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Capital controls as last resort, says Najib

by LINDA ARCHIBALD

MALAYSIA'S resilient economy will be able to survive potential monetary outflows and the government does not expect to impose capital controls except as a last resort, asserted Prime Minister Datuk Seri Mohd Najib Razak.

While most of the country's debt is domestic and longer term, he expects the current reserves amounting to US\$130 billion (RM410 billion) would help to correct any economic volatility and sustain the country's economic performance.

However, Najib did not rule out the possibility of implementing capital controls, saying that it would be a last resort.

He said the country's strong
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PM says Malaysia wants TPP 'but on our terms'

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saving mechanisms such as Employees' Provident Fund, Tabung Haji and Retirement Fund Inc have given the country an edge over other countries. "Chances of a default is minimum. Despite our money leaving, our reserves are more than enough compared to what we had during the financial crisis in 1997," said Najib who is also the country's finance minister.

He said this during a 30-minute recorded interview by CNBC anchor Martin Soong at the annual CNBC Summit Malaysia — for its programme *CNBC Conversation*. The interview included discussion on

Malaysia's economy, political landscape and the results of the premier's massive financial reforms.

On the country's export market, Najib called on electrical and engineering industries to move up the value chain in terms of products to increase exports.

Soong raised a question on the Trans Pacific Partnership (TPP) agreement, citing leaked documents which suggest that signatory countries may have to waive their sovereign rights to independent monetary policies and implement capital controls where necessary — unless there are negotiations between member countries.

Commenting on this, Najib said the country is weighing the many factors involved before getting on board (with the TPP).

"We want the TPP, but on our terms. And this is still a work-in-progress. Some of the terms will be on trade and investment consideration that impinge on matters of sovereignty, that impinge on state-owned enterprises...they are listening but it will be quite tough negotiations.

"We will not forego our national interests for TPP. We think it is good provided the terms are reasonable," he said.

Defending the government's Bumiputera Economic Empowerment Agenda, he said the government subscribes to an "equitable, fair (and) inclusive"

economic growth.

With Bumiputera accounting for 67% of the country's population, he said: "(should) the vast majority (be) marginalised or feel that they are not getting a fair share of the country's wealth, that may affect long-term stability".

"Currently, Bumiputera hold an approximate 23.4% equity in the corporate sector, but the definition of wealth is all encompassing. It has to be seen in a larger context," he said.

Najib said compared to the Malaysian Chinese, the Bumiputera are not performing as well.

The recorded interview will be aired on *CNBC Conversation* at 5pm today on *Astro CNBC Asia Channel 518*.

The CNBC Summit Malaysia 2013 is an annual event hosted by CNBC in partnership with Tourism Malaysia, Visit Malaysia 2014 campaign and Halal Industry Development Corp (HDC) and was attended by foreign diplomats and corporate leaders.

Following the 30-minute interview with Najib, Soong moderated a panel discussion featuring corporate leaders PricewaterhouseCoopers Malaysia executive chairman Mohammad Faiz Azmi, AirAsia X Bhd CEO Azran Osman-Rani and Sunway Bhd's ED Kumar Tharmalingam, as well as Ministry of International Trade and Industry deputy secretary general for trade Mohammad Ridzal Sheriff.

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Pic by Muhd Amin Naharul

(From left) Tourism Malaysia advertising director Datuk Abdul Khani Daud, HDC CEO Datuk Seri Jamil Bidin and Najib at the CNBC Conversation programme in Kuala Lumpur