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# Malaysia's Najib Says Economy Resists 'Noise'

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Malaysian Prime Minister Najib Razak, founder of a state investment fund that is the subject of cross-border money-laundering investigations, tried to play down suggestions that his government is losing the confidence of investors.

In a panel discussion at a World Economic Forum meeting in Kuala Lumpur, Mr. Najib said the overall trajectory for Malaysia and the rest of Southeast Asia was positive, and he pointed to the long-term trend of rising foreign investment in his country as an expression of confidence.

"The problem is a problem of perception, the problem is a problem of noise," Mr. Najib said, without specifically citing the investigations into the fund, **1Malaysia Development Bhd.** "The noise level is rather high, I admit it. But it belies the strong fundamentals and commitment [of] the Malaysian government to continued reforms."

The Malaysian leader made his remarks in response to a question on what his government was doing to re-establish the trust of investors.

There are investigations in at least six foreign countries into the alleged misappropriation of funds at 1MDB.

The Swiss attorney general's office said this year it suspected \$4 billion had been misappropriated from 1MDB.

In May, Malaysian opposition lawmaker Tony Pua said Malaysia's auditor general reported to parliament's Public Accounts Committee that \$7 billion of 1MDB assets and transactions overseas "cannot be verified or traced."

1MDB has repeatedly denied wrongdoing and said it has cooperated when contacted by investigators.

Mr. Najib has said he has done nothing wrong in regard to 1MDB and has cooperated with probes into the fund. Ma-

laysia's attorney general has cleared the prime minister of any wrongdoing.

Government critics have blamed allegations surrounding 1MDB for undermining confidence in Malaysia's resource-driven economy.

Its ringgit currency has shed 12.5% of its value against the U.S. dollar over the past year, while gross domestic product grew 4.2% in the first quarter of 2016 from the year-earlier period, the lowest quarterly reading in three years.

Mr. Najib stressed that the country's economy was affected by external factors, including a slowdown in China

and lower global oil prices. "We should not be overreactive to short-term conditions," he said.

Some economists said they supported Mr. Najib's position that global economic conditions were the primary factor weighing on Malaysia's economy.

Wellian Wiranto at OCBC Bank said oil prices, the weakness in China's economy and slowing global trade were heavier burdens than 1MDB. "Nonetheless, there is a sense that it has been unhelpful to investor sentiment, affecting [foreign direct] investment potential in particular," he said.