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Judul : Govt slashes growth target to 5.1%
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Halaman : -

The government has revised down this year's economic growth target to 5.1 percent from 5.3 percent year-on-year (yoy). The government acknowledged that private consumption, which contributes to more than 50 percent of the country's gross domestic product (GDP), would remain lower than usual due to weakening purchasing power. Finance Minister Bambang Brodjonegoro said the government projected that consumption would expand by only 5 percent by this year-end, from the initial target of 5.1 percent. He was speaking during a hearing at the House of Representatives Commission XI overseeing finance and banking on Tuesday evening. The government and the House are currently deliberating macroeconomic assumptions for the revised 2016 draft state budget. Although it has improved from last year's rate, private investment growth has remained slower than expected, as it will take some time until the effects of the government's 12 policy packages, which have been issued since September last year, are fully felt in the private sector. Meanwhile, Bambang said, it would be difficult to reach positive net exports this year due to low commodity prices and demand, especially from China, the country's main trading partner, whose economy has slowed. "In light of that, the 5.3 figure has been revised," the minister said. "The 5.1 percent growth target makes sense for the government but still requires [our] hard work," he went on. Indonesia's economy expanded by only 4.92 percent yoy in the first quarter of this year, lower than the 5.04 percent in the previous quarter. Private consumption, weighing in at more than 58 percent of GDP in the period, expanded 4.94 percent, another below-5-percent growth. Investment expanded 4.24 percent while government spending grew by only 2.93 percent yoy versus the 7.31 percent recorded in the previous quarter. Commission XI chairman Ahmadi Noor Supit said the new figure was realistic and reflected the real economic situation without being pessimistic. "We want our economic situation to be accurately reflected in the state budget," he said, adding that the 5.1 percent growth target would be more achievable. Several economists have previously projected that Indonesia's economy would expand by between 5 percent and 5.2 percent only this year, saying that the government's 5.3 percent would be hard, if not impossible, to reach. (ebf)