

PM: Country can't run forever on fuel subsidy
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PUTRAJAYA: The country cannot rely on fuel subsidy-driven consumption to prop up the economy in the long run, said Prime Minister Datuk Seri Najib Tun Razak.

He acknowledged that Malaysia has one of the lowest pump prices in Southeast Asia - second only to Brunei Darussalam - but pointed out that the country needed to reposition its oil-based revenue towards economic development.

"If we use all our riches to provide fuel subsidies, that will increase consumption. If we increase consumption, we do not build productive assets for our country's future and, one day, oil will be depleted, there will be less oil, the amount of oil production will go down and at that time we will face a grave situation.

"That is why we must use our oil resources not only for the short term but also the long term interests of our country," he said in a video response to a question posed to him on his blog at www.1malaysia.com.my.

Najib pointed out that despite being an oil-producing country, Malaysia was considered a marginal net exporter as domestic consumption was nearly as high as its exports.

He added that the quality of Malaysian oil was more suited for the international market, while the need for petroleum products used domestically were sufficiently met by oil imported from the Middle East.

Najib, who is also Finance Minister, pointed out that the Government spent more than RM2 bil in subsidies every month for petroleum products in the country, which include liquefied petroleum gas (LPG) and diesel.

"If we take RON95 (petrol grade), there is a subsidy of 82 sen per litre. This means if we pay RM1.90 per litre, we should actually be paying RM1.90 plus 82 sen extra. If we calculate a full tank of about 25 litres, we will save between RM25 to RM30 ringgit for every full tank.

"This is the real savings that we sometimes do not realise," he said.

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