

Economy expands 5.9 percent in 2006
Malaysiakini.com
Feb 28, 2007

Malaysia's economy grew at a faster 5.9 percent last year, ahead of government forecasts, the Department of Statistics said today.

"Growth for the whole of 2006 advanced to 5.9 percent compared to the annual growth rate of 5.2 percent in 2005, surpassing the initial estimate of 5.8 percent reported in the Malaysian Economic report 2006/2007," the department said in a statement.

It attributed the expansion to a growth in the services, manufacturing and agriculture sectors.

The services sector grew by 6.5 percent in 2006 while manufacturing recorded a 7.0 percent expansion, up from 5.1 percent in 2005, the department said.

"The services sector registered a steady growth... underpinned by higher expansion in finance, insurance, real estate and business services sub-sectors," the department said.

For the fourth quarter last year, gross domestic product - the total of all goods and services produced in the country - grew at a slightly slower pace of 5.7 percent from a 5.8 percent expansion in the previous quarter, it said.

Over the full year, the agriculture sector recorded robust growth, supported by better performance of the oil palm sector and rubber production, bringing full year growth sectoral growth to 6.4 percent, from 2.5 percent in 2005, the department said.

The mining sector contracted 0.2 percent for the year, despite posting a rebound of 1.9 percent in the fourth quarter. Construction declined marginally by 0.5 percent for 2006, it said.

Malaysia's economic growth hit 7.2 percent in 2004, but slowed to 5.2 percent in 2005.

The country has launched a 15-year industrial plan which targets economic growth of 6.3 percent over the period, with manufacturing seen as the main growth sector.

It has also implemented a multi-billion dollar national development plan, called the Ninth Malaysian Plan, featuring large-scale government projects expected to spur the construction sector.

Growth target - 6 percent

The central bank has said its monetary policy would continue to support steady growth in the domestic economy.

On Wednesday Second Finance Minister Nor Mohamed Yakcop said the country was on track to achieve its 2007 growth target, state Bernama news agency reported.

"For 2007, the government is confident of achieving a growth target of six percent while inflation will be brought down to below three percent," Nor Mohamed said, according to Bernama.

"The earnings of big companies, including government-linked companies are expected to be better this year than in 2006," he added.

Inflation in 2006 increased by 3.6 percent compared to 2005.

An independent think tank, the Malaysian Institute of Economic Research, in January maintained its 5.2 percent growth prediction for 2007, with the pace to pick up to 5.5 percent in 2008.

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