

Headline	Total national debt now 80percent of GDP		
MediaTitle	The Star		
Date	25 May 2018	Language	English
Circulation	338,368	Readership	1,032,000
Section	StarBiz	Page No	1,2
ArticleSize	433 cm ²	Journalist	Jagdev Singh
PR Value	RM 31,056		



Total national debt now 80% of GDP

Malaysia's debts and liabilities soar past trillion ringgit mark

By **JAGDEV SINGH SIDHU**
jagdev@thestar.com.my

PETALING JAYA: Malaysia's total debts amounted to RM1.087 trillion, or 80.3% of gross domestic product (GDP), at the end of last year after official debt, contingent liabilities and lease payments for public-private partnerships were tabulated together.

In explaining the breakdown of the country's liabilities, the Finance Ministry said official debt amounted to RM686.8bil (50.8% of GDP).

In addition, the government guarantees for various entities that were unable to service their debts were RM199.1bil (14.6% of GDP) and commitments to pay for lease payments through public private partnerships were RM201.4bil (14.9% of GDP).

"Malaysians are rightly concerned with our debt situation, as we were when we were in the opposition," he said in a statement.

"However, let me emphasise that the obligations and financial commitments of the federal government are unchanged before May 9 and after the election today.

"The only change is that the new federal government has decided to call a spade a spade."

He said that disclosing the true affairs of the country's financial position may unnerve ex-Prime Minister Datuk Seri Najib Tun Razak, but in the medium term, recognition of the country's true debt situation would enable the federal government to take concrete action to regularise and strengthen its financial state.

> **TURN TO PAGE 2**

Headline	Total national debt now 80percent of GDP		
MediaTitle	The Star		
Date	25 May 2018	Language	English
Circulation	338,368	Readership	1,032,000
Section	StarBiz	Page No	1,2
ArticleSize	433 cm ²	Journalist	Jagdev Singh
PR Value	RM 31,056		

Lim: We will overcome challenges

> FROM PAGE 1

Najib issued a statement criticising the government's announcement that the country's debt was now RM1 trillion, saying it would unsettle the financial markets, alarm the credit rating agencies and investor confidence.

"We would like to explain that the new government will carry out its administration based on the principles of competency, accountability and transparency (CAT). We want to establish the true baseline on the state of financial affairs, diagnose the problems and then prescribe all necessary remedies," he said.

In shedding more detail on its liabilities, Lim said that government guarantees for entities that cannot pay their debt were for entities such as Danainfra Nasional Bhd (RM42.2bil), Govco Holdings Bhd (RM8.8bil), Prasarana Malaysia Bhd (RM26.6bil) and Malaysia Rail Link Sdn Bhd (RM14.5bil), as well as an estimated RM38bil for 1Malaysia Development Bhd (1MDB).

Government guarantees provid-

ed to entities that are able to service their debt, like Khazanah Nasional Bhd, Tenaga Nasional Bhd and MIDF, were not included.

Based on the official debt of RM686.8bil and the guarantees for companies that cannot repay their debt, the federal government debt would amount to RM885.9bil, or 65.4% of GDP as highlighted by Prime Minister Tun Dr Mahathir Mohamad yesterday.

"However, in addition to the above, the federal government has also been committed and obligated to make lease payments (including rental, maintenance and other charges) for a whole list of 'public private partnership' projects such as the construction of schools, hostels, roads, police stations, hospitals, etc. The lease commitments, which were designed specifically to circumvent the federal government guarantee and debt limits, amount to RM201.4bil (14.9% of GDP)," said Lim.

He emphasised that the fundamentals of the economy remained strong and that the financial sector

was stable, the banking sector was well-capitalised and there was sufficient liquidity in the market.

"We believe that with the new administration focused on CAT, investor confidence will only be strengthened over time," he said.

"Together with the commitment of the new government as well as the support of Malaysians all over the country, we will definitely succeed in saving our country."

Lim thanked and gave credit to the professionalism of the Treasury officials led by deputy secretary-general Datuk Siti Zauyah Mohd Desa in preparing and presenting all the relevant information.

"This was done without any interference from politicians attempting to manipulate the figures and hide our real debt and obligations," he said. Having engaged intensively with the Treasury team over the past few days, including listening to various constructive proposals and suggestions to resolve these difficult challenges, I am confident that we can overcome them."