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Malaysia moving in right direction

ECONOMIC OUTLOOK:

It will continue to attract investments, says PM



MUSTAPHA
KAMIL

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MALAYSIA will continue to shore up its economy by attracting investments and proceeding with major infrastructure projects, Prime Minister Datuk Seri Najib Razak said.

The strong economic headwind had prompted Malaysia to make some internal adjustments, especially in terms of its own growth target, he added.

Najib, who is leading the Malaysian delegation to the 70th session of the United Nations General Assembly, said this when opening a breakfast meeting between representatives of several United States fund managers and the Malaysian business delegation organised by Invest Malaysia 2015 and the Malaysian Investment Development Authority.

He painted a realistic picture of the Malaysian economic outlook, saying the weakening oil and commodities prices had made it necessary for the government to revise downwards its projections as well as the 2015 Budget to reflect prevailing global conditions.

Najib, however, said of more importance was that Malaysia was



Prime Minister **Datuk Seri Najib Razak** flanked by Malaysian ambassador to the United States, **Datuk Dr Awang Adek Hussin** (right) and Minister in the Prime Minister's Department **Datuk Seri Abdul Wahid Omar** at the Invest 2015 Breakfast Meeting with United States investors yesterday. *Bernama pic*

moving positively in the right direction.

"We are committed to achieving a balanced budget by 2020 but I have to be frank with you that we may not achieve a fully balanced budget but may be a slight deficit in the region of negative 1 per cent from the current deficit of 3.2 per cent," he said.

Reiterating that Malaysia would not impose any form of capital controls or peg the ringgit's exchange rate to any other currency despite the strong economic headwind, he assured groups of both portfolio fund managers and direct investors here that his administration would, instead, shore up the domestic economy and continue to attract investments.

"So we do make some internal adjustments but I would like to reiterate that we will not impose capital control measures or peg the ringgit," he said.

Major infrastructure projects, such as the Kuala Lumpur mass rapid transit system, the Pan Borneo Highway, the Kuala Lumpur-Singapore High Speed Rail and the Petronas Rapid Pengerang project will continue as planned.

Najib said the political pressures being piled up on his administration at home should not be of concern to the American fund managers and investors.

"There is political stability in Malaysia. We are a mature democracy and we allow differing views as

long as our multiracial and multi-ethnic fabric is not threatened."

Speaking at a luncheon later, Najib said Malaysia was advancing well into becoming a high-income nation.

He also said the Trans-Pacific Partnership Agreement, strongly proposed by the US, would enhance trade within the Pacific economies, but Malaysia had to study details of the agreement carefully.

Najib was quoted by Bernama as saying that the strategic development company IMalaysia Development Bhd (IMDB) was expected to announce, "in the coming days", a further reduction of its total debt by about RM16 billion.

He said he had given his undertaking that the government would

need six months, until the end of the year, to reduce the debt and turn around the company.

"Bank Negara has come up to say there is no systemic risk related to IMDB. We have more assets than liabilities," he said.

On the proposed sale of Edra Global Energy Bhd, Najib said there were already attractive offers for the power generation arm of IMDB.

"So I am quite confident that by the end of the year, we will be able to show that IMDB is basically a corporation that is able to go through the process of rationalisation with a massive reduction in debts," he said.

The business model of IMDB is based on the concept of "fast IPOs" (initial public offerings) and not using a lot of government funds, he added.

Najib said the indicators were good for the Malaysian economy but "the noise level may not be all that positive about Malaysia".

The government would continue to make tough, even unpopular decisions, for the benefit of the people, he added.

He said it was fortunate that the government had introduced the Goods and Services Tax (GST) and the rationalisation of petrol subsidy as part of its fiscal consolidation measures to sustain growth.

"Nobody expected the price of petrol to take such a sharp drop, and that has affected our income from Petronas dividends and petroleum income tax.

"With the GST, the government is able to implement its (development) programmes and operating expenditure," he said, adding the GST would enable the country to recoup some of the sharp reduction in revenue.

Najib said details relating to the revenue derived from the GST would be announced when he tabled the budget at Parliament on Oct 23.

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