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OPP3-GDP

OPP3 TARGETS 7.5 PCT GDP

KUALA LUMPUR, April 3 (Bernama) -- Malaysia's economy is projected to expand by an average of 7.5 percent under the Third Outline Perspective Plan (OPP3) between 2001-2010 compared with 7.0 percent under OPP2 between 1991-2000.

The role of the services sector would be significantly enhanced arising from emphasis on the knowledge-economy, where it will account for 57.4 percent under OPP3 from 52.4 percent in OPP2.

OPP is a 10-year plan for 2001-2010 and represents the second decade of development under Vision 2020, providing the broad policy and planning parameters for the formulation of the Eighth and Ninth Malaysia Plans.

During the period, macroeconomic management will focus on strengthening economic fundamentals to enable the economy to grow at a sustainable rate.

Manufacturing would continue to be the engine of growth, accounting for 36 percent in OPP3 from 33.4 percent previously, and growing by 8.3 percent from 10.4 percent, the Economic Planning Unit of the Prime Minister's Department said in its OPP3 report.

The report, tabled by Prime Minister Datuk Seri Dr Mahathir Mohamad at the Dewan Rakyat here today, also projected per capita income to nearly double to RM23,610 by 2010 from RM13,359 while inflation would average at 2.7 percent per annum under OPP3 from 3.4 percent in OPP2.

The report said that the agriculture, manufacturing and services sectors would be promoted to generate economic dynamism with greater emphasis on knowledge inputs.

Elaborating on services, it said efforts would focus on the tourism, education, health, finance, Information and Communication Technology (ICT) and transportation sectors to become internationally competitive.

Domestic private investment will be promoted to shift towards an endogenously-driven growth strategy while foreign direct investments (FDIs) will be promoted in hi-tech sectors.

The banking sector, capital markets and corporate governance would be strengthened since they were important blocks for growth sustainability, the report said.

Mining, however, is expected to contract by 2.7 percent under OPP3 from 3.4 percent in OPP2 or contributing 2.4 percent of GDP in 2010 from 6.6 percent in 2000, owing to the reduced role to be played by the oil and gas sector.

Agriculture will become more significant, growing by 3.5 percent in OPP3 from 0.5 percent in OPP2 while its contribution to GDP at end 2010 would be 5.9 percent from 8.7 percent.

To achieve sustainable growth, productivity will be improved with emphasis on increasing the contribution of total factor productivity to output, whereby it is targeted to contribute 42.5 percent of GDP growth in OPP3, while labour and capital would constitute 20.9 percent and 36.6 percent respectively.

To strengthen the resilience of the economy, domestic demand, particularly private investment, will be strengthened to drive economic growth while continuing to promote FDI in strategic areas.

Private consumption is expected to increase by 7.4 percent per annum during the OPP3 period, mainly resulting from higher disposable incomes and positive wealth effect.

Private consumption per capita in current terms is expected to double

from RM6,198 in 2000 to RM13,303 in 2010, accompanied by a low inflation environment while private investment is expected to witness strong growth, rising at 12.7 percent per annum in real terms and is estimated to total RM1,051.9 billion in nominal terms. -- BERNAMA

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