

Business groups and leaders hail 8th Plan

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INDUSTRY groups and business leaders have hailed the Eighth Malaysia Plan, saying the thrust of the plan would lead to an improvement in the various sectors of the economy.

Some economists, however, said a few of the macroeconomic targets contained in the plan, which is a wish-list of economic progress the government hopes for over the next five years, were a bit optimistic given the current global environment.

The Eighth Malaysia Plan was unveiled by Prime Minister Datuk Seri Dr Mahathir Mohamad in Parliament yesterday. The theme of this blueprint for economic development is *Achieving Sustainable Growth with Resilience*.

The plan envisages that growth will be more knowledge-driven and that the key elements of the economy — manufacturing and services — will undergo a structural transformation.

Southern Bank Bhd chief executive officer Datuk Tan Teong Hean ex-

pressed support for the plan, particularly its focus on information communications technology (ICT) in education, business and government.

Tan said moving manufacturing to higher-end production was a right step.

“What I would like to see more of is

greater emphasis on the development of the services sector and a higher contribution from services in GDP (gross domestic product) growth,” he added.

Commenting on the government allocation of RM5.2bil for ICT-related programmes and projects, HeiTech Padu Bhd executive chairman Datuk Mohd Hilmey Mohd Taib said the size of the allocation showed that “this time the government is more specific in targeting ICT expenditure.”

“IT (information technology) in the last five years has shown a tremendous potential for growth and has brought real benefits for the government,” said Mohd Hilmey.

The Malaysian Association of Hotel Owners welcomed the steps to be taken by the government to promote the country more aggressively as a tourist destination during the period of the plan.

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Figure of 14.3 million

visitors

not impossible

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"In 2000, tourist arrivals ... were 10.2 million visitors. The figure of 14.3 million targeted is not impossible provided more efforts are made by both the government and the private sector to jointly promote Malaysia overseas," the association said.

Corporate adviser Tan Sri Ramon Navaratnam said the projected 6.5% annual growth for the construction sector appears to be ambitious compared with an actual contraction of 1.1% in the Seventh Plan period.

Ramon said it would difficult to achieve such a sharp turnaround in the construction sector.

Economists contacted by *Star Business* said the Eighth Malaysia Plan did not differ from the broad objectives mapped out in the Third Outline Perspective Plan.

They said stressing total factor productivity growth was essential as it would mean a more efficient use of labour and capital, two key components for growth.

"Wealth creation in the economy is changing and is no longer confined to asset-wealth creation. Pushing productivity through the knowledge economy is needed to ensure sustainable growth," said an economist with a local research outfit.

Economists also said the 7.5% GDP growth target for the five years covered by the plan appeared a bit optimistic and that questions would linger as to whether it was sustainable.

"We need to see an improvement in the external sector before such growth rates can be achieved, since our local economy is too small to rely on just domestic consumption," said the economist.

Another economist with a local stockbroking company said the budget allocation for 2001 represented slightly less than one-third of the projected development expenditure for the Eighth Malaysia Plan.

He noted that the total amount of private investment required for the plan was RM374.5bil compared with RM288bil in the previous Malaysia Plan — a massive increase.

This economist said that target could only be reached if new instruments of funding were introduced in the capital market.

Overall, the economists noted that if the targets set out in the