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KUALA LUMPUR, Dec 20 -- Recent positive reports from the World Bank and the International Monetary Fund (IMF) have confirmed Malaysia's fiscal position as previously reported by the government, says Minister of Finance Lim Guan Eng.

He said Malaysia is reported to be making progress on the reform agenda which has seen sustained economic growth, subdued inflation and a current account surplus.

He said the Debt Management Committee Meeting Statement on Dec 6 announced the government's debt and liabilities relative to Gross Domestic Product (GDP) as at end-June 2019 were 52.6 per cent for direct debt, 10.4 per cent for Committed Government Guarantees and 2.1 per cent for 1Malaysia Development Bhd (1MDB).

"Overall, the government's debt and liabilities have decreased from 79.3 per cent of GDP at end-2017 to 77.1 per cent of GDP as at end-June 2019.

"This shows the success and commitment of the Pakatan Harapan (PH) Government in its debt and liabilities consolidation efforts," he said in a statement today.

Lim said in the medium term, the government targets to further lower its total debt and liabilities to 65 per cent of GDP by the end of 2025, adding that the fiscal deficit target for 2019 of RM52 billion or 3.4 per cent of GDP will be achieved, as reported by the World Bank and the International Monetary Fund (IMF).

"This represents a reduction from the fiscal deficit of 3.7 per cent of GDP in 2018, owing to the government's successful implementation of open tenders and cost saving measures.

"Direct debt is expected to increase by RM52 billion in 2019 to fund the country's development expenditure, which was approved by the Parliament in 2018," he said.



Aside from direct debt, Lim said the government's liabilities also include committed government guarantees to implement public transportation and utilities projects including mega infrastructure projects such as Light Rail Transit Line 3, Mass Rapid Transit 2 and Pan Borneo Highway with a total cost exceeding RM75 billion.

In addition, Lim said committed government guarantees have also increased due to scandals unfolded by the PH government after taking over such as the Tabung Haji (TH) issue, whereby the Barisan Nasional government had falsified TH accounts to conceal huge losses and paid high dividends despite zero profits.

Meanwhile, Lim said the international credit rating agencies' affirmation of Malaysia's sovereign credit rating at A- or A3 with stable outlook is strong evidence that the PH government is prudent and transparent in the fiscal management of the government.



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