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Positive signs of growth

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FAVOURABLE trade balance in October, returning tourists and government fiscal spending are strong indicators which are expected to contribute to an overall positive growth in the economy this year and avert the country from sliding into a recession.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia is lucky to have sizable funds that can be used to inject into the economy to stimulate growth.

"We need to grow just a little bit and we will achieve positive growth this year.

"Consumption is expected to rise. Exports in October have increased, and there are also signs that tourists are coming back.

"So in many areas, there are positive signs, and I'm hopeful that there will be growth," Dr Mahathir told newsmen at the Parliament lobby after tabling the Supply Bill 2002 at the Dewan Negara yesterday.

The Prime Minister, however, said the country may not be able to match the high economic growth achieved last year.

Malaysia registered a gross domestic product (GDP) growth of 8.5 per cent last year, compared with 5.8 per cent in 1999.

In the first quarter of this year, the country recorded a GDP growth of 3.1 per cent, and in the second quarter, a growth of 0.5 per cent.

The third quarter, however, showed a contraction of 1.3 per cent.

He said of the total RM7.3 billion economic stimulus package announced by the Government, only over RM3 billion has been spent to date, but usage of funds is expected to increase by year-end, as payments will be made for projects completed.

"There may be some shortfall due to slight problems in the implementation mechanism.

"We have made all the necessary expenditure provisions, and when the year ends, there will be no more," Dr Mahathir said.

Dr Mahathir, who is also Finance Minister, hit at critics who alleged that the GDP growth figures were misleading and that the country is in recession.

"It's easy to say... but prove that we are wrong. These are figures that are accepted by the whole world, and Malaysia doesn't hide anything.

He said that when a contraction was posted in the third quarter, the Government explained the negative growth, while for the 0.5 per cent growth (recorded) in the second quarter, the Government did not claim it to be a 10 per cent growth.

In his speech to the Senate, the Prime Minister said the Government is confident that the economy will grow between 4 and 5 per cent in 2002, spurred by the country's strong economic fundamentals and the various fiscal measures undertaken to stimulate growth.

He said the Budget 2002 which was tabled in October focuses on three main strategies - strengthening domestic economy, diversifying sources of growth and ensuring a more equitable distribution of wealth.

"The Federal Government expects to register a deficit of 5 per cent to the GDP in 2002, lower than the 6.5 per cent in 2001," he said.

When asked to comment on the increase in the price of petrol, Dr Mahathir said the rise is only 8.3 per cent and petrol cost is a mere 0.4 per cent of total household expenses.

Dr Mahathir said the Government has to shoulder an additional subsidy of

RM471 million, making it a total of RM1.1 billion a year as a result of its decision to cancel the increase in diesel price.

Asked on the 10 per cent toll increase for the North-South Expressway (NSE) from January 2002, Dr Mahathir said it is a slight increase compared to the enormous benefits given by the Government in the recent budget.

"We gave so much in terms of tax cuts, salary increments and bonuses, all of which far exceed the cost for the use of highways.

"We are not going to use the expressway everyday and the increase in toll rates is very small," he added.

He said there are some expressways which do not charge any toll such as the Middle Ring Road.

"Even if tolls are imposed, they can be said to be the lowest among countries that have tolled roads.

"If we want something good, then we should pay a bit for it," he explained.

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