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MAHATHIR-FMP R R R
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KUALA LUMPUR, JUNE 28, (BERNAMA) -- THE NATION'S ECONOMIC PROSPECTS UP TO THE END OF THE CENTURY LOOK BRIGHT AND STABLE WITH IMPROVED GROWTH RATES, DECREASING POVERTY LEVELS AND REDUCED UNEMPLOYMENT.

DATUK SERI DR MAHATHIR MOHAMAD, TABLING THE FIFTH MALAYSIA PLAN MID-TERM REVIEW REPORT IN THE DEWAN RAKYAT TODAY, SAID THE PRIVATE SECTOR WOULD STILL REMAIN THE MAIN CATALYST FOR GROWTH BY INCREASING INVESTMENTS AND EXPORTS.

FOLLOWING ITS RECOVERY FROM THE RECESSION, THE COUNTRY'S ECONOMY WAS EXPECTED TO GROW AT AN ANNUAL AVERAGE OF 5.8 PERCENT BY THE END OF THE FMP PERIOD (1986-1990), HIGHTER THAN THE ORIGINAL PLAN TARGET OF 5.0 PERCENT.

+WE SHALL BE ABLE TO SEE A TRANSFORMATION OF THE ECONOMIC STRUCTURE TOWARDS THE EXPECTED TARGETS, ESPECIALLY IN THE CONTEXT OF CONSOLIDATING THE NATIONAL ECONOMY,+ THE PRIME MINISTER SAID.

HE SAID AS THE ECONOMY IMPROVED FURTHER, THE GOVERNMENT HAD DECIDED TO INCREASE PUBLIC SECTOR SPENDING UNDER THE FMP TO \$57.5 BILLION, A 20 PERCENT INCREASE OVER THE PREVIOUSLY APPROVED AMOUNT OF \$47.7 BILLION.

ALTHOUGH THIS FIGURE WAS STILL WELL BELOW THE ORGINAL FMP ALLOCATION OF \$74 BILLION, IT WAS SUFFICIENT TO FINANCE DEVELOPMENT PROJECTS UNTIL END OF 1990, HE SAID. -- MORE

1706MST 28 06 89

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THE PRIME MINISTER SAID OF THE REVIEWED ALLOCATION, \$32.86 BILLION WERE SET ASIDE FOR FEDERAL GOVERNMENT EXPENDITURE AND \$16.4 BILLION FOR THE NON-FINANCIAL PUBLIC ENTERPRISE (NFPES).

HE SAID 76.17 PERCENT OF THE TOTAL ALLOCATION WERE FOR THE ECONOMIC SECTOR WHILE ANOTHER 17.24 PERCENT WERE FOR THE SOCIAL SECTOR.

DESCRIBING MALAYSIA AS THE COUNTRY WITH THE BEST INFRASTRUCTURAL DISTRIBUTION IN THE REGION, HE SAID THE GOVERNMENT WOULD CONTINUE TO PLACE PRIORITY ON RURAL, INFRASTRUCTURAL AND PHYSICAL AND SOCIAL DEVELOPMENT PROJECTS.

INFRASTRUCTURAL PROJECTS SUCH AS ROADS, PORTS, RAILROADS, AIRPORTS, WATER AND ELECTRICITY SUPPLIES NEEDED TO BE IMPROVED FURTHER TO SUPPORT THE GROWTH OF VITAL SECTORS SUCH AS MANUFATURING, TOURISM AND AGRICULTURE.

IN VIEW OF A LESS THAN SATISFACTORY PERFORMANCE BY FEDERAL GOVERNMENT DEVELOPMENT AGENCIES, EFFORTS WOULD BE DOUBLED FOR GREATER ACHIEVEMENT IN THE COMING 18 MONTHS, HE SAID. -- MORE
1720MST 28 06 89

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MAHATHIR-FMP 3 KUALA LUMPUR R R R

THE PRIME MINISTER SAID THE GOVERNMENT WOULD CONTINUE TO CONSOLIDATE PUBLIC SECTOR SPENDING ALTHOUGH THERE WAS SUBSTANTIAL IMPROVEMENT IN THE PUBLIC SECTOR'S BUDGETARY POSITION NOW COMPARED WITH THE FIRST TWO YEARS OF THE FMP PERIOD;

HE SAID THE FEDERAL GOVERNMENT'S CURRENT ACCOUNT WAS EXPECTED TO REGISTER SURPLUSES DURING THE LAST TWO YEARS OF THE FMP, THUS REDUCING ITS OVERALL DEFICIT. CURRENTLY, THE OVERALL DEFICIT WAS AT AN ACCEPTABLE LEVEL AND MUCH LOWER THAN THE ORIGINAL FMP ESTIMATE, HE SAID.

