

ETP not definitive economic blueprint
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The Economic Transformation Programme (ETP) will evolve as the initiatives defined, merely serve as a starting point and are not intended to be a definitive blueprint of economic activity in Malaysia, for the next 10 years.

Many new initiatives and activities that have not even been thought of yet will emerge as reforms take hold, new opportunities emerge and markets develop, according to the Economic Transformation Programme - A Roadmap for Malaysia.

The roadmap was launched by Prime Minister Najib Abdul Razak today.

According to the government, a number of projects will evolve, some will change quite radically while others will be discontinued.

Led by the private sector, the ETP will transform the Malaysian economy to become a high-income country with a Gross National Income (GNI) per capita of at least RM48,000 by 2020, with 74 per cent of this growth delivered by the National Key Economic Areas (NKEAs).

The ETP will create over three million jobs, the majority of which will be middle-income or high-income jobs.

To calculate the GNI impact, each NKEA lab has identified initiatives, classified as either entry point projects (EPPs) or business opportunities.

The EPPs are projects that should generate big results fast and are clearly defined initiatives that have potential investors already identified, a well-developed implementation plan and funding requirements clearly articulated.

The work of the ETP labs suggest that EPPs can deliver up to 31 per cent of the incremental GNI growth required and a further 10 per cent through multiplier effects.

Business opportunities could deliver an additional 33 per cent while the remaining 26 per cent of incremental growth is expected from other non-NKEA sectors.

Initiatives centred around market liberalisation

The government said four NKEAs - namely oil, gas and energy, financial services, palm oil and wholesale and retail - are projected to contribute 60 per cent of the incremental growth in the GNI amongst the 11 NKEA sectors, excluding the Greater Kuala Lumpur/Klang Valley.

The government also said many of the planned initiatives were centred around market liberalisation and an intensification of competition.

These factors will be especially important in attracting multi-national companies to KL, in developing a regional financial footprint and in stimulating growth in Islamic financial services.

The liberalisation of gas prices and reduction of subsidies will also sharpen market

disciplines, it added.

Economic growth will be spurred by innovation and a shift to higher value-added activities with greater focus on quality and improving standards.

Within the NKEAs, growth will be concentrated in sub-sectors where Malaysia has sustainable competitive advantage.

For example, in financial services, the key growth area is in Islamic financial services where Malaysia has a distinctive track record while in oil, gas and energy, the country is well-positioned to develop a regional oil field services hub because of the captive domestic oil and gas industry as well as its proximity to oil fields in the region.

By 2020, the structure of the Malaysian economy would have changed significantly, whereby services will account for a bigger share of the economy at 65 per cent of Gross Domestic Product (GDP) from 58 per cent in 2010.

Domestic consumption will be the key driver of growth, accounting for 59 per cent of GDP by 2020 compared to 54 per cent in 2010.

This means, Malaysia will reduce its reliance on exports as a driver of demand and would be in line with developed economies like Taiwan and New Zealand, in terms of domestic demand growth.

- Bernama

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