

DEAR TUAN/ PUAN

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MALAYSIA'S ECONOMY

IMF: GROWTH REMAINS RESILIENT

Domestic demand expected to remain main driver

KUALA LUMPUR

MALAYSIA'S economy continues to perform well despite external headwinds, says the International Monetary Fund (IMF).

It commended the government for the resilient economic performance over recent years, noting that growth had been solid without signs of inflationary pressures.

The country's economic growth has averaged above five per cent over the past five years, leading to higher per capita income and reducing the already low poverty rate.

"Growth is now moderating and is estimated at 4.7 per cent in 2018, underpinned by robust domestic and external demand," said the IMF in a report after concluding its annual discussions with the government officials on Malaysia's economic development and policies.

The fund concluded that Malaysia's financial sector appeared resilient with sound profitability and liquidity indicators and low non-performing loans, supporting the broadly neutral monetary policy stance.

It agreed with Malaysia's planned gradual pace of fiscal consolidation this year and over the medium term to support debt reduction and strengthen fiscal buffers.

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It agreed with Malaysia's planned gradual pace of fiscal consolidation this year and over the medium term to support debt reduction and strengthen fiscal buffers.

It pointed out that Malaysia's headline inflation had dropped to an estimated one per cent last year from an average of 3.7 per cent in 2017 as domestic fuel price adjustment was suspended, the Goods and Services Tax (GST) was zero-rated and replaced by the narrower-base Sales and Services Tax, and food price inflation declined.

The credit-to-gross domestic product (GDP) ratio was declining while on the external side, the current account surplus was estimated at 2.2 per cent of GDP for last year, said the fund.

The surplus had gradually narrowed in recent years as growth drivers had shifted towards domestic demand, it added.

The IMF expects Malaysia's GDP growth to stabilise this year and over the medium term, with inflation picking up and the current account surplus continuing to narrow.

"Domestic demand will remain the main driver of growth. Given Malaysia's position in global value chains, the United States tariffs on imports from China could reduce its growth rate by 0.2 percentage points this year via traditional trade channels and through financial and confidence effects, despite some trade diversion."

The IMF added that while public investment would contribute negatively to growth in the near term due to the ongoing review of infrastructure projects, private consumption and investment were expected to be robust, underpinned by an improved business environment and greater confidence.

The latter factors are expected to counterbalance the negative drag from the external environment and fiscal consolidation, leaving growth flat at 4.7 per cent for this year.



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BY : NORA MAHPAR

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Ekonomi negara kekal kukuh

IMF unjur pertumbuhan 4.7 peratus pada 2018 dipacu peningkatan permintaan domestik, luaran

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Ekonomi Malaysia terus mencatatkan prestasi cemerlang meskipun berdepan tekanan luar, demikian menurut Tabung Kewangan Antarabangsa (IMF) dalam satu kenyataan.

Agensi kewangan di bawah Bank Dunia itu berkata, pertumbuhan negara secara puratanya adalah di atas paras 5.0 peratus sejak lima tahun lalu, sekali gus menyumbang kepada pendapatan per kapita lebih tinggi dan mengurangkan jurang kemiskinan sedia ada.

"Pertumbuhan ekonomi ketika ini adalah sederhana dan dianggarkan pada 4.7 peratus pada 2018, disokong oleh permintaan domestik dan luaran yang semakin meningkat.

"Inflasi turun daripada purata 3.7 peratus pada 2017 kepada anggaran 1 peratus pada 2018 susulan pelarasan harga minyak domestik, sifar Cukai Barang dan Perkhidmatan (SST) dan digantikan dengan Cukai Jualan dan Perkhidmatan (SST) serta penurunan inflasi harga makanan. Nisbah kredit kepada Keluaran Dalam Negara Kasar (KDNK) juga merosot," katanya di Kuala Lumpur, semalam.

IMF berkata, berdasarkan faktor luar, lebih akaun semasa dianggarkan pada 2.2 peratus daripada KDNK pada 2018, kemudian secara beransur mengecil baru-baru ini berikutan pertumbuhan beralih kepada permintaan domestik.

Permintaan domestik pemacu utama

Pertumbuhan dijangka stabil pada 2019 dan dalam jangka sederhana dengan peningkatan inflasi.

Permintaan domestik kekal menjadi pemacu utama pertumbuhan dengan penggunaan swasta dan pelaburan disokong oleh perniagaan yang lebih baik serta keyakinan pelabur yang lebih kukuh.

