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The Edge Markets - Tengku Zafrul: Govt Will Tap Nation's Coffers,
Borrow To Fund Stimulus Package

☐ Friday, Mar 27 2020

KUALA LUMPUR, 27 March -- Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz stressed that Malaysia is in a "strong fiscal position" and the country can afford to pump-prime the domestic economy with the RM250 billion Prihatin Package.

"Given the liquidity that we have in Malaysia, it is not an issue for us to support the stimulus package injection," Tengku Zafrul told theedgemarkets.com.

Zafrul says the Government will fund the RM250 billion stimulus package through a mixture of borrowings as well as from the Government's coffers.

He disclosed that the Ministry of Finance is forecasting the country's deficit to widen to 4%. "Our initial forecast for 2020 in the October Budget was 3.2%... now, we are predicting it to be 4%."

"This stimulus package is based on the new oil price. The oil price used in Budget 2020 announced in October last year was US\$62," he says.

Zafrul says public spending is the key growth driver.

"We will continue with what we have to spend. It is key that we continue to invest and spend on the capex (capital expenditure) that we have committed to stimulus the economy.

"We are ensuring that the GLCs accelerate their capex spending. Total capex of GLCs earmarked this year is RM30 billion for their projects. We will ensure they continue to execute the planned capex," he notes.

The Finance Minister, who has taken over the office for 17 days, noted that the Prihatin Package is focused on "job preservation".

"Without the stimulus package, research houses have estimated unemployment to be between one million to two million. There is an expectation that unemployment will pick up because of the slowdown in the economy and the COVID-19 outbreak.



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Ministry of
Finance Malaysia
No. 5 Persiaran
Perdana Presint 2,

"With this stimulus package, we hope that won't happen and companies will keep jobs."

Earlier today, Prime Minister Tan Sri Muhyiddin Yassin unveiled an economic stimulus package known as RM250 billion Prihatin Package or dubbed as the "caring stimulus package" that will benefit all Malaysians.

Some RM128 billion has been earmarked to protect the welfare of the people while RM100 billion is to support businesses including small and medium enterprises.

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