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Gov't mulls cutting fuel subsidies by LE20b

THE government is considering whether to reduce fuel subsidies by LE20 billion (\$2.64 billion) next fiscal year, but it needs to study the social implications before coming to a decision, Minister of Investment Ashraf Salman told **Reuters** yesterday.


The government cut the subsidies last summer, raising the prices of gasoline, diesel and natural gas as much as 78 per cent, a move lauded by economists but criticised by some ordinary Egyptians accustomed to cheap energy.

Investment Minister Salman said in a statement that the government may aim to cut fuel subsidies to LE80 billion in the fiscal year starting June 30, instead of the LE100 billion now planned for.

He said that the reduction will come through using a smart card system meant to better monitor fuel consumption in the country of nearly 90 million.

The government has benefited from a decline in global oil prices since last summer. But it has turned from an energy exporter to a net importer in recent years, with low production and high consumption causing a deficit that leads to regular blackouts.

The government has tried to address this by cutting subsidies to decrease consumption. It is also trying to encourage more oil and gas exploration as well as seeking energy shipments from abroad.



Ashraf Salman