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Malaysia can attain 3pc growth target, say analysts

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MALAYSIA'S success of achieving a 3 per cent growth this year hinges on the health of global economy, according to analysts.

They said going by the performance of the US economy so far, the 3 per cent growth target, announced by Prime Minister Datuk Seri Dr Mahathir Mohamad on Tuesday, could be achieved.

"The September 11 tragedy has affected Malaysia and the region's economy but I believe we can still achieve a positive figure this year," an analyst told Business Times in Kuala Lumpur yesterday.

On the influence of Singapore, whose economy fell into recession, on Malaysia's performance, analysts said the implication would be minimum and would not derail Malaysia's target of registering 3 per cent growth this year.

The Monetary Authority of Singapore (MAS) said yesterday the island city was expected to remain subdued in the near term and start picking up only in the second half of 2002.

The de facto central bank said despite recent tentative signs of a bottoming out, downside risks remained in the external environment.

In a statement, MAS said inflation for 2001 averaged 1.0 per cent and was expected to move lower this year at between minus 1.0 per cent to zero per cent.

"The economic situation in Singapore is going to affect the local market but we could still achieve something even though the margin will surely be small," an analyst said.

Analysts said Malaysia's economy was expected to show positive signs by the end of the first half of this year but the progress would be a slow one.

"We have more resources compared to Singapore which depends mostly on exports. Malaysia could do better than Singapore this year if the Government concentrates more on the manufacturing sector and improves the information technology sector," he added.

Another analyst said it was still early to say if the country's economy could bounce back and defend itself from what was happening in Singapore.

One thing for sure, the country's economy will be hurt. He estimates that Malaysia's economy growth would only be between 1 and 2 per cent for 2002 or achieve the same figures as in 2001.

"The tourism industry has proven to be one of the major sources of income but I believe the Government has to concentrate more on other fields such as the information technology and manufacturing, and improve the automotive industry, where we could do better," he added.

The Singapore economy contracted about 3 per cent in 2001, after an expansion of 10 per cent in the year before. It was the country's worst performance since its independence in 1965. The Straits Times Index fell 15.7 per cent to 1,623.60 points.

Singapore's performance is expected to remain poor in the second half of this year as there is little indication on how and when demand will recover.

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