

Najib woos investors, promises open economy
Malaysian Insider
June 13, 2013
By Zurairi AR

KUALA LUMPUR, June 13 — Prime Minister Datuk Seri Najib Razak shared today his vision for an open and free economy as he courted foreign and local investors soon after securing his second term in a hotly-contested general election.

Putting the Economic Transformation Programme (ETP) at the centre of his pledges, Najib explained that his ambition for the second term is to build a sustainable economy by stimulating more foreign investment and boosting domestic demand.

“The ETP has a definite vision of the kind of economy it is intended to create,” said Najib in his keynote address at Invest Malaysia 2013 here.

“We want to revise costly and inefficient subsidies. And we want to reduce the state’s role in private enterprise, to avoid warping markets.”

Najib also spoke of a liberalised services sector, and the divestment of government-run companies to slim down the state and open up space for private investment.

The prime minister however conceded that he is faced with a hard choice to draw down subsidies, as the government moves away from “broad brushes” initiatives in favour of direct financial assistance.

“In the medium term, we must make our affirmative action programmes more market friendly and meritocratic,” he said.

The federal government spent RM42 billion on subsidies last year, and it plans to cut it down by at least RM4 billion this year.

In the run up to the polls, BN had promised that it would increase the government’s 1 Malaysia People’s Aid (BR1M) cash handouts from RM500 gradually to RM1,200 for those earning less than RM3,000 a month.

Meanwhile, Putrajaya is expecting to narrow Malaysia’s fiscal deficit to four per cent of gross domestic product (GDP) by this year, and three per cent by 2015.

The ruling Barisan Nasional (BN) coalition’s pre-polls pledges have been criticised by Pakatan Rakyat (PR), and Najib took a dig at the opposition today, reiterating that the Kuala Lumpur Composite Index (KLCI) surged by more than 100 points after BN won Election 2013.

“I wonder if that is any indication that the markets prefer our economic agenda over the opposition’s. It was tempting to see the rally as an endorsement of the path we have chosen for Malaysia,” Najib said.

A report by financial wire Bloomberg last month stated that a BN victory in the May 5 polls has driven Malaysian bonds to outperform its Southeast Asian peers in May.

In May, Malaysian government securities gained 0.3 per cent on average compared to

Philippine bonds which fell 0.8 per cent while Thai paid zero returns. Local currency notes in Singapore and Indonesia dropped 2.4 per cent, HSBC Holdings Plc indexes reported.

Hakcipta © 2013 The Malaysian Insider

Source:

<http://www.themalaysianinsider.com/malaysia/article/najib-woos-investors-promises-open-economy/>