

'Budget will spur economy'

BIG BOOST: It will be inclusive to ensure people's prosperity, says PM

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THE 2017 Budget will include measures to strengthen the economy in light of the global economic downturn, Prime Minister Datuk Seri Najib Razak said yesterday.

He said the government would place emphasis on industries that were affected by the sluggish global economy, which had led to reduced international trade.

"Therefore, the measures included in the 2017 Budget will continue to strengthen and spur the country's economy in an inclusive and just manner, to ensure the people's prosperity," he said in reply to Dr Tan Seng Giaw (DAP-Kepong).

Najib, who is also finance minister, said Malaysia's economy was performing better than other countries in the Asian region despite the



Datuk Seri Najib Razak

global economic slowdown.

He pointed out that the Goods and Services Tax (GST), which was introduced last year, had helped the government generate income in light of falling revenue from crude oil exports.

"There is a negative interpretation by the opposition (about GST). Without GST, the Malaysian economy will collapse," he said in a reply to Liew Chin Tong (DAP-Kluang).

Liew had asked whether the government was willing to reduce the GST rate from six per cent to three per cent, as he claimed the tax had reduced domestic consumption.

Najib said Malaysia last year

recorded a gross domestic product (GDP) of five per cent, compared with Indonesia (4.8 per cent), Thailand (2.8 per cent) and South Korea (2.6 per cent).

"In fact, the global GDP growth during that period was 3.2 per cent," he said to a question from Dr Tan.

Najib said the government expected a GDP growth of between four and 4.5 per cent this year, adding that the country's GDP for the first half of this year stood at 4.1 per cent.

He said the lower GDP growth projection was due in part to the slowed global economic growth, reduced exports, as well as the reduction in the prices of oil, gas, oil palm and minerals.

He said the global economy was also affected by geopolitical developments like Britain's exit from the European Union.

"As a country with a medium-sized economy, we are unable to fully avoid the impacts of the global economic uncertainty.

"It is also beyond the government's power to influence the

prices of basic commodities."

He said while the government could not control the country's external environment, it had taken proactive measures to tackle the global economic and financial shocks.

"The implementation of the GST last year has helped offset the reduction in government revenue because of falling global oil prices," said Najib.

He said thanks to the government's initiatives, the country's fiscal deficit had reduced from 6.7 per cent from 2009 to 3.2 per

cent last year.

"Our commitment to reduce fiscal deficit is not an easy task. It requires high fiscal discipline and prudent spending. The government's spending will be focused on investments with high economic spin-off."

Najib said the investments would improve the country's competitive edge, adding that the government's policies had kept inflation and unemployment to a minimum.

