

**Economist Says ETP Might Be Affected If Middle East Unrests Persist**  
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KUALA LUMPUR -- A protracted civil unrest in Middle East countries may cause difficulties for Malaysia to woo more Middle Eastern investors to invest in the Economic Transformation Programme (ETP) projects, says an economist.

AmResearch senior economist Manokaran Mottain however said the impact would be temporary following possibilities of the Middle East crisis being resolved soon,

"The notion that the political instability in the Middle East and North Africa will spill over to other countries, especially Saudi Arabia, is unlikely to happen.

"The government's stand in sourcing for funds from the Middle East to invest in the ETP may also have backfired, particularly for the RM26 billion Kuala Lumpur International Financial District project.

"Higher building material prices have also raised the costs of some projects slated under the ETP, potentially causing delays," he told Bernama in an interview today.

Manokaran said many rich Middle East countries may want to retain funds to address their emergency situations as it was still uncertain when the turmoil in the region would end.

"This will undoubtedly cause some difficulties for Malaysia to attract more Middle Eastern investors," he said.

On spiralling world oil prices, Manokaran said that if steps to reduce subsidies were not taken, the government's fiscal credibility would be put into question, along with increases in borrowings costs.

"Despite the fact that further cuts in subsidies will help achieve the 5.4 per cent targeted fiscal deficit this year, a possible delay by the government in implementing the subsidy rationalisation programme is on the cards due to the higher probability of a general election being held in the middle of this year or end-2011," he said.

However, in the long-term, he believes that fuel prices would be in for a major correction.

"Prices have spiralled to levels that are increasingly hard to sustain with demand from consumers failing to match the high expectations in financial markets," he added.

(Bernama)