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CORRECTION ABDULLAH-GDP

2004 GDP TO EXPAND BETWEEN 5.5 AND 6 PCT

KUALA LUMPUR, Nov 10 (Bernama) -- Prime Minister Datuk Seri Abdullah Ahmad Badawi says that the Gross Domestic Product for Malaysia next year is expected to expand between 5.5 and 6.0 percent from 4.5 percent forecast for 2003.

He said the government was confident the 4.5 percent forecast for 2003 could be achieved and could even be higher.

Presenting the Supply Bill (2004) at the Dewan Negara here today, Abdullah said the manufacturing sector would continue to be the catalyst for growth this year, expanding by 7.2 percent while services would grow by 5.5 percent.

With emphasis on the private sector to spearhead growth, private investment is expected to grow by 9.9 percent and consumption 7.0 percent, said Abdullah, who is also Minister of Finance.

In his speech entitled "Building on Success, Investing for the Future," the Prime Minister said that the people's standard of living was expected to improve further with per capita income set to increase to RM14,954 in 2004 from RM14,343 in 2003.

Abdullah said the country's peace and prosperity enjoyed by the people was due to the solid support extended by all parties in ensuring the success of pragmatic social and economic strategies.

To promote Malaysia as a global trader, the Prime Minister stressed that the private sector was encouraged to set up trade centres for export products while National Development Fund to promote Malaysian brands would be raised to RM200 million from RM100 million.

Abdullah also said that a third step would be to review the government's procurement process with emphasis on local content usage, technology and value-added.

The Prime Minister said that for the economy to continue to develop, the country needs to shift from an economy led by foreign direct investments and exports to one that is domestic driven with emphasis on domestic investments.

"This is in view that FDIs focused on manufacturing products which were not Malaysian brands besides having few linkages with local producers and using technologies developed in other countries," he said.

However, Abdullah said that Malaysia continued to welcome FDIs but those which had a high value chain so that they contribute to enhancing the country's competitiveness and resilience.

The Prime Minister said that domestic investments need to be encouraged to be more pro-active so that the country becomes an investor, producer and major exporter able to compete in the international marketplace.

"The private sector must be courageous to seek new opportunities and create, besides manufacturing, world-class Malaysian branded goods to penetrate and dominate the global market," he said.

"Initiatives must be taken to increase the production of value-added domestic goods, starting from the commercially-oriented research to using local components and logistics," he said.

Abdullah said that the country should emerge as a global trader by increasing trade promotions for local products in international markets, especially in non-traditional markets and those of Organisation of Islamic Conference (OIC) and Non-Aligned Movement (NAM) countries.

The Prime Minister said the country continued to record a trade surplus

for the 71st consecutive month with a surplus of RM4.4 billion in September.

Malaysia's international reserves as at November 6, 2003, continued to increase to RM167.3 billion (US\$44 billion), adequate to finance seven months of retained imports.

Abdullah said that the increase was due to higher export revenue and the inflow of foreign direct investments including foreign portfolio funds.

He said that Malaysia would continue with its accommodative monetary policy to stimulate domestic business activity especially consumption and investment expenditure.

He said that efforts would be taken to manage the excess liquidity in the financial system so that the funds would be used more effectively to finance economic activity.

The government would continue maintain the low interest rates scenario to keep the cost of doing business low, he said.

Nevertheless, Abdullah said that the government was sensitive to the effects it would have on depositors in view of the country's high savings rate at 34 percent of Gross National Product (GNP).

As such, he said it has been suggested that Bank Negara Malaysia issues savings bonds to assist those who depend on returns from savings such as pensioners above 55 years and above.

"These bonds would have interest rates higher than savings rates as well as be exempted from income tax," he said.

Abdullah said that the 10 new measures he announced on March 11, 2003, has boosted and reinforced the Kuala Lumpur Stock Exchange (KLSE).

He said that the government would continue to monitor and undertake measures to ensure that the stock market continues to grow.

Among the measures include standardising the lot size on the KLSE, reduction in stamp duties and the time to process to initial public offerings, setting up a one-stop centre at the Securities Commission as well as enhancing skills through the setting up of the Bumiputera Dealers Education Fund.

Turning to the listing of Felda on the KLSE, the Prime Minister said that government has decided that the proposal be studied in detail to ensure that the socio-economic welfare of the settlers were guaranteed.

This would avoid any misunderstanding related to its listing, he said.

The Prime Minister said that the 2004 Budget was drawn up to ensure the continuity of government policies and strategies to stimulate the economy based on domestic-led growth led by Malaysians themselves.

He said that Budget 2004 has proposed strategic measures to ensure that Malaysia truly emerges as a global trader with focus on local products and services.

The 2004 budget was presented at the Dewan Rakyat on Sept 12, 2003 by the former Prime Minister and Finance Minister, Tun Dr Mahathir Mohamad. --

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