

# Dr M: Services sector needs bigger role

By KATHY FONG **STAR** 14 JUL 2001

THE services sector should play a more significant role in generating economic growth so as to lessen the country's economic dependence on manufacturing, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

The contribution of the services sector to gross domestic product (GDP) was still relatively low at 50%, compared with more than 60% in developed nations, he noted.

He urged those in the services sector to build up their expertise and be ready to export their services to other countries.

More effort should be made to expand the services industry, Dr Mahathir said, as this would not only narrow the trade deficit in the services sector but also help boost local demand and strengthen the economy.

He said areas that should be given prominence in the services industry included tourism, education, health and transport.

Other potential areas were wholesale and retail, insurance and the financial sectors, he said at the pre-budget dialogue in Putrajaya yesterday.

"Malaysia could become the regional hub for health, education, tourism as well as air and sea

transport," he added.

Turning to the manufacturing sector, the prime minister said exporters should venture into new markets such as the Middle East as well as diversify their product portfolios. Malaysian products, he noted, were of good quality.

There was also a need to expedite import substitution, he added.

Dr Mahathir also said more research and development activities should be undertaken to create more uses for agricultural products, particularly in the oleochemical segment.

About 40 organisations participated in yesterday's dialogue.