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Good growth in 2nd quarter

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MALAYSIA is expected to register a gross domestic product growth of between nine and 10 per cent for the second quarter of this year.

Prime Minister Datuk Seri Dr Mahathir Mohamad said although the GDP growth in the second quarter was slower than in the first, "it is still a good figure".

"I think it will be about nine or 10 per cent, slower than in the first quarter," he said.

The GDP in the first quarter was 11.7 per cent.

Dr Mahathir was asked this by reporters after he opened the Malaysian Structural Steel Association convention and exhibition 2000 at Seri Kembangan outside Kuala Lumpur yesterday.

He was also asked whether the projected 5.8 per cent GDP growth rate for this year would be revised with the country registering strong growths in the first half of this year.

To this, he said: "We are still projecting 5.8 per cent. Some people are saying it may be more but we are very conservative."

Several economists have predicted a higher economic growth for Malaysia.

According to a Reuters poll, 10 research houses feel the Malaysian economy will expand by 7.5 per cent in 2000 and 6.2 per cent in 2001.

On whether the Government would lift the the ringgit pegging to the US dollar following the strong growth, Dr Mahathir said it would not "unless the situation becomes uncompetitive for Malaysia".

"It (the peg at RM3.80 to US\$1) will remain until we reach a situation where we become totally uncompetitive," he said.

For the time being, he added, there was no reason for Malaysia to worry over the peg as the economy was doing very well.

"Why should we be worried. We are doing very well and are very comfortable ... nobody is getting hurt. So why do you want us to revise?"

Bank Negara governor Datuk Dr Zeti Akhtar Aziz during an interview with Reuters television in Fukuoka, Japan on Sunday, had said Malaysia would maintain the remaining selective capital controls for a "very, very long time".

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