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Federal debt in USD less than 5pc, Mustapa says



KUALA LUMPUR: The Dewan Rakyat was told that Malaysia's federal debt in US dollars remains below five per cent.

Minister in Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed said despite the ongoing depreciation of the ringgit, Malaysia's currency rate proved to be doing better than other nations, adding that most of the debt is in ringgit.

"As we are aware, this is happening because of the aggressive monetary policy taken by the US Federal Reserve which has increased its interest rate by three per cent or 300 basis points and as a result, currencies like the Japanese yen and the UK's pound sterling have declined including the ringgit.

"However, the decline in ringgit is not as bad as compared to other currencies and the impact on the federal government's direct debt is less than five per cent in US dollar because most of it (debt) is in ringgit.

"Therefore, the effects are tiny," he said.

Mustapa was responding to a question by Tun Dr Mahathir Mohamad (Pejuang-Langkawi) who asked about the effects of the depreciating ringgit on Budget 2023 scheduled to be tabled this Friday.

The former Prime Minister had also asked if the debt that needed to be paid in US dollars would cause a deficit in the upcoming federal Budget.

Mustapa said Malaysia's current coverage reserve stood at USD106 billion, more than the country's short-term debt.

"Most of the federal debt is in ringgit, especially on treasury bills and government securities."

To a supplementary question from Parliamentary Opposition Leader Datuk Seri Anwar Ibrahim (PH-Port Dickson) who asked on the government's plans to effectively eradicate poverty, Mustapa said Putrajaya has taken several measures.

"There is a programme to eradicate hardcore poverty, which I am monitoring. So far we have conducted the programme in 70 localities and there are 10 more localities to be picked nationwide.

"We are also taking steps to reduce leakages and to strengthen the delivery system. The government is doing a whole-of-nation approach and we (ministers) always stress on these issues in every cabinet meeting.

"There is also the Kasih Ibu programme where recipients are given cards to show that they are eligible to receive food supply from the government."

Earlier, Mustapa said Malaysia's exports have increased by 30.3 per cent to RM1 trillion between January and August this year.

Aside from that, he said the number of tourists entering the country had also increased to 3.2 million between January and July this year as compared to the 57,000 tourists during the same period last year.

"These are among indicators that prove the encouraging economic performance of our country."