

Gov't: Fuel still below market price despite hike

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Despite the recent fuel price hike, Deputy Finance Minister Ahmad Maslan maintains that the prices of RON95 petrol and diesel remain below global market prices.

"The BN government's subsidy for RON 95 is still there, which is RM0.28 per litre, and for diesel it is RM0.32 per litre.

"This subsidy rises and falls, depending on world oil prices, and the government's policy of switching from untargeted subsidies to targeted subsidies," Ahmad said.

He said this in an opinion piece published on Astro Awani today, apparently in response to criticism of the government's move to push up fuel prices, even though global oil prices have fallen.

Ahmad said it is the wealthy who were benefiting more from the current subsidies.

"The the low-income rakyat get less subsidy because they use motorcycles or small cars, but the high-income rakyat get more subsidy because they use multiple and big cars," he said.

As such, he said, the current subsidy is going in the opposite direction of the intended target group and is therefore "irrational".

"This is among the reasons why the fuel subsidy was reduced by 20 cents," the deputy minister said.

Various aids, he said, would instead be channelled directly to the lower income groups.

Furthermore, Ahmad added, neighbouring countries also provide minimal subsidy for their fuel, prompting syndicates in these countries to smuggle fuel from Malaysia, where fuel is significantly cheaper due to the government's subsidy.

In a separate statement today, Kuala Nerus MP Mohd Khairuddin Aman Razali (left) slammed Putrajaya for the fuel price hike amid falling global prices of petroleum.

Furthermore, Khairuddin said, the fact Malaysia is a major oil exporter in Southeast Asia and also has the fourth largest oil reserves in Asia Pacific does not justify the hike.

"It is clear the fuel price hike will be at the rakyat's detriment, and will cause a chain reaction that will result in inflation.

"This is coupled with the (impending) implementation of the goods and services tax (GST), which will further cause inflation," he said.

Khairuddin added that the government should instead slash fuel subsidies and other perks for the independent power producers.

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