

PM's 3.0pc growth forecast achievable

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Economists see even better showing

PRIME Minister Datuk Seri Dr Mahathir Mohamad's forecast of three per cent growth for the Malaysian economy this year was realistic and achievable, economists said yesterday.

But concerns remained over the speed of implementation of projects tied to the Government's stimulus package and over external factors like the recovery in the US economy and the weak yen, they said.

Dr Mahathir, who is also Finance Minister, Tuesday predicted gross domestic product (GDP) to grow three per cent this year down from an earlier official forecast of four to five per cent growth.

He said the economy was estimated to grow 0.5 to one per cent in 2001, down from an earlier Government projection of one to two per cent.

The Government last year unveiled two fiscal packages totalling RMT.3 billion to boost the economy.

Economists were more optimistic about the outlook, projecting growth of 3.3 to 4.2 per cent this year amid expectations of domestic-driven growth in the first half and export recovery in the second.

"The three per cent growth is realistic. It looks achievable." HLG Research chief economist Lee Heng Guie told AFX-Asia, news service.

Lee expected stronger growth in the second half on the back of improved exports and an expected US economic recovery. He pegged GDP growth at 3.3 per cent this year.

SBB Securities economist Manokaran Mottain forecast four per cent GDP growth this year.

"In the first half, we will get some growth from the Government's fiscal spending and consumer spending, and we are hoping for a recovery in the second half from the external sector," he said.

Kay Hian Research economist Tan Kang Yong concurred that the

initial recovery would be domestic-driven, with exports likely to improve from the second quarter. But there were downside risks to their forecasts, he said.

"For this year, there is still risk. People think the US will be coming out from recession in the second half," Lee said.

Global currency fluctuations, particularly the yen's movements, was another factor that could affect the economy, he added.

Another economist said a recent report that more than 85 per cent of the country's computer laboratories for schools have not been completed despite a timetable extension has raised concerns over the implementation of other projects crucial for economic recovery.

Other downside risks would include a possible war between India and Pakistan and a possible repeat of the Sept 11 events, he added. — AFP