

ECONOMIC REPORT 2003/2004

CORRIGENDA

Page	Para	Column	Line	Printed	To read
53	Chart 2.11	Legend	-	United States Singapore  Japan  ASEAN (excluding Singapore) North East Asia (excluding Japan) West Asia	West Asia North East Asia (excluding Japan) ASEAN (excluding Singapore) Japan  Singapore  United States
64	2	Right	15	13.7%	13.2%
131	CHART 5.8	Performance of Selected Indices 31 December 2002 vs End-August 2003	8	HSI, Hong Kong 19.3%	STI, Singapore 19.3%



# Economic Report 2003/2004

MINISTRY OF FINANCE  
MALAYSIA

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*Perpustakaan Negara  
Malaysia*



## MINISTER OF FINANCE MALAYSIA

### PREFACE

The growth momentum of the Malaysian economy continues to be sustained despite the adverse external environment, arising from geopolitical tensions and the outbreak of Severe Acute Respiratory Syndrome (SARS). Growth in the first half of 2003 was significantly stronger at 4.5% compared with 2.6% during the corresponding period in 2002. The Government's quick response and timely policy initiatives and measures, in particular the implementation of the Package of New Strategies have contributed substantially towards the rapid expansion in domestic economic activities. The higher growth achieved amidst an environment of low inflation as well as increased international reserves further reinforced the strength of our macroeconomic fundamentals. With these in place, the nation is poised to achieve the growth target of 4.5% in 2003.

With the prospects of an improved recovery in the global economic environment and the stronger growth momentum in the Malaysian economy, the private sector must once again resume its role as the engine of growth. They need to venture into new endogenous sources of growth and develop broader-based economic activities, especially in the services and agriculture sectors. In addition, they have to undertake greater concerted efforts to enhance value creation activities to produce our own high quality Malaysian products and services. Malaysian entrepreneurs must develop fully homegrown brands, using local inputs and components that can compete in the global market. We must strive hard to be a successful trading nation, capable of exporting our own products and services.

Fiscal and monetary policies will remain supportive of private sector-led growth. In this regard, the Government has put in place the necessary infrastructure and incentives to stimulate greater private sector initiatives to spearhead domestic economic activities. Measures have also been undertaken to ensure greater expediency and efficiency in the delivery system with the view to creating a more business-friendly environment as well as facilitating the private sector to reduce their cost of doing business. The private sector must, therefore, avail themselves of these opportunities to strengthen their resilience and enhance their competitive edge to become successful global players in the international market.

Concomitant with the improved performance of the Malaysian economy, Malaysians from all walks of life have enjoyed higher income growth as well as better quality of life. The success and prosperity as well as the peace and stability that we have achieved thus far would not have been possible without the strong and undivided support of the *rakyat* for the Government, as showcased by the recent 46th Merdeka Celebrations throughout the nation.

This 2003/2004 Economic Report is the 32nd volume in its series. The Report provides an assessment of the current year's performance and prospects for 2004 as well as the Government's policy responses on economic and social issues as well as challenges. I would like to express my appreciation to all who have contributed towards the preparation and publication of this Report.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Mahathir bin Mohamad.

Dr. Mahathir bin Mohamad  
Minister of Finance

Putrajaya  
12 September 2003