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We must stay vigilant, says Najib

'Economic uncertainties will impact capital flows and strength of ringgit'

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PUTRAJAYA: As Malaysia makes its final lap towards developed-nation status, Datuk Seri Najib Tun Razak stressed that the people must remain vigilant in the face of economic uncertainties.

The Prime Minister said that while the Malaysian economy had its strengths, the country faced "several headwinds on the domestic front".

He said household debt remained high at 87.6% of gross domestic product while commodity prices, particularly crude oil, liquefied natural gas and palm oil, were anticipated to remain soft.

"Private consumption will see some moderation due to the one-off inflationary pressures with the implementation of GST (Goods and Services Tax).

"The uncertainty surrounding the pace and magnitude of US interest rate normalisation will impact capital flows and the strength of the ringgit.

"Hence, economic growth, the current account balance and government revenues will be affected by these developments. We need to be vigilant at all times," said Najib, when addressing the consultation session for Budget 2016 at the Putrajaya International Convention Centre here.

The budget consultation sessions, said Najib, would focus on strengthening growth, enhancing inclusiveness and ensuring fiscal sustainability.

The budget, the first under the 11th Malaysia Plan (11MP), would be tabled in



Focused: Najib arriving to chair the consultation session for Budget 2016 at the Putrajaya International Convention Centre. Also present were Deputy Finance Ministers Datuk Ahmad Maslan and Datuk Chua Tee Yong.

Parliament on Oct 23.

"The macro targets and broad strategies outlined in 11MP will be realised through the annual budgets. The budgets are a critical building block towards achieving an advanced and high-income nation by 2020," said Najib.

He said although the Government was confident of achieving gross national income per capita of US\$15,000 (RM56,330) before 2020,

the country needed to manage distribution of wealth fairly.

"It must be equitable and based on the people and the capital economy approach. This would be the backbone for formulating our annual budgets," he said.

Najib said that so far, eight of the 91 "touch points" of Budget 2015 had been implemented, while 69 were being executed.

Among the completed ones is the

Government's 20% discount for National Higher Education Fund borrowers who settle their loans in lump sums.

He added that the remaining 14 touch points were in the planning stages and will be carried out this month.

"We will abide by and work towards the fiscal targets outlined in the 11th Malaysia Plan on the balanced budget by 2020," he said.