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No more subsidies for certain sectors as structural reforms seep in, says Rafizi Ramli



Economy Minister Rafizi Ramli said this was to ensure that these sectors would remain competitive and help them to cope with their problems. NSTP/ASYRAF HAMZAH

KUALA LUMPUR: The government will no longer channel subsidies for certain industries that are still facing difficulties, and instead will advise them of structural reform.

Economy Minister Rafizi Ramli said this was to ensure that these sectors would remain competitive and help them to cope with their problems.

"Currently, most industries depend on gas to run their business. What will happen when gas prices skyrocket?

"A normal practice is to apply for a subsidy from the government to weather the storm. It is like giving pills to relieve the headache.

"However, this is not sustainable. Our approach now is to reform the structure of the industries, for example advising them to use alternative energy such as biomass," Rafizi said at Invest Malaysia 2023 conference here today.

He said the government would start the new structural reform by stopping subsidies to certain industries that did not embrace changes.

He said the government was open to discussions with all sectors and industries to work together to solve their problem.

"We have talked to a few industries about this and we are going sector by sector. We encourage every industry player to talk to us for the betterment of our economy.

"Our approach now is no subsidy, but we can consider working together on energy transition. Hopefully by doing that, it will expedite economic growth and create more jobs in this area," he said.

Meanwhile, Rafizi said the government was committed to providing adequate fiscal allocation to finance the development expenditure of the 12MP for the period 2021 to 2025.

He said the government was confident of delivering development expenditure (DE) allocation for the 12th Malaysian Plan that was estimated at RM400 billion.

"I'm quite confident that we will be able to stick with that. What I want to make sure is that all the amount goes into actual development.

"I think if we can maintain the fiscal discipline and from my perspective of managing the DE, part of it as well is about the delivery," he added.