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## Media Release

## Ministry Of Finance Malaysia

# STATEMENT BY DATUK SERI JOHARI ABDUL GHANI ON THE ACCURACY OF THE CALCULATION OF GDP GROWTH

1. I would like to respond on a recent statement made by Federation of Malaysian Manufacturers (FMM) which appeared in the Edge Financial Daily on 24 August 2017. The FMM proposed that the Malaysian GDP should be measured in USD for a better reflection of the country's economic growth. Such statement could cause confusion and is not only misleading but reflects poor understanding of how the economy works.

2. Economic activity in Malaysia is measured primarily through activities transacted by households, businesses and governments in ringgit. Hence, measurement in ringgit terms is more reflective of our economy.

3. Malaysia's GDP is reported in constant prices which already taken into account the effects of price changes and exchange rate movements. In other words, the GDP reflects only the changes in the quantity of goods and services produced in the country.

4. This compilation of GDP is consistent with international standards as stipulated by the World Bank and IMF. The Department of Statistics surveys and compilations are wide ranging and inclusive of all sectors of the economy.

5. In view of this internationally-accepted standard, I wish to point out that GDP measured in USD is not relevant for a matured and sophisticated economy like Malaysia, nor is the GDP measured in USD appropriate for an economy that is not dollarised in any sense. In any economy that is 'dollarised', there would be a loss of policy independence and flexibility, hence undermining a nation's sovereignty.

6. Malaysia has indeed recorded a good growth of 5.8% in 2Q 2017 and 5.6% in 1Q 2017, as compared to the same period in 2016. As a Malaysian, I call upon my fellow Malaysians to welcome this progress. Let's continue our hard work to achieve further growth for the rest of the year.

**Ministry Of Finance Malaysia**
**Putrajaya**

24 August 2017