.9 in March last year, surpassing the average inflation for the January 2011-March 2022 period, which stood at 1.9%.

“We believe this will be challenging for us moving forward. The impact is mainly on prices. We have not revised our growth projection and we are still sticking to Bank Negara Malaysia’s forecast of 5.3% to 6.3% growth this year.

“We have to be realistic as this is a very challenging period and there is a need to revise our growth forecast. The government will do the necessary,” he added.