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No plans to revise 1pc GDP growth forecast, says PM

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PRIME Minister Datuk Seri Dr Mahathir Mohamad said the Government does not plan to revise its 1 per cent growth forecast for 1999, despite the positive signs of economic recovery.

"Many people predict it will be more than 1 per cent, but we have a conservative estimate of at least 1 per cent," he said at a press conference after chairing the Barisan Nasional Supreme Council meeting in Kuala Lumpur yesterday.

Dr Mahathir said with six months to go before the year ends, the growth forecast will not be revised. Although second quarter figures show continued growth, there is no certainty what the second half-year has in store.

"We are watching very closely to make sure that the growth continues. The chances of growth are very good, but we are not totally in control because there are international forces which can result in our growth being stopped," he added.

Asked about banks that are still slow in disseminating funds to the private sector, Dr Mahathir said Bank Negara is looking into the matter.

"It would seem that banks are not keen to lend money, and every now and then we get appeals by people who want to borrow money and have not been given loans by banks, and we have to intervene and ask the banks to lend.

"We don't want to be the people who decide on such things. Banks must make decisions on their own, but if they are incapable of making decisions we will have to think of some way of finding more capable people," he added.

Meanwhile, Deputy Finance Minister Datuk Wong See Wah said the Treasury will only revise upwards the growth forecast for 1999 after careful reading of the second quarter indicators.

He said the economic indicators for the second quarter of 1999 must be reviewed to justify any revision of GDP growth. All relevant departments have been instructed to study the figures.

"There is no point for us to talk about achieving a certain percentage if at the end of the year we do not achieve it. So we rather be a bit modest, humble and try our best to do better than what we forecast. That is a better attitude," he told reporters after officiating the Metaltech Malaysia '99 Exhibition in Kuala Lumpur yesterday.

On external factors, Wong said the economic progress of US and Japan, Malaysia's major trading partners, can have substantial effects on Malaysia's economic growth.

First quarter economic figures released on Wednesday showed that the economy is back in positive territory, having posted a growth of 1.4 per cent for February and March 1999 compared to the same period of last year. However, for the first three months of the year, GDP was still 1.3 per cent lower than that in January-March 1998 because the effects of the downturn had continued to be keenly felt in January 1999.

Overall, the first quarter performance was a sharp improvement from the 10.3 per cent contraction experienced in the fourth quarter of 1998. Much of the performance in January-March was attributable to the turnaround in manufacturing output which rose a strong 4.6 per cent in February-March.

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