

Yearly economic growth of 6pc

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Prime Minister Datuk Seri Abdullah Ahmad Badawi yesterday spoke for two hours on the Ninth Malaysia Plan, the country's economic blueprint for the next five years. He touched on the challenges facing the country, the economy, income imbalance among the races, poverty and a laundry list of factors that will affect the Malaysian ambition of becoming a developed nation by 2020.



Following are the excerpts of his speech:

On why the 9MP will be a major challenge for Malaysians

The world has changed. We are operating in a more competitive environment, where the fight for foreign investment is more intense. Besides facing more intense competition from China and India, even our neighbours in the region are gearing up their economies.

There are challenges at home too. There is a bigger middle-class and the standard of living of Malaysians has improved. But at the same time, the income gap still exists between races as well as urban and rural areas. Also, there is still racial polarisation in schools, at the workplace and in everyday life.

On the National Mission

There are five thrusts here. One, to move the economy up the value chain. Two, to raise the capacity for knowledge and innovation and nurture first class mentality. Three, to address persistent socio-economic inequalities construc-

tively and productively.

Four, to improve the standard and sustainability of the quality of life; and Five, to strengthen the institutional and implementation capacity.

On the economy

The goal is for the economy to grow by six per cent every year until 2010. Based on this growth, the GNP per capita will increase at a rate of 5.9 per cent annually and hit RM23,573 in 2010. At the same time, the GNP per capita in terms of purchasing power should hit US\$13,878 (RM51,134).

On the main manufacturing projects under the 9MP

Among the main projects is the expansion of the Kulim Hi-Tech Park, the setting up of the Sarawak Technology Park and the Perak Technology Park. There will also be 20 industrial parks and industrial clusters in Penang, Pahang and Terengganu. The government will also set up several funds such as the Strategic In-

vestment Fund, the Automation Fund and specific funds for biotechnology, Halal products and handicrafts

On the services sector

More emphasis will be given to the services sector to realise its full potential. This sector is slated to expand by 6.5 per cent during the 9MP. For the time being, the services sector is too Klang Valley-centric. As such, the Southern Johor economic territory will be developed as a services hub.

On how tourism will be developed

We will make Malaysia one of the top tourist destinations in the world and increase domestic tourism. By 2010, we are targeting 24.6 million visitors.

We also want to make Malaysia a health tourism hub.

On the new lease of life for the agriculture sector

This sector is set to grow by

five per cent. This sector will be given an injection of life so that it will be the third engine of growth.

We need to be progressive in our thinking and change the perception that agriculture is an economic activity with low value and where the income derived is low.

On the spin-offs from a vibrant agriculture sector

This sector is the number one economic activity of those in rural areas. About 37 per cent of Malaysians live in rural areas and seven of the 13 states in Malaysia have large rural areas with Bumiputeras forming the bulk.

As such, energising the agriculture sector will also help to bridge the socio-economic gap in the country and help eradicate poverty.

On funding for this sector

The government had allocated RM11.4 billion for the

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Poverty eradication priority

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agriculture sector, a 70 per cent increase over the allocation in the Eighth Malaysia Plan.

There are no limits to the upside potential of this sector if it is managed effectively. This sector can create 128,000 new jobs in the next five years.

The agriculture sector needs to be viewed through a new lens, infused with fresh conviction, developed with a new spirit — a new agenda.

On national schools

Schools are an important place to nurture national unity and imbue the spirit of national integration. We must make an effort to ensure a good racial mix among students and teachers in national schools.

Steps need to be taken to ensure that national schools become the choice of all races. As such, the teaching quality in these schools must be improved. Also, Mandarin and Tamil will be introduced as elective subjects.

On tackling income inequality

The NEP was formulated to address socioeconomic disparities by continuously growing the entire economic cake, without denying the rights and share of any group in society.

With the implementation of the NEP, the disparity within the country began to be addressed.

Progress was seen to be achieved in terms of poverty reduction, a higher quality of life for the rakyat, the rise in the number of Bumiputera professionals, the expansion of the Bumiputera and non-Bumiputera middle-class.

