

## **Will Najib act on the massive capital outflow?**

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With Malaysia's illegal capital outflow per capita making it the Number One in the world for this, Perak DAP wants to know whether Prime Minister Najib Abdul Razak will take action to resolve the problem.

The state DAP's Economic Development Bureau chief, Chong Zhemin, also asked whether it is time for Najib to form a central public registry of corporate beneficial ownership to curb this worrying trend.

Chong said according to the latest annual report by Washington-based Global Financial Integrity (GFI), Malaysia lost a total of RM171.11 billion (US\$48.93 billion) from illegal capital outflow in 2012.

“Malaysia, at fifth place, ranks behind China, Russia, India and Mexico. This astronomical amount lost is alarming and shocking but it does not come to a surprise, since Malaysia has been bleeding severely for the past few years and the government has no political will or whatsoever to put a stop to it.

“If calculated on a per capita basis, Malaysia's illicit capital outflow was still world No 1 in 2012, at US\$1,646.36 (RM5,762.26) per capita, ahead of Russia's US\$856.16 per capita, Mexico's US\$774.81 per capita, China's US\$183.91 per capita and India's US\$47.65 per capita,” Chong () said in a statement today.

The loss of RM171.11 billion in 2012 is enough to build 42 of the over-budgeted Kuala Lumpur International Airport 2 (KLIA 2), which costs RM4 billion.

Chong further asked whether Putrajaya would come out with the same old excuse again, that the illicit outflow is due to trade misinvoicing.

However Chong said it is unthinkable that a country with a relatively small population of close to 29.7 million is able to record such an astronomical amount of illicit capital outflow, at RM1.38 trillion (US\$394.87 billion) from 2003 to 2012.

“It is clear that this astronomical amount is lost through crime and rampant corruption.

“With world crude oil prices dropping, the outlook for Malaysia's economy in 2015 appears fragile and highly uncertain. Malaysia cannot afford to lose such an astronomical amount of money from illicit capital annually. Firm steps must be taken to stop the bleed,” he warned.

Heed GFI's advice

Chong said if Najib, who is also finance minister, was sincere in tackling the illicit capital

outflow, he should heed the recommendation by GFI to create the central public registry on corporate beneficial ownership information.

“Under this move, all firms registered in the country have a legal obligation to hold accurate and current information on the ultimate owner who benefits from the company, which will be placed on a central register maintained by the Companies Commission, of Malaysia” he said.

“By creating a register of beneficial owners, the true owners of these anonymous shell companies will be made public.

“Financial institutions will know the true beneficial owner or owners of accounts opened with them, thereby making the cracking down of these ultimate beneficiaries and the tracking of fund transfers easier,” he said.

Chong warned that if Najib continues to ignore and rubbish the GFI report, Malaysian wealth will continue to be siphoned out at an alarming rate and it will be Malaysians who will ultimately pay the price for Najib's incompetence.

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