Malaysia achieved positive growth: PM

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PUTRAJAYA: Despite the global economic slowdown last year, the country succeeded in achieving a positive 0.4% growth compared with other countries which registered negative growth, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

For the first quarter of this year, Malaysia's economic growth expanded to 1.1% compared with 0.9% in the third quarter, and 0.5% in the fourth quarter, last year.

He said that the growth was spurred by the continuous vigorous activity in the service and construction sectors, as well as an increase in domestic consumer demand spending.

This achievement was due to the effectiveness of the government's own policy and strategy to overcome the uncertainty in the external environment, he said.

It was also supported by increasingly stronger economic fundamentals, he said at the first Budget 2003 dialogue session with government agencies and chambers of commerce.

Mahathir said that the strong economic fundamentals had not only provided flexibility, but also enabled the government to adopt its own appropriate approach to implement its fiscal and monetary policy to support economic growth.

He added that the international reserves as at May 15 this year increased further to RM124.5 billion and could finance 5.5 months of retained imports. This, also, is five times the short-term external debt.

The country has also recorded a trade surplus for 53 months consecutively since November 1997, he said.

Mahathir said that all these would enable the country to finance its development without relying on foreign financing and Malaysia's external debt would continue to be maintained at a low level.

The prime minister also said that the country's improving investment climate had attracted foreign investors even though its corporate tax was higher compared with some neighbouring countries.

He said that a low tax regime would not necessarily guarantee that a country could attract more foreign investments. This can be seen in other countries, like in Hongkong, for instance.