



KEMENTERIAN SAINS,
TEKNOLOGI DAN INOVASI
MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION

TARIKH	25 MAC 2026 (RABU)	SURATKHABAR	BH / UM / NST / TS / HM / KOSMO
TAJUK ARTIKEL	WAYS TO TRIM FUEL SUBSIDIES		
M/S	4 (NATION)	KATA KUNCI	FUEL, MALAYSIA, SUBSIDIES
BIDANG	ENERGY		

Ways to trim fuel subsidies

PETALING JAYA: High fuel consumption among Malaysians is placing a severe strain on federal coffers, prompting economists to call for an urgent reduction of the 300-litre Budi Madani RON95 monthly quota.

The call comes after the cost of subsidising fuel recently skyrocketed from RM700mil to RM3.2bil in less than a week, resulting in the government spending a staggering RM107mil a day on petrol and diesel subsidies.

Economist Prof Emeritus Dr Barjoi Bardai said over 10 million Malaysians consumed 76 million litres of fuel daily, costing the government RM107mil per day in fuel subsidies.

"Based on the current data, rationalisation of fuel subsidies is becoming increasingly unavoidable," he said when contacted.

He explained that the high subsidy cost was because the country traditionally imports more oil than it exports.

Based on the Statistics Department's Mining of Petroleum and Natural Gas Statistics for the fourth quarter of last year, Malaysia exported RM6.1bil worth of crude petroleum and condensate, mainly to Australia (22.6%), Japan (16.8%) and Thailand (15%).

Conversely, Malaysia imports RM11.5bil worth of crude petroleum and condensate, mainly from Saudi Arabia (20.2%), the United Arab Emirates (19.4%) and Oman (11.5%).

To off-set this, Barjoi suggested Putrajaya consider reducing the 300-litre petrol subsidy monthly quota.

Based on official data, 95% of Malaysians use less than 180 litres of RON95 monthly. He noted that only the top 5% or about 500,000 car owners actually benefit from the maximum 300-litre quota.

"This means the majority of users are being allocated over 60% more than they actually need," he said.

Reducing the monthly quota, Barjoi said, would cut the consumption of subsidised fuel by 33% to 40% per person.

"This directly lowers subsidy costs, improves fiscal sustainability, helps Malaysia reach its deficit targets and delays the need for drastic subsidy removal," he added.

He said reducing the monthly petrol quota to 180 litres would translate to RM84mil in savings a month or over RM1bil annually.

He also suggested a separate fleet-specific programme for heavy petrol users, such as e-hailing drivers.

Economist Geoffrey Williams said reducing the petrol quota would result in substantial savings for the government without affecting the majority of the population. Alternatively, he suggested the introduction of a tiered price mechanism where subsidised petrol was based on volume of petrol purchased.

He added that such a method would save subsidy costs, stop hoarding, abuses and smuggling.

Bank Muamalat Malaysia Bhd chief economist Dr Mohd Afzani-zam Abdul Rashid said the government's immediate priority must be to secure sufficient fuel

supply while conserving consumption.

He suggested leveraging MyKad to monitor fuel consumption in real time, allowing authorities to track actual petrol use by Malaysians while also curbing fuel smuggling at the borders.

Mohd Afzani-zam said that consideration for more petrol could be given to those requiring long distance travel.

He suggested working from home (WFH), switching to electric vehicles, taking public transport and carpooling as measures to help reduce petrol consumption.

"While securing adequate fuel supplies is the immediate goal, ensuring clear communication to the general public about possible measures to be introduced in the face of current calamities is equally important to avoid panic buying," he added.

Sunway University economics professor Dr Yeah Kim Leng said it was crucial to rationalise fuel prices given the heavy subsidy bill on the government.

"A tripartite sharing of the subsidy burden between the government, consumers and businesses would be a more equitable and sustainable approach to mitigating the global energy shock," he said.

Yeah said several mitigation measures must be implemented if the Middle East conflict were to prolong.

This includes promoting efficient energy utilisation, car-pooling, wider use of public transportation and adoption of WFH, he added.

Source of Malaysia's fuel products

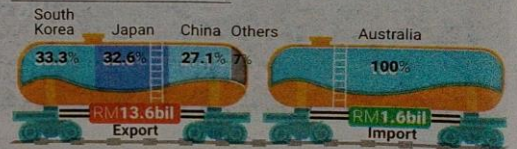
Crude petroleum and condensate



Refined petroleum products



Liquefied natural gas (LNG)



Note: Mining of petroleum and natural gas statistics, fourth quarter of 2025.

Source: Statistics Department

The Star graphics