

PM cuts 2001 growth forecast to 1%

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PUTRAJAYA: Prime Minister Datuk Seri Dr Mahathir Mohamad said on Sunday that the country would post modest economic growth of 0.5 to 1.0% this year, down from earlier projections of 1.0 to 2.0%.

"Maybe 1%. Of course this is very difficult. Maybe half a percent for this year.

"Next year will be better," Mahathir, who is also the finance minister told reporters at his residence here.

Mahathir said he hoped domestic consumption would fuel much-needed economic growth.

"We are a trading nation and if the world is not doing well, obviously they cannot buy any of the things we produce.

"But we are generating economic growth through domestic activities and we can see that the retail business is very good," he added.

Mahathir said Malaysia's economy was "as well as it can be" considering that the world was going through a bad period.

Economists have said Malaysia can still avoid a recession this year despite a worse-than-expected contraction in the September

quarter.

The government last month cut its growth forecast for this year for a second time to 1.0-2.0%, and has imposed a range of fiscal measures to boost consumer spending.

Malaysia last plunged into recession in 1998 amid the Asian financial crisis, but it rebounded the following year and recorded a heady 8.5% growth last year.

Mahathir said the Malaysian economy was showing some signs of recovery from the initial shock of the Sept 11 terrorist attacks on the US and that people would start travelling again. - AFP