

Malaysia sets up council to steer economy

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KUALA LUMPUR -- Malaysia has set up a high-powered council to help the economy weather the effects of rising inflation and a slowing economy, the government says.

The 40-member council, chaired by Prime Minister Abdullah Ahmad Badawi, will map out strategies to sustain economic growth, Mr Abdullah's office said, underlining growing worries about the impact of global slowdown on the country.

It will also identify ways to fight inflation, ensure food and fuel supply security and review the system of subsidies and price controls, it said in a statement.

The council also includes nine ministers, the central bank chief, top finance ministry officials and representatives from the private sector, it said.

Among them are Nazir Razak, the chief executive of the country's second biggest lender CIMB , and Sharil Ridza Ridzuan, the head of infrastructure firm MRCB .

The last time the authorities sought help outside the government on the economy was when it established a high-powered economic council during the 1997/98 Asian financial crisis.

High commodity prices this year have bolstered the resource-rich Southeast Asian economy but analysts warn that rising inflation worldwide could hit exports and consumer spending.

Malaysia is a net crude oil exporter and the world's second-largest producer of crude palm oil.

Annual inflation leapt to 7.7 per cent in June, its highest level in more than 27 years, after the government raised fuel prices sharply.

The central bank put its average 2008 inflation forecast at 5.5-6.0 per cent.

Malaysia's economy is officially projected to grow 5 per cent this year, slowing from 6.3 per cent in 2007.

Source: Reuters