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1MDB having 'technical' issues

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> Sovereign fund's failure to settle RM2.5b debt not due to inability to pay, says Najib

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KUALA LUMPUR: Malaysia Development Bhd's (1MDB) failure to settle its debts is due to "technical reasons", said Prime Minister Datuk Seri Najib Abdul Razak.

"A statement has been released (on the 1MDB issue): It is a question of technicality and not a question of inability to repay.

"So I think it will not affect investor confidence," he said in response to a supplementary question by Datuk Seri Dr Wan Azizah Wan Ismail (PKR-Permatang Pauh).

Wan Azizah had questioned Najib on 1MDB's failure to repay the debts, which could affect foreign investments.

"Although you are confident of the economic progress of the country, the progress is disrupted when 1MDB cannot repay its debt of US\$600 million (RM2.56 billion) to International Petroleum Investment Company (IPIC).

"Investors may be worried because of this," she said.

It was reported on Aug 1 that Abu Dhabi's sovereign wealth fund had given 1MDB five days to remit the US\$600 million, that remained unpaid as of July 31.

1MDB had in a statement on Tuesday said it was committed to meeting its obligations to IPIC this month. However, it



Najib speaking during the Dewan Rakyat sitting yesterday.

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did not specify a date to make the payment.

It said all payments to IPIC would be made from the proceeds of 1MDB's rationalisation plan, under which it is selling assets.

1MDB said the delay was also due to the need to get more "regulatory approvals".

On another issue, Najib said a conducive environment is a determining factor for Malaysia to become a high-income nation.

Reiterating that Malaysia is not a failed state, Najib said the government has been consistent in its initiatives towards progress.

"The government has prepared the National Transformation Plan to lift the country to become a high-income developed nation by 2020.

"Yet, that achievement is entirely dependent on an external and internal environment that is conducive," he told the Dewan Rakyat yesterday.

Najib was responding to Datuk Seri Amhamed Hamzah (BN-Jasin), who asked the probability of Malaysia attaining high-income nation status by 2020, after taking into consideration the Central Bank's estimation that the economy will be stronger this year.