

GDP target achievable, Najib assures economists
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KUANG, Oct 8 — Datuk Seri Najib Razak dismissed economists' claim that his government's 2012 growth target was too high, insisting instead, continued strong domestic demand and trade restructuring will help achieve the 5-6 per cent forecast.

The prime minister admitted today, however, that a sudden sharp global downturn would affect his prediction.

"At this moment, we think we can still achieve the 5-6 per cent target because of strong domestic demand and the fact that we have restructured our total trade.

"But of course there is one caveat — if there is a sharp downturn, that is a different story... (for) the whole world, without exception," he told a press conference after a meet-and-greet session with over 2,000 residents at SJK (C) Kundang.

He said Malaysia's trade with Asean and East Asia currently accounts for 46 per cent of its total trade compared to 10 per cent with the US and nine per cent with Europe.

"So given that sort of economic scenario, we are still confident, especially if our Economic Transformation Programme (ETP) projects and government projects are implemented according to schedule," he said.

Najib had said in his budget speech yesterday that Malaysia would be able to achieve economic growth of 5-6 per cent in 2012 and cut its fiscal deficit further as strong domestic demand and commodities exports cushions the impact of a global downturn.

Authorities will trim development spending and maintain subsidies to keep prices down, while banking on low borrowing costs and a healthy job market to keep economic growth on an even keel next year.

The government had revised its 2011 economic growth target to 5.0-5.5 per cent from 5.0-6.0 per cent earlier. It estimated that the fiscal deficit will shrink further to 4.7 per cent of gross domestic product next year from 5.4 per cent in 2011 as it reduces development spending.

Analysts said the growth projection was a little too high, adding they had expected Putrajaya to be more cautious given the recent global economic downturn.

"We're looking at 4 per cent this year and 4.2 per cent next year," Chua Hak Bin from Merrill Lynch Bank of America had told Reuters.

DAP MP Tony Pua had also cautioned the government against further pump-priming measures, reminding that federal government debt had increased a whopping 88.4 per cent over the past seven years.

But Najib said federal debt was still "manageable" and expressed confidence that the

government would hit its budget deficit target of 4.7 per cent next year.

"This year we have achieved 5.4 per cent. Last year we said it will go down to 5.4 per cent and this year, we achieved it. For total debt, we are monitoring (but we) should be quite comfortable," he said.

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