NAJIB ANNOUNCES SPECIAL ECONOMIC COMMITTEE

Special economic committee to be set up

BY GHO CHEE YUAN

KUALA LUMPUR: Prime Minister Datuk Seri Najib Razak announced that a new economic committee to maintain the country's growth momentum will be established in the face of what he described as "uncertain and challenging times".

Najib, who is also the finance minister, said the slump in prices of petroleum and other commodities had posed challenges to the national revenue, according to The Malaysian Insider.

"The committee's objective is to ensure Malaysia's growth momentum will continue for some time and be able to generate prosperity in the rather uncertain and challenging times," he said at the launch of the National Tax Conference here yesterday.

He did not elaborate, but said that details of the committee would be announced shortly.

Najib also said he was aware of the state of the domestic economy and global financial sentiment, and that he had been meeting with key stakeholders, including Bank Negara Malaysia governor and chairman of the Securities Commission Malaysia for briefings.

He said such meetings will continue in the coming weeks, adding that he is "frequently updated by representatives from a broad section of our economy".

Separately, Bernama reported Najib as saying that Malaysia is faced with a global economic scenario that is facing pressure from factors beyond its control, with no country immune to the effects.

Najib said the new economic committee would meet every day if necessary to monitor and propose additional steps that need to be taken to stabilise the country's economy.

"The government will try its best; we hope the situation can be resolved soon. While external factors are beyond our control, the government will try to ensure that the people are not burdened by what is happening," he said.

At a separate event, CIMB Asean Research Institute chairman Tan Sri Musir Majid said he welcomed the setting up of the special committee, but stressed that it must be critical enough in making recommendations and "should not be in denial in identifying the real causes that led to the economic downturn."

"Setting up the committee is only the first stage," Musir told reporters yesterday, adding that it has to come out with recommendations immediately, given the pressing conditions now.

Citing the revised budget as an example, Musir said the current crude oil prices had plunged below the government's projection of US$55 (RM212.50) to US$60 per barrel.

"The committee has to come out with a mitigation plan to address the issue," he added.

On the weaker ringgit, Musir said it was caused by multiple reasons, including the country's domestic political turmoil.

"The weakening ringgit provides an opportunity for medium-term investors who are planning to invest in the country. However, in view of the current political noise, they (potential investors) may have switched to Indonesia, whose politics are relatively stable," he told reporters yesterday.

He was speaking after CIMB Asean Research Institute and Asean Business Club jointly launched the third set of Lifting the Barriers Reports, a series of white papers for Asean ministers to effect real changes and accelerate Asean's integration.

Besides slumping oil prices due to an expected supply glut, the past few weeks have seen the local currency, together with local equities, routed amid global uncertainties and a shock yuan devaluation.

Shrinking international reserves, high foreign holdings of government bonds and high external debts continue to make the ringgit one of the most vulnerable currencies in Asia (excluding Japan) to external shocks, the digiIntelligence DAILY reported on Monday, quoting analysts who expect the local currency to decline to as much as 4.25 against the greenback by mid-September.

On the same day, the local currency fell to a fresh 17-year low and closed at 4.243. Yesterday, after falling to another new low of 4.2985, the ringgit finally strengthened some 1.1% to end the trading hours at 4.196.

The benchmark FBM KLCI, which breached the 1,600-point mark on Aug 14 and has largely floated in a sea of red in the past week as it plummeted to as low as 1,622.14 last Friday, rose 31.8 points or 2.8% yesterday to close at 1,653.94, as investors began to hunt for beaten-down Malaysian shares amid US stock futures gains.

To ensure continuation of Malaysia's growth momentum. Gho Chee Yuan has the story on Page 4.