

**Budget 2016 Must Be Adjusted Due To Challenging New Year – Najib
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PUTRAJAYA, Jan 8 (Bernama) -- Adjustments to Budget 2016 are to be tabled soon by taking into account the current economic scenario to reflect the realistic situation of a challenging new year, said Prime Minister Datuk Seri Najib Tun Razak.

Najib, who is also the Finance Minister, said the adjustments would take into consideration several aspects for recalibration.

Addressing a special assembly at the Finance Ministry here today, he said it was better to be straightforward and state that 2016 was going to be a challenging year.

"I do not want to sweet-talk the people by not stating what the reality is. Let us be frank and honest and state that this year is going to be a challenging one," he said.

Nevertheless, he said, the government and especially the Finance Ministry would continue to strive with commitment for the well-being of the people and ensure that the national economy maintained a steady growth to allow for the implementation of various development programmes.

Najib said the adjustments to Budget 2016 would involve, among others, measures to optimise expenditure, taking into account the role of government-linked companies (GLCs) and having the government continue to champion the well-being of the people.

"These (adjustments) will be tabled soon," he said.

In his speech, Najib also referred to some of the challenges anticipated in 2016 and cited the economic slowdown in China, the world's second largest economy and Malaysia's largest trading partner, as well as weak global demand and world trade.

He also touched on the challenge that would come from the falling prices of crude oil and commodities, where the average price of Brent crude oil had plummeted from US\$98.94 per barrel in 2014 to US\$31.58 yesterday.

He said this was very worrying as the country's economic growth forecast for 2016 was based on an average Brent price of US\$48 per barrel.

Najib also said that the challenges in 2016 were related to the state of the financial markets following the decision of the US Federal Reserve to normalise interest rates that would impact capital flows in the region including Malaysia, as well as the strengthening of the US dollar.

He said these challenges have had an impact on the ringgit.

Najib said the challenges of 2016 necessitated more responsive and firm action, not only by the Finance Ministry but also the government as a whole, the GLCs and the people.

"It looks like 2016 is going to be a very challenging year, and we have to manage our resources with efficiency and at the optimum level.

"We have to be prepared and come up with the best way to ensure that our economy remains sustainable," he said.

Najib said the government anticipated that the Malaysian economy would remain stable this year with a projected Gross Domestic Product of between four and five per cent.

"Inflation is expected to remain low, projected to be in the range of two to three per cent," he said.

The Prime Minister said the government also remained committed to reducing the fiscal deficit to 3.1 per cent of GDP in 2016, while the federal government's debt level was expected to remain contained within the prudential limit of 55 per cent of GDP.

"Hopefully, with the commitment shown by the Finance Ministry, we can not only maintain but can improve because our responsibility is very heavy and this year is very challenging for Malaysia and the world as a whole," he said.

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