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Govt to unveil new growth strategies

MALAYSIA is expected to announce a pump-priming package when releasing its

gross domestic product (GDP) figure for the fourth quarter of 2002.

The GDP figure is expected to be released by end-February.

Second Finance Minister Datuk Dr Jamaludin Jarjis said Prime Minister Datuk Seri Dr Mahathir Mohamad will announce details of the package which

comprises Malaysia's new strategies to sustain growth.

Jamaludin said the usual practice is to set the tone when the annual budget is presented, but latest developments warrant the review to be carried out every quarterly.

"This is to improve overall effectiveness of economic policies and strategies," he said in his speech at "A Conversation with Market-movers"

organised by Ecmlibra Investment Bank of Labuan in Putrajaya yesterday.

Jamaludin said the Government will at all times maintain fiscal discipline and address the budget deficit.

"But, we don't suffer from formatted thinking, or straight jacketing...

we are keenly looking at some new strategies to maintain momentum of growth.

"I am inclined to call this pump-priming plus," he said, while calling market-movers to "banish their worries" as the Government would not "irrationally dump money".

He said the Government's new approach is to focus on domestic economic activities to generate higher higher growth.

"New growth areas are being identified. We are reviewing regulations with the intention of increasing flexibility," he said.

Jamaludin also said the Government is fine-tuning the approach towards foreign direct investment (FDI) in anticipation of jumps in FDI and changes in the nature of FDI flows.

"Two years from now, global FDI flows are expected to hit US\$10 trillion (US\$1 = RM3.80).

"China is likened to a monster of vacuum cleaner of FDIs. It has surpassed the US in FDI inflows," he said.

He said the pattern had long been anticipated by Malaysia as it knew the importance to upgrade to higher-end manufacturing and services to stay competitive.

He said Malaysia will not be troubled by any shortfall.

"Our FDI inflows last year were at RM2.3 billion for the second quarter and RM3.5 billion for the third quarter," he said.

He also noted that Malaysia had a number of world-class companies and managers in the country and abroad.

"Like many other international-class managers straddling the world, they

will eventually return, bringing with them new ideas and energy.

"Globalisation is, in part, about mobility of human capital," he said.

On the meeting, Jamaludin said market-movers' view would be taken into account in Government decisions.

"We are always accommodative of the wishes of the market. At the height of the Asian currency crisis, we were told we were lacking in `reformist zeal'. . We thought that was rather harsh.

"In any case we went ahead and responded to the clamour of the market," he said.

Jamaludin said he also sought the views of those present on the crucial issue of global oil supply given the situation in West Malaysia.

Despite being an oil exporter, he said, Malaysia did not celebrate oil price increases because any additional revenue reaped would be neutralised by disruptions to trade and capital flows.

On politics, Jamaludin said the Government was prepared to accommodate the wishes of the expanding middle-class group who wanted to have greater say in how the Government is run, and in making decisions for the nation.

"We have infused new blood in the realms of politics and corporate world. I am sure you have been reading up on Malaysian politics; the changes in the Kelantan Umno line-up last week amplify the will to reform," he said.

He pointed out that conglomerates like United Engineers Malaysia Bhd and Malaysian Resources Corp Bhd are now headed by executives who are in their 30s.