

# PM: Economy set to achieve 4.5% growth in 2003

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**KUALA LUMPUR:** The economy is set to achieve the targeted growth of 4.5% this year against 4.1% last year, says Prime Minister Datuk Seri Dr Mahathir Mohamad in the Economic Report 2003/2004.

He says the growth momentum continues to be sustained despite the adverse external environment arising from geopolitical tensions and the outbreak of SARS.

Growth in the first half was significantly stronger at 4.5% against 2.6% in the corresponding period last year.

Mahathir, who is also the finance minister, says the government's quick response and timely policy initiatives and measures particularly the implementation of the

package of new strategies have contributed towards the rapid expansion in domestic economic activities.

He says the higher growth achieved amid a low interest environment and increased international reserves further reinforces the strength of the country's macroeconomic fundamentals.

"With these in place, the nation is poised to achieve the growth target of 4.5% in 2003," he says.

The government had originally forecast a GDP growth of between 6% and 6.5% in 2003.

The economy is expected to be driven by stronger domestic demand, reinforced by a modest pick-up in external demand, in

the second half.

Exports will continue to be buoyed by global recovery and the upturn in electronics, especially in information technology-related products and equipment.

Revenue for 2003 is expected to increase by 6.8% to RM89.17 billion, marginally lower than the RM89.18 billion projected in Budget 2003, due to a decline in sales tax collections following the increase in tax exemptions for petroleum products.

Expenditure is projected to increase by 6.2% from the previous year, partly due to higher operating expenditure from salary adjustments and the half-month bonus paid to civil servants. - theedgedaily.com