

Anwar: Fuel prices cannot go any lower, billions spent on subsidies

By TARENCE TAN
tarrence@thestar.com.my

PETALING JAYA: Fuel in Saudi Arabia is more expensive than those in Malaysia and it isn't feasible to introduce additional subsidies to bring down fuel prices in our country, says Prime Minister Datuk Seri Anwar Ibrahim.

At present, he said between RM30bil and RM40bil was spent in subsidies to keep fuel prices at RM2.05 per litre.

"The 2023 fuel prices in Saudi Arabia are higher than Malaysia, and how much cheaper can we go? Subsidies are already skyrocketing," Anwar said in a video clip posted on X, formerly known as Twitter, yesterday.

The Prime Minister was speaking at the Majlis Ramah Mesra Madani event at Universiti Teknologi Petronas (UTP) at Seri Iskandar, Perak, on Sunday.

"Despite producing much more oil, Saudi Arabia's fuel prices are still higher than ours," he added.

Anwar acknowledged criticisms over his previous election campaign promise in 2008 to bring down fuel prices.

He said the present economic situation is different now compared to situation then.

"That was in 2008, where the oil prices in Saudi Arabia were 50 cents per litre, which was RM1.80 at that time," he added.

At present, a litre of RON95 petrol in Saudi Arabia costs 2.33 riyals (RM2.93).

Last month, Anwar told Parliament that fuel prices could not be lowered due to the current crude oil prices.

According to Brent crude, which is a benchmark for oil prices, oil prices reached US\$95 (RM470) per barrel as of yesterday, and analysts are expecting prices to touch US\$100 (RM495) per barrel soon, which could prolong inflation across the globe.

In May, the late Datuk Seri Salahuddin Ayub, who was the domestic trade and cost of living minister, said the implementation of targeted fuel subsidies for RON95 petrol and diesel was expected to begin next year.

Deputy Finance Minister Datuk Seri Ahmad Maslan had said in May that the government spends more than RM50bil annually to subsidise fuel such as RON95, diesel and gas that are enjoyed by all Malaysians, including those in the T20 group.

He also said the mechanism for targeted fuel subsidies is close to being finalised.

Ahmad Maslan also hinted that the completed mechanism could be presented during the tabling of Budget 2024, which is slated to be tabled in Parliament on Oct 13.