

MEDIA RELEASE MINISTRY OF FINANCE MALAYSIA

**THE LISTING OF MALAYSIA IN THE US TREASURY'S WATCHLIST OF POTENTIAL CURRENCY MANIPULATOR
ONLY HIGHLIGHTS THE COMPETITIVE NATURE AND THE FUNDAMENTAL STRENGTH OF THE MALAYSIAN
ECONOMY**



**Kemasukan Malaysia dalam
senarai pemantauan negara manipulator
mata wang oleh perbendaharaan Amerika Syarikat
hanya menonjolkan kekukuhan dan daya saing
ekonomi Malaysia yang tinggi**

Malaysia is an open economy that builds our competitiveness upon excellent infrastructure, rising productivity, high level of transparency, strategic location and close integration with the global supply chain.

While the US Department of the Treasury (US Treasury) has included Malaysia into its expanded Monitoring List of Potential Currency Manipulator, the report does not name Malaysia as a currency manipulator. In fact, the inclusion of Malaysia into the US Treasury's Monitoring List along with other major trading economies like Germany, South Korea, Japan and Singapore only highlights the strength of the economy and the role played by Malaysia in the global economy.

All countries with total trade above USD40 billion a year with the US are assessed by the US Treasury for closer inspection. Malaysia is among the 21 countries assessed. Countries would be placed into the Monitoring List if they meet 2 out of 3 conditions set by the US Treasury.

Malaysia is included the Monitoring List due to 2 factors. Firstly, Malaysia has a trade balance with the US of more the USD20 billion a year. Secondly, Malaysia has a healthy current account surplus of more than 2% of its GDP.

Both factors demonstrate the competitiveness of the Malaysian economy, instead of currency manipulation. Our competitiveness can be proven further by the country's performance in the World Bank's Doing Business 2019 Index and the recently updated IMD World Competitiveness Ranking 2019. The World Bank ranks Malaysia as the 15th easiest place to do business out of 190 economies, an improvement of 9 places from the 24th place in the previous year. Meanwhile, IMD ranks Malaysia as the 22nd most competitive economy in the world, retaining our position from the previous year.

We are also encouraged by the rise in tourism revenue by 16.9% year-on-year to RM21.4 billion in the first quarter of 2019, with total arrivals increasing 2.7% to 6.7 million tourists. This also helps contribute to Malaysia's current account surplus.

A country would only be named as a currency manipulator if it meets all 3 conditions. But as noted by the US Treasury, Malaysia does not intervene in the foreign exchange market to suppress the value of the ringgit, and therefore does not meet the third requirement.

Additionally, Bank Negara Malaysia has stressed that Malaysia runs on a floating exchange rate regime and any interventions carried out are only to avoid excessive volatility in the ringgit. As a result, the inclusion of Malaysia into the US Treasury's Monitoring List has no impact on the Malaysian economy, with no penalties or sanctions imposed on Malaysia.

Malaysia will continue to build its economic competitiveness fairly by adopting new technology, investing in its infrastructure, enhancing transparency, and simplifying government as well as business processes, while promoting free trade regionally and globally.

Sayangi Malaysiaku!

Lim Guan Eng

Minister of Finance
Ministry of Finance Malaysia

Putrajaya
30 May 2019

[Tweet](#)

[Like](#)

Be the first of your friends to like this.