Nevertheless, the progress achieved in terms of distribution has not improved since the early 1990s with the start of the liberalisation process and had begun to erode when the country experienced the financial crisis.

The disparity in income levels, between ethnic groups, between the rich and poor, as well as between urban and rural areas has again become pronounced.

We cannot close our eyes and pretend not to see the reality of the situation today. We have to have the courage to admit to the truth, which will allow us to take corrective steps. The disparities, if left unaddressed, like a thorn in the flesh, can threaten racial harmony and stability, subsequently threatening the economic development of the country.

On fighting poverty

Efforts to eradicate poverty, irrespective of race and geo-



graphic area need to be intensified. Poverty eradication must be the first step in the larger effort to address disparities in the socioeconomic achievements of the country.

The overall poverty rate in the country is at 5.7 per cent, while the hardcore poverty rate is 1.2 per cent, based on 2004 figures. The Government's target is to reduce overall poverty to 2.8 per cent and to eradicate hardcore poverty entirely by 2010.

On achieving income parity

The income gap between Bumiputeras and the ethnic Chinese will be narrowed from a ratio of 1:1.64 in 2004 to 1:1.50 in 2010 and between Bumiputera and the ethnic Indians from a ratio of 1:1.27 in 2004 to 1:1.15 in 2010.

The income ratio between rural and urban areas will be reduced from 1:2.11 in 2004 to 1:2 in 2010. The Government has also set the target to

raise the percentage of household income of the bottom 40 per cent of the population.

On regional development

To reduce the development gap between rural and urban areas as well as between under-developed regions and developed regions, the Government will raise the amount allocated for the development of rural areas as well as under-developed regions.

As such, Northern Peninsular Corridor, which covers the states of Perlis, Kedah, northern Perak and Seberang Prai; The Eastern Corridor, which covers southern Kelantan, northern Terengganu and western Pahang, as well as Sabah and Sarawak, will be developed.

In addition, the construction of the Second Penang Bridge will spur growth in nearby areas, including Balik Pulau, Batu Kawan, Nibong Tebal, Parit Buntar and Bagan Serai.

On reducing the wealth gap

The Government is committed to achieving the target of at least 30 per cent Bumiputera equity share ownership.

Realistically, the target can only be achieved over a longer time period. Therefore, we have set the target to achieve at least 30 per cent Bumiput-

era equity share ownership by the year 2020. The privatisation programme will remain as a foundation to assist qualified Bumiputeras to participate in business.

The scope of Bumiputera ownership of wealth assets will be widened to include housing and commercial property ownership, especially in urban areas.

For this purpose, Perbadanan UDA will be re-established to complete the efforts of Yayasan Amanah Hartanah Bumiputera. Efforts will also be undertaken to encourage more ownership of intellectual property by Bumiputeras.

On helping the Indians

Appropriate steps will also be introduced to raise the share of equity ownership of ethnic-Indians to 3.0 per cent by 2020.

Besides encouraging entrepreneurship, opportunities for skills-training for Indian youths will be increased by opening up places at Pusat Giat MARA and Institut Keusahawanan Negara (INSKEN), as well as establishing Pusat Putra.

On more balanced distribution of wealth

Studies have shown that by undertaking the steps that I

have recommended, including that of distribution, by 2010, household income would be raised by 25 per cent on average, or RM800 a month, from today's levels.

In other words, all races would be able to enjoy a rise in their income levels.

What needs to be stressed here is the fact that by implementing distribution policies, not only the Bumiputeras but all other races will be able to enjoy the benefits as well.

On public transportation system

The Government must have the political will to improve the public transportation system effectively. The establishment of "Kumpulan Wang Amanah Pengangkutan Awam" is one of the early steps that has been pioneered.

A National Commission will be established to regulate the public transportation system in the country, whilst a specific commission will be established for the Klang Valley.

Integrated transport terminals will be built in Gombak and Bandar Tasik as transit hubs to Kuala Lumpur.

The Government will also implement a number of major projects across the country, including Penang Monorail and the Eastern Dispersal Link in Johor.