

18 JUN 2003

PARLIAMENT-ECONOMY

M'SIAN ECONOMY CONTINUES TO GROW DESPITE UNCERTAIN EXTERNAL ENVIRONMENT

KUALA LUMPUR, June 18 (Bernama) -- The Malaysian economy continues to grow in view of its strong economic fundamentals despite the uncertain and challenging external environment, says the parliamentary secretary to the finance ministry, Hashim Ismail.

He told the Dewan Rakyat sitting here today that although the US-led invasion into Iraq and the Severe Acute Respiratory Syndrome (SARS) had impacted on the local tourism industry, they did not affect the overall economy as tourism contributed only eight percent to Malaysia's gross domestic product.

The manufacturing, mining, services and other sectors continued to be strong and had contributed to the strength of the GDP, he said in reply to an original as well as a supplementary question from Datuk Raja Ahmad Zainuddin Raja Haji Omar (BN-Larut).

Hashim said in the first quarter of this year, the Malaysian economy saw a growth of 4.0 percent and this was mainly contributed by the domestic economy.

In making a comparison, he said growth in the first quarter of this year for Singapore was only 1.6 percent, Japan (2.7 percent), the US (2.1 percent), Taiwan (3.2 percent), South Korea (3.7 percent) and Indonesia (3.4 percent).

With an economy that was based on trade and exports, Hashim said Malaysia was capable of expanding the growth of its economy without aid from the International Monetary Fund (IMF).

"This trend is expected to continue as reflected by the rise in the Industrial Production Index to 12.2 percent in April after a growth of 7.3 percent in the first three months of this year," he said.

Hashim also said the initial response to the government's economic stimulus package which was announced last month by Prime Minister Datuk Sri Dr Mahathir Mohamad was very encouraging.

The package, which contained 90 pro-growth measures, had witnessed the Kuala Lumpur Stock Exchange's Composite Index rising to 690.32 points on June 13 from just 630.962 points when the measures were first announced in mid-May.

Meanwhile, Standard and Poor's had also confirmed Malaysia's "Sovereign Rating" to BBB+ or stable and this showed that the international rating agency was confident of the management of the Malaysian economy and its leaders who were capable of bringing Malaysia to a higher level of growth.

"The government is confident that with the implementation of all the measures in the new economic stimulus package, the national economy would grow at a faster rate when compared with last year's strong growth (of 4.5 percent)," he said.

With the continued encouraging growth of the national economy, Hashim said this meant that doubts on the nation's leaders in managing it had been totally incorrect.

"The pragmatic approach which had been adopted by the government in developing the country and its handling of various economic problems had now been acknowledged internationally," he said.

Hashim said IMF managing director, Horst Kohler had on June 2 acknowledged that the Malaysian economy and its financial management should be examples for other countries to emulate. -- BERNAMA

HK SHY

