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Rafizi: Date for diesel subsidy rationalisation has been set



Economy Minister Rafizi Ramli today said the government has set the date for the rationalisation of diesel subsidies. NSTP/ASYRAF HAMZAH

KUALA LUMPUR: Economy Minister Rafizi Ramli today said the government has set the date for the rationalisation of diesel subsidies.

"We have decided on the date and will announce it when the time is right. However, I have emphasised many times that the sequence must be correct. It is about balancing and reducing the risk of knock-on inflation," he said.

Rafizi explained that the government needs to ensure there is no knock-on effect on inflation and supply.

"Sometimes, if you announce the plan early, hoarding happens. People might start stockpiling quickly because they know that in two or three months, diesel prices will rise," he said.

"If we retarget diesel subsidies to manage hoarding and smuggling, announcing a clear date will cause a spike in smuggling early on," he added.

Rafizi said while people might question why the government does not enforce stricter controls to prevent leakages, it is impossible with only about 2,500 enforcement officers.

On May 27, the Finance Ministry announced a diesel subsidy aid program, allocating RM200 monthly for eligible individuals and smallholders in the agriculture and commodity sectors.

Meanwhile, the targeted subsidy plan for RON95 is still on track.