Ia akan mengimbangi kesan negatif daripada persekitaran luaran dan penyatuan fiskal, menjadikan pertumbuhan tidak berubah pada 4.7 peratus pada 2019 dan berpotensi untuk mencatatkan pertumbuhan sekitar 4 peratus dalam jangka sederhana.

Inflasi akan naik melebihi 2.0 peratus pada 2019, berikutan kesan penyingkiran GST dan subsidi minyak pula menjadi sasaran.

Inflasi terus lemah

"Dalam jangka sederhana, pertumbuhan dijangka berpotensi dan inflasi akan terus lemah. Risiko terhadap prospek pertumbuhan adalah menurun dan sebahagian besarnya disebabkan faktor luaran.

"Ekonomi Malaysia yang sangat terbuka terdedah kepada peningkatan perlindungan, pertumbuhan yang lebih lemah daripada jangkaan rakan dagangan, atau kelembapan yang ketara di China.

"Pada peringkat domestik, liabiliti luar jangka mungkin memerlukan langkah tambahan bagi memastikan kesinambungan fiskal jangka sederhana, sementara kelewatan atau penentangan terhadap agenda reformasi tadbir urus boleh menjejaskan keyakinan, yang membawa kepada pelaburan dan pertumbuhan yang lebih rendah," kata IMF.

PAPER : FREE MALAYSIA TODAY/ NEWS (11 MARCH 2019, 8.05 PM)
TITLE : TRANSHIPMENT BUNGLE JEOPARDISES RICE IMPORTS BY
SABAH, SAYS TRADE GROUP
BY : TRACY PATRICK

FREE MALAYSIA TODAY/ NEWS
11 MARCH 2019 (8.05 PM)
BY : TRACY PATRICK

Transshipment bungle jeopardises rice imports by Sabah, says trade group

KOTA KINABALU: A trade group has warned that Sabah is at the risk of losing RM2 billion in cross-border trade due to the mismanagement of a rice transshipment from Vietnam.

The state has been warned of getting blacklisted for future rice imports after the Customs Department accused the parties of smuggling, says Sabah Cross Border Trade Association chairman Nordin Ening.

As many as 351 containers of white rice worth RM16 million from Ho Chi Minh, en route to Labuan, were unloaded at Sepangar Port in early September last year due to heavy congestion in Labuan Port.

The Customs seized all 351 containers for not having an import permit and later changed the charge to smuggling, prompting the Vietnam Food Association to threaten a boycott in future.

"Despite showing a letter from the agriculture ministry that transshipment of rice is allowed until March 31, the Customs officer in charge refused to listen and proceeded with the charge in court.

"I reported the matter to the Malaysian Anti-Corruption Committee (MACC) on April 4. After it was proven that an import permit is not needed for the consignment, the charge was suddenly changed to smuggling.

"This is unreasonable because the cargo is currently under Customs' custody. We cannot even touch our cargo without Customs' approval," said Nordin.

The Customs Department has said that the consignment was detained as the declaration documents were suspect.

The department stated that the case will be prosecuted under the Customs Act, 1967 for making a false declaration and other offences.

Nordin, however, said a wrong document should not be blamed on the consignee as documentation is done by shipping agents licensed by the Customs Department.

Therefore, he said, any problem with the documents should be the responsibility of the department.

He pointed out that another consignment, which unloaded in Port Klang, managed to reach Labuan Port without any problem.

"If the government proceeds with the case, the Vietnam Food Association will blacklist us from doing rice trade in the future.

"I hope the relevant authorities will take the necessary steps to see that this does not happen.

"There is already a protest held by the Vietnam Food Association at the Malaysian embassy in Ho Chi Minh. I hope the government will do something to save face," he said.

Trade between Sabah and the southern Philippines brings in more than RM2 billion a year.

Sabah traders buy rice from Vietnam and ship it to the southern Philippines.

The entire business chain may be interrupted if Vietnam decides to stop bilateral trade with Sabah.

When contacted, a spokesman for the Vietnamese firms told FMT that their association will blacklist Sabah from future imports if the court case proceeded.

"Not only are the Vietnam shippers concerned. The Thais are also affected. They all know about this case and they won't dare supply rice to Sabah any more.

"Other rice exporters in Myanmar, India and Pakistan know about this too.

"Because of this issue, we are all having second thoughts as it is too risky to supply rice to Sabah. The Customs can seize our cargo any time they want," said Peter Doan, a spokesperson representing the seven companies.