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## Tengku Zafrul: Malaysia must step up energy security



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**KUALA LUMPUR:** Malaysia needs to double down on energy security as global uncertainties intensify, with the government actively engaging investors on the importance of ensuring a stable and reliable energy supply, said Tengku Datuk Seri Zafrul Abdul Aziz.

He said this in an interview with Bloomberg's "Insight with Haslinda Amin" programme yesterday, where he discussed developments in West Asia, their impact on Malaysia, and measures to address rising fuel costs.

Tengku Zafrul, who is the Malaysian Investment Development Authority (Mida) chairman, said energy security has become a key

consideration for investors, particularly in light of ongoing geopolitical tensions.

"When we engage investors, we emphasise how important energy security is going to be. Malaysia is fortunate to have reliable power, and developments such as the Asean power grid are positive steps in strengthening this," he said.

Tengku Zafrul said the crisis has also reinforced the need to diversify energy sources, as companies seek to reduce reliance on a single supply.

"It has taught many companies the importance of diversification – of not relying too much on just one source of energy," he said.

At the same time, he stressed that energy must strike a balance between sustainability and affordability.

"We need to ensure that energy is not just sustainable but also affordable. This is the challenge that most companies are facing, and governments are working to put in place the right incentives and policies to encourage greater adoption of renewable energy," he added.

On fuel subsidies, Tengku Zafrul said Malaysia entered the current situation with relatively strong economic fundamentals, including 5.2% GDP growth last year, low inflation, and stable employment.

However, he noted that subsidy costs have risen significantly.

"Fuel subsidies for RON95 have increased from about RM700 million a month previously to RM4 billion, and more recently to as much as RM7 billion, based on current oil prices," he said.

Despite this, he said Malaysia still has some fiscal space, with the fiscal deficit reduced to around 3.7%, close to pre-pandemic levels.

"The key question is how long this crisis will last and when the trigger points for intervention will be reached. The longer it continues, the greater the strain on our fiscal position," he added. – Bernama