

Nation not in crisis, declares PM
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The country is not in crisis despite the alarming drop in global crude oil prices and the national currency, says Prime Minister Najib Abdul Razak.

"We are not in crisis. This is not like 1997 or 2009, when we needed stimulus packages for our economy," Najib said in a special address on the country's economy in Putrajaya today.

The steps taken by the federal government, he insisted, were "proactive" in nature, with decisions to reduce operational expenditure and maintain development expenditure in its revised budget forecast.

"This is a reality check for us," he said, while at the same time stressing that the oil price drop is beyond the control of the federal government, which tabled the initial 2015 Budget on the assumption that global crude oil prices would be at US\$100 per barrel.

That price has more than halved since.

"With what we are doing, the finance market will still be strong and we expect our current accounts to still have a surplus and not a deficit," said Najib.

Najib's announcement that the government's development expenditure would remain as allocated in the annual budget was applauded by the crowd he addressed.

Spending will stay at RM48.5 billion

"The spending expenditure of RM48.5 billion does not change and will still be spent. We will focus on the people's economy," he said.

Najib also said major infrastructure undertakings, such as the Mass Rapid Transit (MRT) project, Light Rapid Transit (LRT) extension, the KL-Singapore express rail project and the Rapid Pengerang project would go ahead as scheduled and not be affected by revised budgets.

"When I table the 11th Malaysia Plan in May, I will reveal how much more we will allocate for spending right up to the year 2020," he said.

After this, he said, only "necessary expenditure" would be made by the government on operating expenditure.

Admitting that there have been concerns and questions regarding the economic state of the country, the prime minister said the government was aware of grouses and was always "monitoring" the situation.

He said there were also “some positives” from the drop in crude oil prices.

"The World Bank has predicted that the drop in crude oil prices will actually benefit global economic growth by 0.5 percent," he said.

However, as an oil producing country, Malaysia's revenue is expected take a hit of around RM13.8 billion for the coming year, Najib said.

"If the government does not intervene, our deficit will increase to 3.9 percent in 2015, way off the initial estimate of three percent. With these revisions, we are setting a new target of 3.2 percent in deficit, which is still lower than the 3.5 percent deficit in 2014," he said.

The growth-to-Gross Domestic Product (GDP) ratio is also revised to between 4.5 and 5.5 percent this year.

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