

Johari: No need to measure Malaysia economy in US\$

Thursday, 24 August 2017 | 6:43 PM

KUALA LUMPUR: Second Finance Minister Datuk Seri Johari Abdul Ghani says Malaysia is a matured and sophisticated economy and there is no need to measure the gross domestic product (GDP) in US dollar.

He said on Thursday that GDP measured in US\$ is not relevant for a matured and sophisticated economy like Malaysia, nor is the GDP measured in US\$ appropriate for an economy that is not dollarised in any sense.

“In any economy that is 'dollarised', there would be a loss of policy independence and flexibility, hence undermining a nation's sovereignty,” he said in a statement in response to a news report on the accuracy of the calculation of GDP growth.

The Federation of Malaysian Manufacturers (FMM) had issued a statement which appeared in the Edge Financial Daily on Aug 24 that Malaysian GDP should be measured in US\$ for a better reflection of the country's economic growth.

“Such statement could cause confusion and is not only misleading but reflects poor understanding of how the economy works,” he said.

Johari pointed out economic activity in Malaysia is measured primarily through activities transacted by households, businesses and governments in ringgit. Hence, measurement in ringgit terms is more reflective of the economy.

Malaysia's GDP is reported in constant prices which already taken into account the effects of price changes and exchange rate movements. In other words, the GDP reflects only the changes in the quantity of goods and services produced in the country.

He also said this compilation of GDP is consistent with international standards as stipulated by the World Bank and IMF. The Department of Statistics surveys and compilations are wide ranging and inclusive of all sectors of the economy.

“In view of this internationally-accepted standard, I wish to point out that GDP measured in US\$ is not relevant for a matured and sophisticated economy like Malaysia, nor is the GDP measured in US\$ appropriate for an economy that is not dollarised in any sense.

“In any economy that is 'dollarised', there would be a loss of policy independence and flexibility, hence undermining a nation's sovereignty.

“Malaysia has indeed recorded a good growth of 5.8% in 2Q 2017 and 5.6% in 1Q 2017, as compared to the same period in 2016. As a Malaysian, I call upon my fellow Malaysians to welcome this progress. Let's continue our hard work to achieve further growth for the rest of the year,” said Johari.