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REPORT-PREFACE

DR MAHATHIR CALLS FOR PARADIGM SHIFT IN MALAYSIA'S GROWTH STRATEGIES

KUALA LUMPUR, Sept 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says that the time has come for Malaysia to re-engineer its growth strategies, especially in bolstering the domestic sector and reducing its high dependence on the external sector.

While stressing that the task needed a paradigm shift in managing the economy, he said initiatives should be taken to vigorously explore and promote its domestic sources of growth.

Writing in the preface of the Treasury's 2002/2003 Economic Report released today. Dr Mahathir, who is also the Finance Minister, said: "We must bolster domestic investment in new and niche areas, particularly in the services sector such as tourism, education, transport and health as well as making agriculture as the third engine of growth."

In moving forward, he said the growth of the Malaysian economy would have to depend on stronger domestic activities, particularly with the environment of continued uncertainties in the external sector.

"The nation's growth has long been heavily reliant on foreign investment and trade which are subjected to volatilities in business cycles of our major investment and trading partners," said Dr Mahathir.

As such, the prime minister said the private sector must resume its pivotal role in spearheading domestic economic activities.

"They must be resourceful and forthcoming in providing the dynamism as well as becoming the driving force of growth. They must step up investments, venture into new development frontiers, seek new markets, produce world-class products and strive to sharpen their competitive edge," he said.

The government, he said, would continue to remain committed to facilitate these private sector initiatives.

In this regard, the government has and will continue to provide the necessary infrastructure and incentives as well as administrative support to ensure a more conducive and cost-competitive business environment.

He said the shift in policy approach would ensure greater stability as well as sustainability of the nation's growth in the medium and long term.

Touching on the Malaysian economy, Dr Mahathir said it had rebounded strongly during the first half of this year, after experiencing negative growth during the second half of 2001.

The strong recovery was led by robust domestic sources of growth which had mitigated the adverse impact on the economy from a weaker external sector, he added.

"During the period, macroeconomic fundamentals further strengthened with the external balance remaining in surplus, international reserves registering significant increases as well as inflation and unemployment continuing to remain low."

Aided by strong corporate and banking sector performance, he said the nation was well positioned to face a more challenging external environment.

Dr Mahathir said the Malaysian economy was expected to register a stronger growth of around four percent this year, significantly higher than the 0.4 percent achieved in 2001. -- BERNAMA

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