

**M'sia will not go bankrupt like Greece: PM**  
**Malaysiakini.com**  
**June 08, 2010**

Malaysia will not go bankrupt like Iceland and Greece following the nation's success in maintaining its debt level under control and prudent measures taken to reduce debt rate, Prime Minister Najib Abdul Razak told the Dewan Rakyat today.

He said the federal government's financial position will be carefully planned, constantly monitored and strictly controlled with full responsibility.

"The deficit level is expected to dwindle while the debt level will be kept under control in the medium-and long-term.

"These measures will help ensure the debt level and the federal government's deficit will not increase to the extent of jeopardising the country's financial capacity to repay its debts," said Najib, who is also finance minister, in his written reply to Lim Kit Siang (DAP-Ipoh Timur).

NONEKit Siang had asked Najib on the actions taken to ensure Malaysia would not suffer a similar fate like Iceland and Greece and become a bankrupt nation, requiring a bailout from regional and international communities.

The prime minister said Malaysia's debts dwindled to RM233.92 billion last year as compared with RM236.18 billion in 2008 although the percentage rose slightly.

He said the debts reduced considerably following the federal government's promptness in repaying the medium-and long-term loans and more balanced repayment by the private sector's non-financial public enterprises.

"A stronger ringgit than the US dollar also contributed to the decline in external debts. The external debt service ratio at an estimated 7.0 per cent as at Dec 31 2009 reflected the strong export earnings to repay the loans.

"The international reserve ratio was more than enough to sustain 4.2 times short-term external debts," he said.

#### Restructuring of the fuel subsidy

Najib said the government would continue to implement prudent and pragmatic management of external debts to facilitate public and private sectors to minimise risks and extend capacity to settle debts promptly.

For the private sector, he said, external loans are sourced only to finance productive economic activities that could generate foreign exchange to repay the loan.

The prime minister said among measures taken by the government to reduce external debts are the current government policy to give priority to domestic loans that would not cause inflation.

"This is because of the high cashflow in the domestic market and cheaper borrowing cost," he said.

It is also to encourage monetary and financial stability besides maintaining balance of payment position, efficient management of external debts supported by a comprehensive control and monitoring system.

This is to facilitate early risk detection and weaknesses in the financial system, he said.

In line with the objective to consolidate fiscal position in stages, Najib said the 2010 Budget stressed on improved measures towards effective and efficient management of government revenue and expenditure.

"The government is studying restructuring of the fuel subsidy system which form the bulk of the government's annual expenditure," he said.

To continuously sustain the fiscal position without affecting overall growth and development objectives, the prime minister said the government would intensify public-private partnership programme for several high-impact projects including the High-Speed Broad Band project, regional development corridors and public transport infrastructures.

To boost revenue, he said, the government was working to introduce goods and services tax (GST)).

Under GST, the government's revenue base would be expanded and better protected by the upswing in fuel prices, he said.

The national debt percentage to the Gross Domestic Product from 2004 to 2009 remained well managed at an average of 34.6 per cent, he added.

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