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OPP3-Mahathir

MALAYSIA'S ECONOMY DOES WELL DESPITE CRISIS, SAYS MAHATHIR

KUALA LUMPUR, April 3 (Bernama) -- Malaysia is projected to achieve a 7.5 per cent growth per annum under the Third Outline Perspective Plan (OPP3) between 2001 and 2010 compared with 7.0 per cent recorded during OPP2 (1991-2000), Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Tabling the OPP3 at the Dewan Rakyat here, he said during the next 10 years, the major source of growth would be from productivity gains arising from improvements in technology and production process, higher use of information and communication technology (ICT) and new domestic and foreign investments.

OPP3's socio-economic emphasis would also play a crucial role, whereby the government would continue to pursue the distributional agenda to ensure balanced participation among and within ethnic groups as well as sectors and regions.

"We have made very good progress in poverty eradication. By 2005, we intend to reduce the incidence of poverty further to 0.5 per cent.

"To realise this target, the anti-poverty programmes will be more target-specific and address pockets of poverty in different regions, particularly in remote areas as well as among disadvantaged groups such as the orang asli and other bumiputera minorities in Sabah and Sarawak," he added.

With regard to restructuring society, the Prime Minister said efforts would be made to increase the equity ownership of bumiputera in business. Bumiputeras currently owned only 19.1 per cent of corporate equity.

Dr Mahathir said the target was to raise their share to at least 30 per cent by 2010.

"In ensuring non-bumiputera equity ownership, the share of ownership by the Indian community will be given due consideration," he said.

To build a strong base for an endogenously-driven growth, efforts would be made to strengthen indigenous capabilities in innovation and technology development as well as human capital.

"Measures would be taken to improve the level of education, intensify skills training, and attract highly specialised foreigners and Malaysians abroad as part of our "brain gain" strategy," Dr Mahathir said.

He said a vital strategy, under the new plan period, would be Malaysia's focus on strengthening the critical elements that support the development of the knowledge-based economy.

Among the most important element was building up the critical mass of knowledge manpower, quickly and effectively.

For the successful implementation of the knowledge-based economy, the brain gain programme would be accelerated to attract Malaysian expertise and talents from overseas as well as foreigners with the requisite skills to meet the country's immediate and short-term needs, Dr Mahathir said.

The registry of Malaysian research and development scientists and engineers working overseas would be expanded to include new expertise and technopreneurs in other knowledge-related disciplines, he added.

As the growth and development of the economy would be driven by knowledge-based industries, new economic activities would be generated in all sectors, especially in the manufacturing and services sectors.

Dr Mahathir said the demand pattern for manpower would change towards high technology and science-based industries, biotechnology, ICT, pharmaceutical and R&D activities, all of which required workers with

tertiary education in the science and technology related disciplines.

The sophistication in the production processes would generate demand for 137,200 engineers and 331,700 engineering assistants trained in the electrical and electronics, chemical, biotechnology, mechanical, ICT and other technologies.

In agriculture, the introduction of high technology cultivation methods and industrial practices, large-scale and mixed farming and increased mechanisation would require a substantial number of trained labour in various disciplines, as well as those skilled in agro-business, modern integrated farm management, and biotechnologists, he said.

As Malaysia entered the 21st century, human resource development would be absolutely crucial to support the development of a knowledge-based economy and to ensure that all Malaysians would be able to enjoy the nation's prosperity.

The thrust of human resource development was to prepare a workforce that is capable of meeting the challenges of a knowledge-based economy, well equipped with technological skills and expertise, and high level of thinking skills.

Accordingly, "we are investing a substantial amount of resources in education and training," he said.

The Prime Minister said in recognising the challenges ahead arising from globalisation, national development policies would be directed towards building a resilient and competitive nation.

"It will no longer be possible to use national borders to protect low-quality and high-priced products in the domestic market.

"We Malaysians will have to be more disciplined and competent in whatever we do in order to produce goods and services that can compete in the global marketplace.

"The recent financial crisis showed the importance of strategic thinking and of increasing resilience because in a borderless world, events in any part of the world can have tremendous repercussions on our country," he said.

He added there was a need to identify new growth areas, broaden and deepen the existing sources of growth and widen the range of exports as a strategy to increase economic resilience.

This would include the development of the food industry, supported by a modern agriculture sector.

Although the long-term outlook of the global economy looked positive, Dr Mahathir said the presence of economic and financial imbalances between rich and poor countries was significant and posed continued risk to the Malaysian economy.

The continued lack of constructive initiatives to strengthen the international financial architecture, particularly in respect of the increased movement of speculative short-term capital, remains a potential source of instability.

Given this outlook, Malaysia's ability to sustain rapid economic growth for the OPP3 period would hinge on its ability to strengthen economic resilience and competitiveness.

As such, the focus of macroeconomic management would be to strengthen economic fundamentals so as to ensure sustainable long-term growth with low inflation and stable prices, as well as maintain a healthy resource and external balance position.

Foreign direct investment would continue to be promoted, especially in capital-intensive and high-technology industries.

Domestic investments would be further promoted to accelerate the development of local industries as well as create Malaysian multinational corporations in order to broaden the industrial base and composition, which

would include enhancing Malaysia's resource and food-based industries which have potential for import substitution and export, he said.

-- BERNAMA

MR SHY DVS