

# Growth hinges on domestic activities

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**KUALA LUMPUR:** The country's economic growth will have to depend on stronger domestic activities, especially in an environment of continued uncertainty in the external sector, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

Mahathir, who is also the finance minister, said Malaysia's growth has long been heavily reliant on foreign investment and trade, which are subject to volatility in the business cycles of the country's major investment and trading partners.

"The time has now come for us to reengineer our growth strategies towards reducing this high dependence and embark on initiatives to vigorously explore and promote our domestic sources of growth," he said in the preface to the Economic Report 2002/2003, released by the

Finance Ministry yesterday.

Calling on the private sector to resume its pivotal role in spearheading domestic economic activity, Mahathir said Malaysia has to bolster domestic investment in new and niche areas, particularly in the services sector such as tourism, education, transport and health, and make agriculture the country's third engine of growth.

"They (the private sector) must be resourceful and forthcoming in providing the dynamism as well as becoming the driving force of growth," he said, adding that the private sector should step up investments, seek new markets, produce new products and "strive to sharpen their competitive edge".

On its part, he said, the government would continue its commitment to facilitate private sector initiatives by providing the necessary infrastructure, incentives and

administrative support to ensure a more conducive and cost-competitive business environment.

"The shift in policy approach will ensure greater stability as well as the sustainability of the nation's growth in the medium and long-term," he said. To ensure success, Malaysians should resolve to work harder and lend their undivided support in undertaking these challenges.

Mahathir also said that the country's strong recovery this year had been led by robust domestic sources of growth, which had mitigated the adverse impact on the economy caused by a weaker external sector.

As such, Malaysia's economy is expected to register a stronger growth of around 4% this year, significantly higher than the 0.4% achieved in 2001. — theedgedaily.com