

Najib puts stimulus packages on back-burner
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PUTRAJAYA - It is better for the government to strengthen economic fundamentals rather than introduce stimulus packages frequently to overcome the economic slowdown, the Prime Minister said.

Najib Abdul Razak said the country needed to avoid introducing stimulus packages too frequently because it would increase the government's deficit.

However, Najib said that stimulus measures, especially for local investors to increase investment, needed to continue.

"If we do this and projects with big multiplier effect on the economy are implemented, then even with a slight drop in foreign demand, we can still achieve our six per cent target," he said.

Najib, who is also the Finance Minister, was speaking to reporters after chairing the National Finance Council meeting here Friday.

"Fiscal stimulus is the last resort. It cannot be considered as something proper and we cannot do it on a permanent basis," he said.

To overcome the global financial crisis in recent years, the government introduced two economic stimulus packages totalling RM67 billion.

Asked whether he was satisfied with the 8.9 per cent gross domestic product (GDP) growth for the second quarter, Najib said: "I cannot be disappointed with 8.9 per cent. Who can be disappointed with 8.9 per cent? Tell me."

"But we have to make sure that our yearly target is achieved. We are not looking at one or two quarters. We are looking at throughout the whole year and beyond," he said.

On whether economic development will be affected by the continuing economic slowdown in Europe, Najib said: "The impact will be quite minimal."

He said the effect of lower growth in Europe will not affect Malaysia's growth target, adding that he was confident the six per cent target could be achieved.

"We are always monitoring developments outside the country and at same time, working to ensure that domestic demand is at a strong level," he added.

Asked whether Bank Negara Malaysia's forex liberalisation will affect the economy, Najib said: "There will be a minimal impact. The ringgit has strengthened but it will not affect our exports."

This morning, the ringgit opened slightly lower at 3.1360/3190 to the US dollar compared with 3.1330/1370 at closing yesterday. - Bernama

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