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BUDGET-GDP

MALAYSIA'S GDP TO GROW BETWEEN 5.5 AND 6.0 PCT IN 2004

KUALA LUMPUR, Sept 12 (Bernama) -- Malaysia's economy is forecasted to grow between 5.5 percent and 6.0 percent in 2004 from the 4.5 percent projected in 2003, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

Unveiling the 2004 Budget in Parliament here, he said that the country's economic performance in 2004 was projected to expand strongly and supported by robust domestic economic activities as well as the recovery in external economies.

"In line with this development and the positive impact from the Package of New Strategies, the GDP (gross domestic product) is forecasted to further expand between 5.5 percent and 6.0 percent in 2004," he said.

The Prime Minister said that the private sector was expected to spearhead this growth with private investment expanding strongly by 9.9 percent.

"Private consumption responded positively to the stimulus measures (announced in May) and is forecasted to grow at a higher rate of 7.7 percent," he said.

Dr Mahathir, who is also the Finance Minister, said the manufacturing sector would continue to be the main contributor of growth and was expected to increase by 7.2 percent, while the services sector by 5.5 percent.

"With the emphasis and strategies on the agriculture sector as well as high commodity prices, the sector is expected to expand steadily by three percent," he said.

The 2004 Budget also contained several measures to boost agriculture produce such as the creation of the Village Micro-Credit Scheme and an allocation of RM165 million for the construction of an Integrated Deep Sea Fishing Port and a Fisheries Training Centre in Tanjung Manis, Sarawak.

The Prime Minister said the mining sector was projected to expand by 3.5 percent, following the increase in the production of liquefied natural gas (LNG) and natural gas.

Dr Mahathir said the government remained committed to achieve a balanced budget in the near term by implementing fiscal consolidation measures.

The government, by tightening its public spending to rein in its budget deficit that had occurred for the last six years, expects the deficit to decline to 3.3 percent of the GDP in 2004 from 5.4 percent in 2003.

"If global recovery is stronger in the near term, the objective of attaining a balanced budget is expected to be achieved in 2006," said Dr Mahathir.

Speaking to reporters later, he said he believed the balanced budget target could be achieved with support from the private sector.

If the private sector failed to respond, the government's spending would continue to be in deficit, he said.

"This (2004 Budget) is the measure taken by the government to stimulate the private sector. If they really respond, it (balanced budget) can be achieved in 2005 (although) the target is in 2006," he added.

The Prime Minister, in his budget speech, said that higher world economic growth would contribute towards strengthening the public sector account, which was expected to post a surplus of 0.4 percent of the GDP in 2004 against a deficit of 1.5 percent forecasted for this year.

The Treasury in the 2003/2004 Economic Report said the world economy

was expected to grow four percent in 2004 with the United States, European Community and Japan registering growth of 3.6 percent, 2.3 percent and one percent respectively.

"Consistent with GDP growth, the per capita income is expected to increase to RM14,954 while the purchasing power parity of Malaysians will rise to almost US\$10,000.

"Prices are expected to remain low, with the Consumer Price Index forecasted at 1.3 percent," he said.

Dr Mahathir said allocations to government agencies would be based on their financial positions to ensure effective distribution of government funds.

Agencies with high uncommitted reserves would have to utilise their reserves to finance their programmes, he said when tabling the 2004 Budget.

Government expenditure, he said, would focus especially on the provision of more efficient infrastructure facilities to reduce the cost of doing business and support economic growth. -- BERNAMA

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