

Najib: Gov't to address Fitch's concerns in Budget

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The government will put in place measures to address concerns raised by rating agency Fitch over the outlook for the Malaysian economy, in the upcoming Budget 2014.

Prime Minister Najib Abdul Razak, however, declined to provide further details into what it will do to address these concerns, which include the steep rise in government debt.

“(The revision) is good to us as it signals their concern. It is a concern which we share as a government and we will see to address those concerns...

NONE“At the moment, we are looking at various policy options but we do understand there is a need for us to strengthen the fiscal and macro position of the government,” he told reporters today.

Fitch Ratings revised Malaysia's outlook from “stable” to “negative”, citing lack of progress in government reform in addressing the budget deficit.

It also raised concerns over growing government debt, which stood at 53.3 percent at the end of 2012, not including contingent liabilities.

It noted that despite reform pledges, the government budget deficit grew from 3.8 percent in 2011 to 4.7 percent in 2012, led by rise in spending on public wages in the pre-election year.

As such, Fitch said Malaysia would find it difficult to to achieve its 3 percent deficit target for 2015 without additional measures.

While Najib did not specify the government’s plans, consolidation may see the revival of its subsidy cut plans, which were shelved in the lead up to the elections.

In 2011, the government paid RM15.9 billion in diesel and petrol subsidy alone.

Meanwhile, the PM said that the the economy will still expand from 2013 to 2014, “albeit with an expectation of slight moderation”.

He said that this is because Malaysia will be exposed to external risks, although the

bulk of its growth will depend on private domestic demand.

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