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MAHATHIR-BUDGET

DR M: PRIVATE SECTOR MUST UTILISE AGRICULTURE SECTOR INCENTIVES

PUTRAJAYA, July 13 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today said the private sector must seize the opportunity to use the special incentives that had been provided by the government especially for developing the agricultural sector of the national economy.

"The private sector must take the initiative to further develop the agricultural sector not only to reduce the large bill on food imports but also to facilitate the fight against inflation," he said on the second day of the Budget 2002 dialogue which is being chaired by him in his capacity as Finance Minister.

According to Dr Mahathir, the development of the agriculture sector is being encouraged in view of its contribution to the gross economic product (GDP).

The sector shows good potential for growth, he told the 180 participants representing government and non-government agencies attending the dialogue.

To further develop the agriculture sector, he said, research and development (R&D) work must be conducted to support the development of downstream activities.

The uses of palm oil in chemical and bio-technological applications can be suitably expanded, as is the case with other agro-based commodities like wood products and rubber in view of the high demand for their downstream products in the world market.

Dr Mahathir said the services sector which contributes to 50 percent of Malaysia GDP can also be expanded in view of the fact that, in developed countries, its contribution to GDP averages around 60-70 percent.

The services sector, he added, plays an important role in driving economic growth.

Among the service-sector industries that can be developed further are small-scale tourism, research, health and transport.

The development of these industries will help to reduce the large deficits in the services account of the country's balance of payments while helping to promote consumer spending in the country.

These measures would also increase the resilience of Malaysia's economy against the adverse effects of external risks, the PM added.

"For this reason, we must endeavour to make Malaysia into a regional centre of excellence for research and health, in line with the effort to turn the Kuala Lumpur International Airport into the regional hub for air travel and transport," he said.

He urged everyone especially private sector investors and entrepreneurs to make full use of available facilities and amenities within the country, without resorting to foreign or "imported" products and services.

The Prime Minister noted that manufactured goods including electronic goods contributed towards 85 percent of Malaysia's total export earnings in 2000.

To reduce the high reliance on a limited range of manufactured exports, the PM said entrepreneurs must diversify their product range and expand the export market for electronic products and furniture to newer regions and countries like the Middle East (West Asia).

Efforts must also be made to expedite the import substitution programme and to venture into areas of enterprise based on locally-developed technology.

For this reason, he said, sources of new growth especially products based on knowledge and high technology must be identified and developed as necessary. -- BERNAMA
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