

Chong: Federal Cabinet yet to make final decision on proposed targeted subsidy for RON95, diesel

BY LIM HOW PIM ON OCTOBER 2, 2019, WEDNESDAY AT 8:22 PM



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KUCHING: The Federal Cabinet has yet to make a final decision on the proposed targeted subsidy for RON95 and diesel, said Deputy Minister of Domestic Trade and Consumer Affairs Chong Chieng Jen. According to him, the initial proposed targeted fuel subsidy scheme was only for the B40.

"However, such proposal has yet to be finalised and confirmed by the cabinet. At present, what we have is the general fuel subsidy scheme, ie. fixing the price of RON95 at RM2.08 per litre and diesel at RM2.18 per litre.

"Without this general fuel subsidy scheme, the price of RON95 will be RM2.49 per litre and diesel RM2.39 per litre, given the current international crude oil price," he said in a statement today.

Chong said the previous Barisan Nasional (BN) government had removed the general fuel subsidy scheme without any targeted fuel subsidy scheme in place.

Had BN continued to be the government of the day, Malaysians would have been paying RON95 at approximately RM2.50 per litre and diesel at RM2.40 per litre for the past one year, he pointed out.

"With the current general fuel subsidy scheme, the total estimated subsidy that the government pays to maintain the current fuel prices is approximately RM173 million per week.

"The total estimated subsidy paid out by the government to the oil companies to maintain the current price of RON95 at RM2.08 per litter and diesel at RM2.18 per litter is approximately RM7 billion a year," he explained.

Given the high government debt, he said there is the fiscal pressure to reduce this subsidy burden on the government by introducing the targeted fuel subsidy scheme.

However, he said the cabinet had yet to make a decision whether to maintain the current general fuel subsidy scheme or to introduce the targeted fuel subsidy or a hybrid scheme – whether the subsidy be confined to B40 or also to include the M40 as well.

Chong said the matter would be decided by the cabinet ministers collectively and announcement was likely to be made during the tabling of the national Budget 2020.

"Till then, prices of RON 95 and diesel are maintained at RM2.08 per litre and 2.18 per litre respectively," he added.

The national Budget 2020 is scheduled to be tabled in Parliament on Oct 11.

