

Malaysia to review big projects that could strain public finances
Malaysian Insider
Aug 29 , 2013

Malaysia will review planned public sector projects in a move to improve the government's fiscal position and tackle a shrinking current account surplus.

A fiscal policy committee meeting on Monday will be chaired by Prime Minister Datuk Seri Najib Razak and its decisions will be reflected in the 2014 budget announced in October, a government spokesman said.

"Projects that will have a big impact of public finances will be reviewed and sequenced properly to avoid excessive strain on the federal budget," Second Finance Minister Ahmad Husni Mohamad Hanadzlah was quoted as saying by The Star today.

The minister added that public sector projects with low import content and high multiplier effects will get priority without compromising economic growth, the newspaper added.

Malaysia's annual growth rate picked up slightly to 4.3% in the second quarter. It was bolstered by strong government spending before national elections in May and resilient domestic demand helped by large infrastructure projects under Najib's Economic Transformation Programme.

But the trade-reliant country's current account surplus fell sharply to RM2.6 billion in the second quarter, reflecting plunging exports and strong imports.

Local media have said the government is mulling a 4% goods and services tax (GST) to tackle its fiscal deficit. Such a move would reduce reliance on dividends from state oil company Petronas.

Malaysia's government debt is 53% of gross domestic product. - Reuters, August 29, 2013.

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