

'2010 growth on track despite possible downturn'

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Strong activity in the first half will help Malaysia achieve its target of 6 percent economic growth in 2010, despite a possible deceleration later in the year, the country's trade minister said today.

NONThe firmer Malaysian ringgit was not an obstacle to exports or growth, Mustapa Mohamed said, attributing the strength to the country's solid economic fundamentals.

"It is not a hindrance, not an obstacle to the continued growth in trade and Malaysian economy. Malaysian exporters continue to be competitive," Mustapa told reporters in Singapore where he led a Malaysian investment promotion delegation.

Malaysia's June exports rose a slower-than-expected 17.2 percent on year, data showed on Tuesday, suggesting a weaker expansion in the Southeast Asian economy's second quarter.

Trade-dependent Malaysia's gross domestic product performance in the second quarter will be announced on Aug 18 the economy expanded 10.1 percent in the first quarter from a year earlier.

Mustapa said despite some deceleration of the trade numbers in June, Malaysia's trade growth would be able to hold up for the rest of 2010.

Strong ringgit not hindrance

The ringgit has strengthened by around 8 percent against the US dollar since the start of the year, making it the best performing currency in Asia ahead of the yen.

Mustapa also confirmed that Malaysia had begun talks for a free trade agreement with the European Union.

Although he said the talks were at a "preliminary stage," the minister said he hoped to complete them within a year.

Such a pact could open markets in spirits, cars and services to Europe and bring more investment to the Southeast Asian country, diplomats said.

- Reuters

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