



PRESS RELEASE

MINISTER OF FINANCE MALAYSIA

POSITIVE REPORTS BY THE WORLD BANK AND IMF REFLECT CONFIDENCE IN THE COUNTRY'S ECONOMIC PERFORMANCE

Recent positive reports from the World Bank and the International Monetary Fund (IMF) have confirmed Malaysia's fiscal position as previously reported by the Government. Malaysia is reported to be making progress on the reform agenda which has seen sustained economic growth, subdued inflation and a current account surplus. As announced in the Debt Management Committee Meeting Statement dated 6 December 2019, the Government's debt and liabilities relative to Gross Domestic Product (GDP) as at end-June 2019 is as below (Table 1):

Table 1: The Government's Debt and Liabilities Relative to GDP

Component	End - 2017	End - June 2019
Direct Debt	50.1%	52.6%
Committed Government Guarantees	7.4%	10.4%
1MDB	2.8%	2.1%
Other liabilities (PPP, PBLT, PFI)	19.0%	12.0%
Total	79.3%	77.1%

Overall, the Government's debt and liabilities has decreased from 79.3% of GDP in end-2017 to 77.1% of GDP as at end-June 2019. This shows the success and commitment of the Pakatan Harapan Government in its debt and liabilities consolidation efforts. In the medium term, the Government targets to further lower its total debt and liabilities to 65% of GDP by the end of 2025.

The fiscal deficit target for 2019 of RM52 billion or 3.4% of GDP will be achieved, as reported by the World Bank and the IMF. This represents a reduction from the fiscal deficit of 3.7% of GDP in 2018, owing to the Government's successful implementation of open tenders and cost saving measures. Direct debt is expected to increase by RM52 billion in 2019 to fund the country's development expenditure, which was approved by the Parliament in 2018.

Aside from direct debt, the Government's liabilities also include committed government guarantees to implement public transportation and utilities projects. This includes mega infrastructure projects such as the LRT3, MRT2 and the Pan Borneo Highway with total cost exceeding RM75 billion.

In addition, committed government guarantees have also increased due to scandals unfolded by the Pakatan Harapan Government after taking over. For example, the Government's commitment increased by RM20 billion to rescue Tabung Haji in order to protect the interests of depositors after international auditors discovered that the previous administration under the Barisan Nasional (BN) government had falsified Tabung Haji accounts to conceal huge losses and paid high dividends despite zero profits.

The international credit rating agencies' affirmation of Malaysia's sovereign credit rating at A- or A3 with stable outlook is strong evidence that the Pakatan Harapan Government is prudent and transparent in the fiscal management of the Government. The confidence of international bodies and investors refutes irresponsible parties who have distorted facts in order to spread false information about the country's debt and liabilities position, including false allegations that the Ministry of Finance is selling national assets and land. It should be emphasised that I have not approved any sale of national assets and land, which is in fact implemented by other agencies not associated with the Ministry of Finance

Sayangi Malaysiaku!

Lim Guan Eng

Minister of Finance

Ministry of Finance Malaysia

Putrajaya

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