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Govt to raise RM35 bln from local market to finance initiatives

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KUALA LUMPUR, June 12 – The government will borrow up to RM35 billion locally to finance its RM295 billion initiatives to spur the economy, namely for the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and the National Economic Recovery Plan (PENJANA).

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said out of the total worth of initiatives, some RM45 billion would be directly injected by the government, of which RM35 billion would be raised from local borrowings.

He also said Malaysia would not issue any foreign currency bond to finance the fiscal injection given its strong liquidity position.

"Although we can, technically, as our limit is RM35 billion and our current exposure in terms of foreign borrowings is around RM13 billion. We (are) still left with 15 per cent capacity to borrow.

"Given the liquidity to date, for ringgit especially, we see (there is) no reason why we should tap into the foreign bond currency," he told a press conference after making a working visit to the Employees' Provident Fund (EPF) headquarters here, today.

Also present were EPF chairman Ahmad Badri Mohd Zahir and chief executive officer Tunku Alizakri Raja Muhammad Alias.

Tengku Zafrul said the fiscal injection for PENJANA alone totalled RM10 billion, which would be raised through Malaysian Government Securities (MGS) and Malaysian Government Investment Issue (MGII).

On another note, he said the government had so far no plans to seek a special dividend from the national oil company, Petroliam Nasional Bhd.

The finance minister was also optimistic that Malaysia's gross domestic product would rebound in the third and fourth quarters of this year as economic activities locally and globally have resumed.

"Hopefully to see better numbers in June and the momentum will continue in July, August and September.

"So (the) third quarter will see better growth. I am very optimistic," he said.

Tengku Zafrul expected the fiscal deficit would increase to between 5.8 per cent and 6.0 per cent following the implementation of PRIHATIN and PENJANA.

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