

Zafrul: Govt has taken responsive, proactive steps in handling crisis

Malaysiakini

21 February 2022

Bernama

The government has taken responsive and proactive measures through various economic assistance and stimulus packages, including the RM322.5 billion Budget 2021 to ensure the well-being of Keluarga Malaysia, business sustainability and economic resilience during the crisis.

Finance Minister Tengku Zafrul Abdul Aziz said the government remains committed to helping all Malaysian families - both the people and businesses - to rise up and grow again.

In his speech during the launch of the Semarak Niaga Keluarga Malaysia Programme today, he said despite the threat of the Delta variant and the floods, measures such as the National Covid-19 Immunisation Programme has helped the country's economy to return to a solid recovery track.

"In 2021, the gross domestic product (GDP) increased by 3.1 percent, while the

unemployment rate declined to 4.2 percent.

“Various economic indicators also continue to reflect encouraging developments, including net inflows of foreign direct investment amounting to almost RM55 billion, foreign trade volume reaching more than RM2 trillion and net inflows of foreign investors into the local bond market exceeding RM33 billion,” he said.

Despite these encouraging data, the nation must remain aware of all the possibilities and challenges due to uncertainties this year, he said, noting that the World Bank and the International Monetary Fund (IMF) had forecast 2022’s global economic growth to be lower than what was achieved in 2021.

“This is due to the threat of the Omicron variant, rising inflation and disruption of the global supply chain.

“The projection is also premised on subsiding pent-up demand and reduction of fiscal support and economic stimulus by governments around the world,” said Tengku Zafrul.

Critical juncture

He said Malaysia is currently at a critical juncture, and the journey towards

becoming a developed high-income nation - in line with the goals outlined under the 12th Malaysia Plan - is full of challenges.

The challenges include climate change, the country's transition to an ageing population, as well as structural issues that cannot be addressed within a year or two, he said.

As such, the strategies, initiatives and measures for Budget 2022 were carefully formulated to continue the short-term recovery momentum, as well as implement long-term restructuring policies, said Tengku Zafrul.

He added that the government would prioritise two main thrusts, namely improving the country's labour market, and strengthening the business sector.

"The RM40 billion Semarak Niaga programme is designed so that our entrepreneurial community can rise again and continue to grow.

"Together with Budget 2022 measures which will facilitate business and the various tax incentives, all these will also help the country achieve the target of creating 600,000 jobs this year, and Inya Allah (God willing), all these efforts will boost the country's economy," he said.

According to him, the Semarak Niaga programme includes direct loans, financing guarantees and equity injections that will benefit every group of entrepreneurs.

Tengku Zafrul said in order to strengthen the resilience of the business sector, the strategies also focused on initiatives that would drive strategic investments, facilitate business, as well as enhance the digitalisation and sustainability agenda.

The government also remained committed to assisting sectors that are still affected by the crisis, such as the tourism, creative and retail industries, he said.

“Overall, these initiatives as well as the Semarak Niaga programme will restore capacity and empower the business community in driving the nation’s economic growth.

"This year, the government has projected the country's economic growth to be between 5.5 and 6.5 percent, in line with the projections of the IMF (5.7 percent) and the World Bank (5.8 percent)," he said.

Moving forward, the minister said the Finance Ministry will remain committed to being a responsive, accountable and fiscally reformist ministry.

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