Debt level set to fall

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KUALA LUMPUR: The government is committed to ensuring that the federal debt level does not exceed 55 per cent of gross domestic product (GDP).

Treasury secretary-general Tan Sri Dr Mohd Irwan Serigar Abdullah said in a statement on Monday that the debt level was expected to go down to 53 per cent of GDP this year, below Malaysia's statutory 55 per cent ceiling.

The ministry was responding to a report by *Nikkei Asian Review* which quoted United Kingdom-based Oxford Economics as saying that Malaysia was at risk of a credit rating downgrade due to debts at a state fund.

In dismissing the report as unfounded, he said continuous fiscal consolidation with a goal towards achieving a balanced budget in 2020, and the transfer of housing loan facilities for civil servants to the Public Sector Housing Financing Board had reduced federal debts.

"As at the end of last year, the Federal Government's debt, comprising domestic and offshore debts, was at RM630.5 billion or 54.5 per cent of GDP. Of the total, 97 per cent was domestic debt while the balance was offshore debt and as such the exposure towards the foreign exchange rate risk is low."

He said the government would ensure that financing needs and debt service payments and obligations were met at minimal cost. He added that the Federal Government deficit last year was at 3.2 per cent of GDP and was expected to go down to 3.1 per cent this year.