HE SAID THE GOVERNMENT WOULD CONTINUE TO REDUCE ITS EXTERNAL DEBT BY FINANCING DEVELOPMENT PROJECTS FROM DOMESTIC RESOURCES AND STEPPING UP THE PRIVATISATION OF SPECIFIC PROJECTS.

THE NFPES WOULD BE CLOSELY MONITORED AND ENCOURAGED TO REDUCE THEIR DEPENDENCE ON GOVERNMENT FUNDS AND TO RELY MORE ON THEIR OWN SOURCES OF FUNDS.

TO ENCOURAGE ECONOMIC GROWTH, \$400 MILLION WERE SET ASIDE FOR PUBLIC SECTOR RESEARCH ACTIVITIES AND A NEW MECHANISM KNOWN AS THE INTENSIFICATION OF RESEARCH IN PRIORITY AREAS (IRPA) HAS BEEN INTRODUCED.

THE MECHANISM WOULD MOBILISE RESOURCES TO ENHANCE R & D ACTIVITIES AND ENCOURAGE COLLABORATIVE EFFORTS WITHIN AND AMONG INSTITUTIONS TO AVOID DUPLICATION AND WASTE OF RESOURCES. -- MORE
1824MST 28 06 89

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U E821 AAE
MAHATHIR-FMP 4 KUALA LUMPUR R R R

ON POVERTY ERADICATION EFFORTS, HE SAID EARLY FORECASTS SHOWED THAT THE NATION WOULD ERADICATE ABSOLUTE POVERTY IN THE PENINSULA BY THE END OF THE DECADE. THE AVERAGE INCOME LEVELS OF PARTICIPANTS IN ALL GOVERNMENT-SPONSORED AGRICULTURAL PROJECTS HAVE WELL SURPASSED THE POVERTY LINE.

ON UNEMPLOYMENT, DATUK SERI DR MAHATHIR SAID THE UNEMPLOYMENT RATE FOR 1990 WOULD BE REDUCED TO 7.6 PERCENT COMPARED WITH 8.1 PERCENT LAST YEAR.

TO CREATE JOBS FOR THE 534,700 PEOPLE CURRENTLY UNEMPLOYED, THE ECONOMY MUST EXPAND AT A RATE OF NOT LESS THAN 7.0 PERCENT ANNUALLY. HOWEVER, THE UNEMPLOYMENT RATE WOULD NOT BE VERY MUCH LOWER AS LONG AS MALAYSIANS WERE TOO CHOOSY IN SELECTING JOBS, HE SAID.

+WHILE THERE EXISTS THOUSANDS OF JOB VACANCIES, THOUSANDS OF WORKERS ARE ALSO UNEMPLOYED... AT THE SAME TIME, FOREIGN MIGRANTS ARE SCRAMBLING TO COME TO MALAYSIA TO SECURE THESE AVAILABLE JOBS,+ HE SAID.

+FOR BEING TOO CHOOSY, WE FAIL TO TAKE ADVANTAGE OF THE BOUNTIFUL OPPORTUNITIES THIS COUNTRY IS ENDOWED WITH.+ -- MORE
1850MST 28 06 89

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MAHATHIR-FMP 5 KUALA LUMPUR R R R

THE PRIME MINISTER SAID STRONG EXPORT SECTOR GROWTH AND THE GOVERNMENT'S DEREGULATORY MEASURES HAD ENCOURAGED THE GROWTH OF THE INVESTMENT SECTOR.

HE SAID THE PROPOSED CAPITAL INVESTMENT IN PROJECTS APPROVED BY THE MALAYSIAN INDUSTRIAL DEVELOPMENT AUTHORITY (MIDA) IN 1988 TOTALLED \$9.09 BILLION, 131 PERCENT HIGHER THAN FOR 1987.

THE TOTAL VALUE OF EXPORTS IN 1988 REACHED \$55.3 BILLION OR 55 PERCENT MORE THAN THE LEVEL ATTAINED IN 1986. THE VALUE OF MALAYSIA'S MANUFACTURED EXPORTS IN 1988 WAS A SIGNIFICANT 75 PERCENT HIGHER THAN IN THE PREVIOUS YEAR.

TO INCREASE THE PRIVATE SECTOR'S ROLE IN NATIONAL ECONOMIC GROWTH THE GOVERNMENT WOULD PROVIDE INCENTIVES TO RAPID-GROWING AND VIABLE INDUSTRIES AND THOSE HAVING THE COMPETITIVE EDGE.

THERE MUST BE EFFORTS TOWARDS PRODUCT DIVERSIFICATION, IMPROVED DESIGNS AND PRODUCT APPLICABILITY BESIDES EXPLORING NEW MARKETS. OVERALL, THE DEVELOPMENT OF THE MANUFACTURING SECTOR WOULD CONTINUE TO EMPHASISE ON EFFICIENCY AND ABILITY TO COMPETE, HE SAID. --

BERNAMA

1910MST 28 06 89