

Newspaper	THE MALAYSIAN RESERVE
Date	12 MARCH 2015

# National debt at RM582.8b, says Najib

*Malaysian Reserve - 12/3/2015*

THE federal government's external debt at end-December 2014 stood at RM582.8 billion, or 54.5% of gross domestic product (GDP), of which RM566.1 billion (97.1%) was domestic debt while the remaining RM16.8 billion (2.9%) was in offshore loans, said Datuk Seri Mohd Najib Razak.

"The federal government's debt position remains manageable and puts the country in the moderately-indebted category.

"The government is committed to ensuring the federal government's debt level does not exceed 55% of GDP," the premier, who is also finance minister, said in his written reply to William Leong Jee Keen (PKR-Selayang) yesterday.

Leong had wanted to know the reasons for the dramatic rise in the country's external debt to RM740 billion in the third-quarter (3Q) of 2014 from RM43 billion in 1990, and its effects on the government's finances and economy.

Najib said to ensure the federal government's debt remains low and manageable,

fiscal consolidation measures would continue to be taken to lower the deficit in stages, reducing the need for the government to borrow and thus reducing the debt level.

"Strict adherence to fiscal discipline and good debt management should be given emphasis to ensure a strong fiscal position and macroeconomy as well as to withstand any crisis."

Najib said Malaysia's external debt was RM740.7 billion in the 3Q of 2014, compared to RM41.5 billion in 1990 and RM196 billion at end-2013.

He attributed the drastic increase to the redefinition of external debt in use since 2014, in line with international reporting requirements.

Najib said the higher external debt under the new definition reflects the high level of non-residents' holdings of ringgit-denominated debt securities, constituting nearly two-thirds of the rise in the country's external debt. "At the same time, the new definition allows the government to better assess the risk exposure to non-residents." — *Bernama*