

PM: We'll build on strong foundation

DATUK Seri Dr Mahathir Mohamad said yesterday the remarkable progress in Malaysia's economic development in the first half of the Sixth Malaysia Plan (1991-95) is an eloquent testimony of the strength and resilience of its foundation.

The Prime Minister said this was even more remarkable despite the slowdown in world economy and growing uncertainties in the international economic environment.

Dr Mahathir said: "It is on this strong foundation, that we will continue to build upon to bring the nation's development to greater heights and stature. With the momentum of strong growth having been set during the first three years of the plan, the prospects are favourable for the remaining plan period.

"Real GDP is expected to grow at 8.0 per cent per annum during an overall average growth of 8.1 per cent of the whole plan period. Per capita income in current prices will further increase to RM9,950 or US\$8,996 in terms of purchasing power

parity in 1995.

"As in the first half period of the plan, expansion in domestic demand will provide the impetus for this growth, particularly in the light of the uncertainties in the international economic environment."

The Prime Minister, in tabling the Mid-Term Review of the Sixth Malaysia Plan yesterday, said the country had entered the Sixth Plan period with confidence, determination and commitment.

He added that when the plan was launched in 1991, the economy was at one of its highest growth levels since the recovery from the recession years before 1987. The overall economic growth in 1990 was 9.7 per cent.

With the momentum for strong growth already set, the economy was poised for another cycle of high economic performance. This was reflected by the high rates of domestic savings, rapid growth of exports, increasing productivity and competitiveness as well as price and exchange rate sta-

bility.

He said: "While these were indeed very favourable factors to us, I did caution that we should not be too complacent as an open economy such as ours could be easily affected by uncertainties in the world economic environment."

Dr Mahathir said the performance of the Malaysian economy during the first three years of the Plan was indeed remarkable. Despite the overall slowdown of the world economy, the Malaysian economy grew at an impressive rate of 8.1 per cent per annum, exceeding the plan target of 7.5 per cent per annum.

He said the nation could be proud of this achievement as this growth rate was the highest compared with Asean and Asian countries, with the exception of China, and far exceeds those of the developed countries.

Per capita income increased from RM6,238 in 1990 to RM8,350 in 1993. In terms of purchasing power parity, it had increased from US\$5,416 to US\$7,500 during the period.

This increase in income together with rather low inflation enabled Malaysians to enjoy a higher standard of living and a better quality of life.

As anticipated at the outset of the Sixth Malaysia Plan, the rapid expansion of the economy was largely domestic demand driven. In formulating the Sixth Plan, the Government has frequently called upon the private sector to be the primary engine of growth for the economy.

"I am indeed proud that the private sector has fully responded to this call as evidenced by its substantial contribution towards spearheading the nation's expansion.

"Private investment grew at an average rate of 13 per cent during the review period, considerably higher than the Plan target of 8.6 per cent.

"This remarkable performance in private investment expansion was largely on account of increases in the inflow of foreign direct investment (FDI).

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