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LEAD-GDP

1Q GDP MAY NOT BE AS GOOD AS WE LIKE IT TO BE, SAYS PM

SHAH ALAM, April 16 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the first quarter gross domestic product (GDP) growth may not be as good as the government would like it to be.

"The effects of the recession in the US have been felt quite early", he added.

He said this at a press conference after officiating at the launch of Chief Police Officers' Commission Convention here today.

Bank Negara Malaysia (BNM), in its 2000 Annual Report, said that the first two quarters of this year could experience a slower growth prior to an improvement in the subsequent two quarters.

The central bank expects the Malaysian economy to grow by 5.0 to 6.0 percent this year against 8.5 percent in 2000.

The premier, in announcing pre-emptive measures to overcome the decelerating external demand last month, said 2001 GDP growth would likely be less than the 7.0 percent growth projected earlier.

He said it could be around 4.0 percent to 5.0 percent this year but if the pre-emptive measures are successful, GDP growth could reach 6.0 percent.

In the government's Third Outline Perspective Plan (OPP3) unveiled recently, the Economic Planning Unit of the Prime Minister's Department said that the Malaysian economy was projected to grow by an average of 7.5 percent between 2001 and 2010.

OPP3 is a 10-year plan, representing the second decade of development under the Vision 2020 concept, which provides the broad policy and planning parameters for the formulation of the 8th and 9th Malaysia Plan.

In 2000, the first, second, third and fourth quarter GDP stood at 11.8, percent, 8.4 percent, 7.8 percent and 6.5 percent, respectively.

For the whole of last year, GDP grew at 8.5 percent. This was a big improvement from the year-on-year rate of 5.8 percent in 1999.

When asked on news reports by a local daily today that the Finance Ministry may issue RM8.0 billion in Islamic bonds to finance the revived RM2.4 billion Bakun Hydro-Electric (BHE) project, he said he did not know anything about it.

The BHE project, centred on a giant dam located in the upper reaches of the Rejang River near Belaga, was approved in 1993. It was originally estimated to cost around RM15 billion but was shelved due to the 1997 financial crisis.

The government decided to continue the BHE project last month but on a reduced scale, largely through the exclusion of the part involve the cost laying of an undersea transmission cable between Sarawak and Peninsular Malaysia.

The scaled-down Bakun Hydro-Electric power project will produce 2,400 MW of electricity for Sabah, Sarawak, Brunei and possibly Kalimantan. --

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