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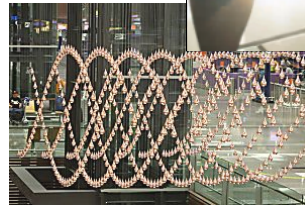
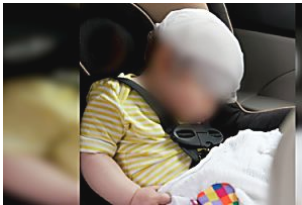
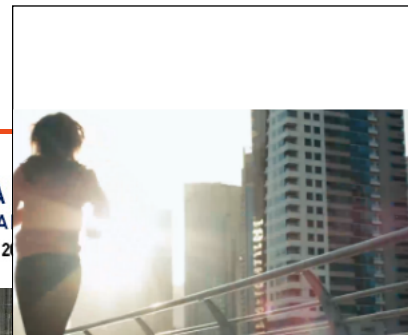
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## 'RM40b in oil revenue loss in 2016'

15 FEBRUARY 2016 @ 8:00 AM

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THE government expects a revenue shortfall of RM40 billion this year given the sharp drop in oil and gas income, said Prime Minister Datuk Seri Najib Razak.

"If you look at the oil price today and what it was one year ago, it means we would lose RM40 billion," he told Malaysians working and studying in southern California.

In stressing the necessity of the Goods and Services Tax (GST), he spoke about how international bodies, such as the International Monetary Fund, had praised Malaysia's prudent fiscal and monetary policies, and how GST revenue had largely offset the impact of the low oil price.

"Can you imagine, without GST, what kind of adverse impact it would have on not only the economy, but also the people's welfare?"

Najib, who is also finance minister, had, on Jan 28, unveiled proactive measures in the recalibrated 2016 Budget to deal with the global slowdown, including optimising government expenditure and raising revenue from other sources to plug revenue shortfalls.

Malaysian officials and analysts said the RM40 billion referred to the reduction in government revenue from oil and gas compared with 2014, when the average price of oil was US\$100 (RM415) per barrel.

The original assumption for the 2016 Budget was that the price of oil would be US\$48 per barrel, or a RM30 billion reduction in government revenue. After the government's revision of the assumption price to between US\$30 and US\$35 per barrel, it is an additional RM9 billion reduction, leading to the estimated RM40 billion shortfall this year compared with 2014, before the oil price collapsed and the implementation of GST.

Najib, who is in California on a six-day working visit, will meet 16 fund managers from 11 United States firms in San Francisco on Wednesday. The firms, including "heavyweights", have US\$8 billion in assets under management.

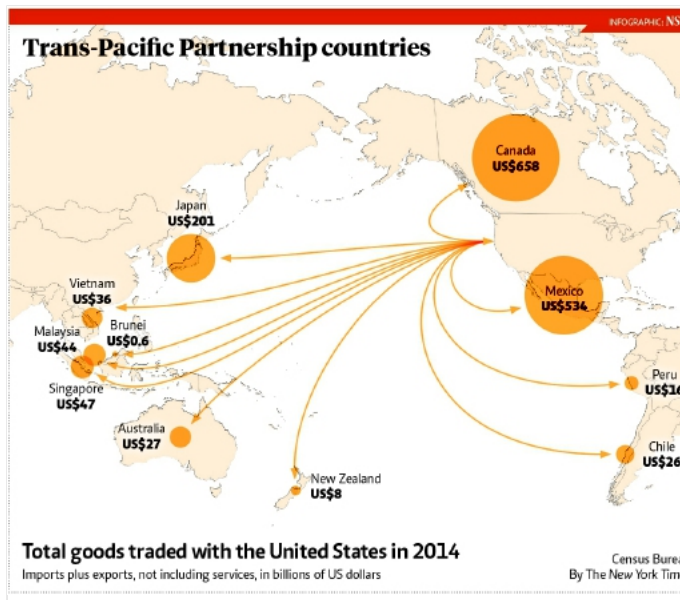
This follows similar roadshows earlier this month by Malaysian officials who met fund managers in Kuala Lumpur, Hong Kong, Singapore and London.

In San Francisco, Najib is expected to tell the fund managers about Malaysia's move to recalibrate the 2016 Budget and the nation's revenue enhancement measures to partially mitigate the RM9 billion drop in revenue.

He will also touch on Malaysia's continued focus on fundamentals, which has contributed to the stabilisation of the ringgit and ensured continued economic growth.

In the earlier roadshows, the fund managers in other financial centres had expressed concern over China's slowdown, which could trigger instability in global financial markets. They also wanted to know how flexible Malaysia's fiscal policy was, should the price of oil drop to less than US\$30 per barrel.

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