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Bernama - Malaysia Has Sufficient Liquidity In The Market To Execute
Initiatives - Tengku Zafrul

Thursday, Jun 11 2020




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KUALA LUMPUR, June 11 -- The government has not used foreign borrowings to fund the execution of the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and the National Economic Recovery Plan (PENJANA).

Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said instead, it has been using local borrowings by tapping into the local bond market, especially Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII).

He said the total debt to gross domestic product (GDP) currently stands at 52 per cent, which is still below the statutory limit of 55 per cent.

"The key is that we have to ensure that we have enough liquidity in the market...which we do.

"If Malaysia needs to raise the statutory limit of debt to GDP ratio of 55 per cent, given the unprecedented and challenging times, it has be on a temporary basis, with a focus on lowering it back in the near future..three years should be ideal," he told Bernama.

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Tengku Zafrul was also optimistic that Malaysia could afford the expected deficit that is projected to be about 5.8-6.0 per cent this year, given that the country has a good track record in bringing it down from 6.7 per cent in 2009 during financial crisis to about three per cent within five years.

The expected deficit for 2020 took into account the oil price which was at US\$30 per barrel (Brent crude) and the execution of the government's stimulus and short-term recovery plans.

With efficient execution of the stimulus packages, he said the government was expecting a contribution to GDP of 2.8 per cent from PRIHATIN and 0.6 per cent from PENJANA.

In line with the reopening of the country's economy in phases, which saw 12.7 million or 83.5 per cent of workforce returning to work so far, Tengku Zafrul was confident that Malaysia is better prepared to head for the road to recovery in 2021.

He also stressed on the need for the people to spend their disposal income and consume more domestic goods and services to stimulate the domestic demand, which represents about 60 per cent of GDP.

Meanwhile, for the medium and long term, Tengku Zafrul acknowledged that the Internet access and digital services would continue to be the key focus for the government to address.

"We need to accelerate the investment in terms of quality and Internet access in the country, as it has shown how important it is to the people during the Movement Control Order," he said.

Besides, he added, the need to invest in human capital and equip people with the right skills through training, re-training and re-skilling would also

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be another key focus for the government even after the COVID-19 pandemic.

In total, both the PRIHATIN and PENJANA packages are worth RM295 billion, with RM45 billion in the form of direct fiscal injection.

-- BERNAMA



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