

**Government Not Reducing Budget Despite Global Economic Crisis, Says Husni  
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By Zuhafizah Ahmad Zaki**

IPOH, Sept 23 (Bernama) -- The government is not reducing the budget for 2013 although the world is facing a financial crisis as this could bring down the country's economic growth, said Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah.

If there is a downturn in economic growth, it would also jeopardise the country's performance in terms of production which would eventually cause an increase in the level of unemployment.

"In preparing the budget, we had made projections based on the prevailing and future economic situation and also among others the projection of the International Monetary Fund (IMF) and the World Bank on the economic situation in 2013, the price of oil, commodities and several other factors," he told reporters after a ceremony for upcoming Haj performers from the Tambun Parliament area at the Taman Meru Multipurpose hall here Sunday.

He said the government will not reduce the 2013 Budget as it will basically ensure a reduction in deficit and also retain the debt to GDP ratio below 55 per cent.

The country's economy would have to be strengthened in order to see continued positive growth of moderately high levels of about five per cent in the years ahead amid the difficult situation.

Ahmad Husni said the government was expecting a better economic growth projection for next year compared with this year and hoped to sustain the economic growth besides keeping unemployment rate at a low level.

"If we take a look at countries facing small economic growth, they would be facing very high levels of unemployment from eight to 15 per cent. For our country, this is not something we want and we have to ensure a small unemployment rate, which is below three per cent," he said.

On the quantitative easing (QE) announced by the United States on September 13, as well as the launch of Japan's eighth round of QE, he said this would not pose a problem for Malaysia due to its strong macro economic position.

"Secondly, when there is an outflow of funds from the country, due to our strong verticle structures, we are able to absorb it and raise funds back into the country through our Bursa stock exchange for instance," he said.

Bursa Malaysia has been also performing strongly despite the economic crisis while other exchanges have been facing a downfall in index.

The country's financial system is also strong with the large bond and sukuk markets. This means, when funds enter into the capital market, the country will be able to absorb the extra funds compared with other countries with smaller capital markets, he said.

"In a smaller capital market, the funds would be channelled into sectors such as the property sector where people will buy houses, buildings for investments which could eventually create economic bubble. This has not happened to our country," he said.

Following the economic crisis from 1997 to 1999, the country also strengthened its financial system and has not faced the situation the United States faced following its QE1 and QE2 programmes which created economic bubbles in neighbouring states.

There is no worry in that sense due to the strong structures while inflation is still not that high in the country.

"What we might see is the global phenomena of rising food prices," he added.

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