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PM unveils Eighth Plan (HL)

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KUALA LUMPUR, Mon. - The Eighth Malaysia Plan unveiled today by Prime Minister Dr Mahathir Mohamad spells out strategies and programmes to achieve knowledge-driven growth, restructure key economic sectors and attain greater socio-economic stability through the equitable distribution of wealth.

It also identifies the major issues and challenges that will arise during the Plan period (2001-2005), including that of growing globalisation and liberalisation.

Prime Minister Datuk Seri Dr Mahathir Mohamad, in tabling the Plan in the Dewan Rakyat, said the primary challenge during the Plan period would be to implement the National Vision Policy to strengthen the nation's capacity, capability and resolve in meeting future challenges.

"At the same time let us not forget that at the core of our socio-economic development is the overriding goal of national unity," he added.

The Government is allocating RM110 billion to finance programmes and projects under the Plan, compared with development expenditure of RM99 billion under the Seventh Plan.

The 23-chapter Plan, on the theme "Achieving Sustainable Growth with Resilience", represents the first phase in the implementation of the Third Outline Perspective Plan (OPP3) unveiled earlier this month.

Under the Plan, developing the country into a knowledge-based economy, instead of an input-driven one, will permeate every sector and involve the rakyat at large.

"All must, and can, partake in greater utilisation of knowledge," Dr Mahathir said. "The knowledge content of all economic activities, be it in agriculture, manufacturing or Government will have to be increased to strengthen value-added and generate employment."

Towards a knowledge-based economy more funds will be allocated for education and health facilities and affordable houses, including in the rural areas.

Efforts in poverty eradication and restructuring of society will consider the income imbalance between ethnic groups, urban and rural population, regions and States.

The use of information communications technology will be expanded to increase efficiency and productivity in all sectors including the Government.

Moral and ethical behaviour among Malaysians will be strengthened to ensure that society is resilient to negative influences that may affect social harmony.

The Plan projects an average gross domestic product growth of 7.5 per cent per annum with low inflation, while per capita income is expected to rise to RM17,780 in 2005 from RM13,360 in 2000.

GDP growth averaged only 4.7 per cent per annum during the Seventh Plan due to the 1997-1998 financial crisis.

Private investment will continue to provide the stimulus for the economy, and privatisation is to be an important vehicle to facilitate economic growth and ensure an equitable distribution of income.

Dr Mahathir said that a more stringent project evaluation procedure will be adopted under the privatisation programme, however.

The Plan forecasts gross exports to grow at an average rate of 7.9 per cent per annum, and gross imports at a rate of 10.2 per cent per annum

comprising mainly capital and intermediate goods.

The balance of payments current account is expected to remain in surplus during the Plan period although on a declining trend, while the merchandise account is expected to register a surplus of 17.4 per cent of gross national product.

The services account is expected to continue to be in deficit.

In terms of corporate equity, the decline in the proportion of Bumiputera ownership to 19.1 per cent in 1999 from 20.6 per cent in 1995 reflected Bumiputeras' inability to sustain their equity holding during the difficult period following the financial crisis.

The equity ownership among non-Bumiputeras also declined during the period, from 43.4 per cent to 40.3 per cent.

"This indicates that economic resilience has to be strengthened," Dr Mahathir said.

He said the economy, however, had recovered at a rate better than that of other countries affected by the financial crisis.

After the GDP contracted by 7.4 per cent in 1998, a growth of 5.8 per cent was achieved in 1999 and 8.5 per cent in 2000. External reserves increased from US\$20 billion (RM76 billion) in 1997 to US\$27 billion now.

The unemployment rate is at about three per cent, with low inflation. Exports and total trade have also risen.

"All these figures are true and not fabricated. Nevertheless, there were certain parties who claim that the Malaysian economy is in a bad shape due to the approach adopted by the Government.

"This claim truly demonstrates the naivety of the Opposition parties. As usual, they are unable to differentiate between the good and the bad. Their eyes are blinded by their political motives."

Dr Mahathir, in expressing the Government's commitment to implementing the Plan, believes its goals and predictions would be realised in the five-year period.

This optimism is based on the fact that Malaysia has, over the past few decades, laid a strong foundation for a rapid and sustainable economic growth that has been tested several times by both internal and external factors.

"The latest challenge was when the currency speculators pushed down the value of our currency and the Kuala Lumpur Stock Exchange. Yet, each time we not only succeeded in saving the economy but went on to develop it at an even faster pace," the Prime Minister said.