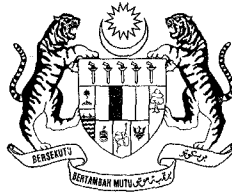




ECONOMIC REPORT 1995/96



**Ministry of Finance
Malaysia**



MINISTER OF FINANCE, MALAYSIA

PREFACE

The Malaysian economy records another year of robust growth in 1995, with real Gross Domestic Product expanding by 9.6%. This achievement represents the eighth consecutive year the economy has attained growth averaging above 8%.

The vibrant growth was underpinned by continued strong export performance, led by the manufacturing sector. Capital investment continues to expand strongly, reflecting the high level of business confidence in the Malaysian economy. While the sustained high growth of the economy has enabled all Malaysians to enjoy a higher level of prosperity, it has generated some strains on the economy, especially inflationary pressures, labour shortages and deficit in the current account of the Balance of Payments.

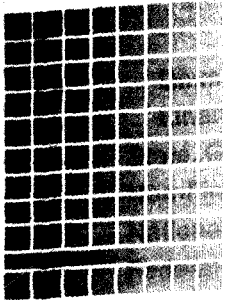
The Government is fully aware of these problems. Thus, various measures have been and will continue to be undertaken to address these constraints with the view to ensure the nation will continue to maintain strong sustainable growth over the medium and long-term.

We are confident with the resourcefulness of our people, the business acumen of our private sector, the pragmatism of Government policies and measures that will be introduced in the 1996 Budget and the Seventh Malaysia Plan, Malaysia will be able to achieve a growth rate of 8.5% in 1996. This growth rate will be attained against a background of price stability and improvement in external payments position.

This year's Economic Report, the 24th. edition published by the Ministry of Finance, provides a comprehensive analysis of the performance of the economy as well as the macroeconomic issues and the challenges that need to be addressed in the management of the economy. As in previous years, indicators on social development are also presented to reflect the diverse dimensions of our achievements. We believe economic growth should be accompanied with social progress and development in our efforts to create a prosperous, compassionate and a just society.

KUALA LUMPUR,
27 October 1995

ANWAR IBRAHIM



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