

TARIKH : 19 FEBRUARI 2023
AKHBAR : NEW STRAITS TIMES
MUKA SURAT : 5

'RM1.5T national debt a cause for alarm'

SYMPTOM OF AILING ECONOMY

'RM1.5T NATIONAL DEBT A CAUSE FOR ALARM'

Govt cannot continue to rely on oil and gas for revenue, says ex-finance minister II

KUALA LUMPUR

MALAYSIA'S rising level of national debt should not be taken lightly and the country can no longer rely on oil revenue to keep the economy afloat, said former finance minister II Datuk Seri Johari Abdul Ghani.

He said Malaysia was lucky that the government could rely on contributions from Petroliaam Nasional Bhd (Petronas) during the pandemic.

"That is why we were okay. But these resources don't last forever. This is why we need to plan (the economy) urgently," Johari,

who is Titivangsa member of parliament, told news portal Free Malaysia Today.

Dividends, taxes and royalties paid by Petronas provided 25 per cent of the federal government's revenue.

Johari said rising levels of government debt were a symptom of an ailing economy, as experienced by Sri Lanka, which was unable to pay its debts or import essential items, resulting in food and fuel shortages after Covid-19 hit the island nation's tourism-reliant economy.

Last year, Sri Lanka defaulted on US\$51 billion in foreign debts and was unable to make interest payments of US\$75 million, with only US\$25 million in usable foreign reserves at the time.

"When a country doesn't manage its debt — I won't be surprised — not just Malaysia, but many other countries will face the same problem (as Sri Lanka)."

"We don't even have (huge) reserves any more."

"Oil-producing countries have



Datuk Seri Johari Abdul Ghani

huge reserves, we don't."

He said if Malaysia's RM1.5 trillion debt and widening federal budget deficit were not remedied, the economy would collapse and affect future generations.

On Tuesday, during a debate in the Dewan Rakyat, Johari said



A Petroliaam Nasional Bhd (Petronas) oil rig in the waters of Terengganu. Dividends, taxes and royalties paid by Petronas provided 25 per cent of the federal government's revenue. FILE PIC

Malaysia's gross domestic product (GDP) growth of 8.7 per cent last year was due to the low-base effect of 2021.

He said economic growth still had not recovered to pre-pandemic levels.

Malaysia's GDP growth in 2021 was 3.1 per cent.

Singapore and the Philippines, however, saw economic growth of 7.6 per cent and 5.7 per cent, respectively, in the same year.

"While other countries recovered from the pandemic relative-

ly quickly, Malaysia did not," Johari said.

Averaged out, Malaysia's economy grew only 1.9 per cent per year in the past three years.

Johari said this was why last year's economic growth was not reflective of reality.

He said one of his biggest concerns was underemployment due to the lack of high-skilled jobs offered in the private sector, compared with the number of fresh graduates churned out yearly.