



ECONOMIC REPORT 2005 / 2006

Ministry of Finance Malaysia



TUN DR. MAHATHIR BIN MOHAMAD

Kertas Perintah 17 Tahun 2005

MALAYSIA

DIKEMUKAKAN DALAM DEWAN RAKYAT MENURUT PERINTAH

ECONOMIC REPORT 2005/2006

CORRIGENDUM

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38	3	4	-	8.1%	8.2%
98	2	5	1	7.7%	14.3%



Economic Report 2005/2006

MINISTRY OF FINANCE
MALAYSIA



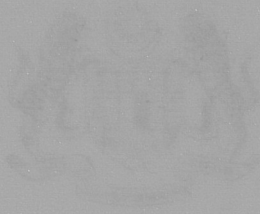
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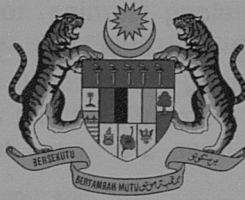
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MINISTER OF FINANCE MALAYSIA

PREFACE

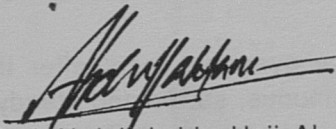
The Malaysian economy has shown much resilience over the years after the Asian financial crisis in 1997/1998 and has recorded continuous, stable and steady growth. The economy has become more diversified and broad-based as a result of deliberate policy and strategic measures, which have provided the basis for more secure and stable growth. More importantly, the expansion of the economy was helmed by the private sector, whilst the Government stayed on course in its fiscal consolidation. Private investment turned positive and continued to rise for the third consecutive year since 2003, reflecting that the private sector has resumed its role in driving growth.

The Government continues to have confidence that the nation's more diversified economic structure will help Malaysia weather the slower global growth for 2005. Despite slower world growth this year, the Malaysian economy is expected to chart a commendable 5 per cent growth on the back of strong domestic demand, sustained commodity prices and supported by a healthy banking system. The current account remains in surplus for 93 consecutive months through July this year, with high international reserves and manageable external debt.

The year 2005 marks the end of the Eighth Malaysia Plan and it is expected that the creditable growth for the year will provide a strong foundation for the nation as it moves into another important phase, the Ninth Malaysia Plan 2006-2010. As we enter 2006, the external and domestic challenges will continue to test our strength and resilience. In this era of globalisation, we cannot isolate ourselves lest we be marginalised. For survival, we need to increasingly engage ourselves and to integrate into the global environment. In this respect, we have to expand our horizons and reach out to become global players, especially in areas where we have a competitive advantage.

Malaysia has excellent infrastructure facilities. It is now time to give greater emphasis to the development of knowledge, skills and values to complement the progress made in hardware and infrastructure development. It is crucial to balance material achievements with good social values if we are to achieve the goals of Vision 2020. In this context, human capital development will remain a priority and will focus on producing individuals for both the workplace and society. Malaysians will need to uphold the values of honesty, integrity, excellence and social responsibility as well as cultivate first-class mentality to match our first-class infrastructure. Malaysians must also continuously strive to be relevant, resilient and competitive, in line with the approach of Islam Hadhari.

We need to spur a passion for lifelong learning, to always seek excellence and to continuously strive for better and higher standards. We must promulgate a culture of high performance. The task of keeping the nation firmly on the path of strong growth is enormous and challenging, but I am confident that we can become a truly developed nation, imbued with noble values, if we are committed and make determined efforts.

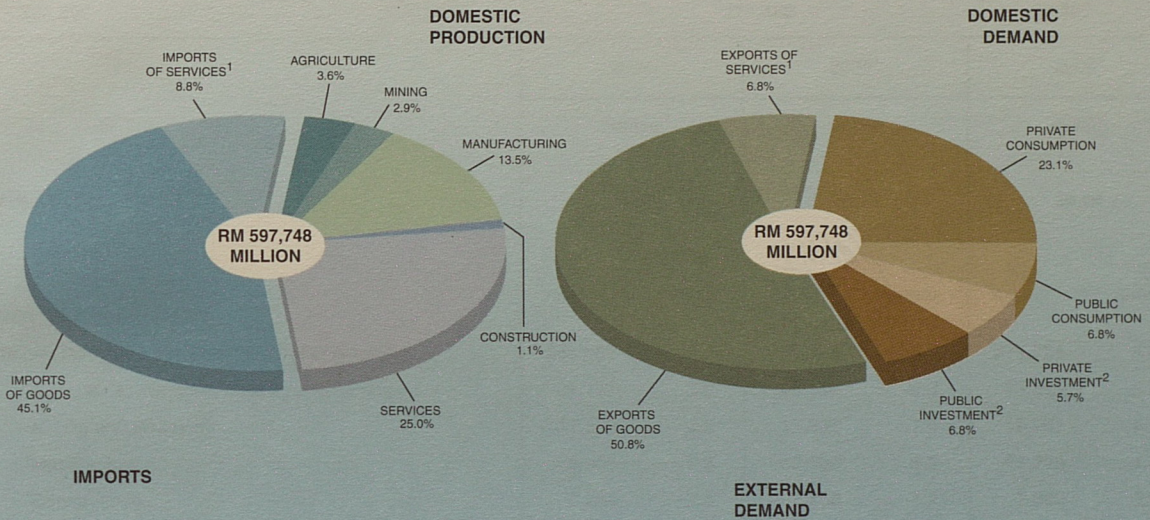


Dato' Seri Abdullah bin Haji Ahmad Badawi
Minister of Finance

Putrajaya
30 September 2005

THE ECONOMY 2006

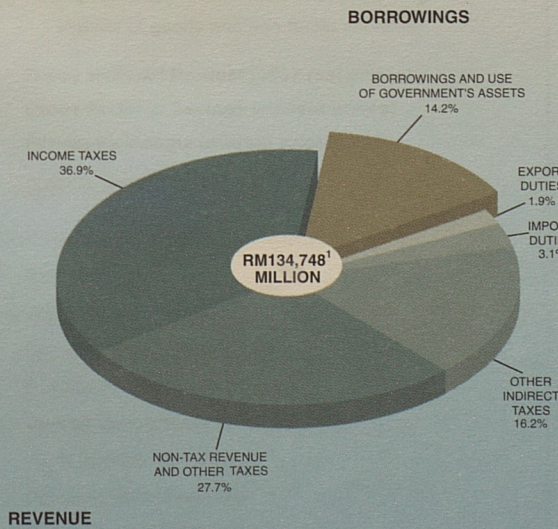
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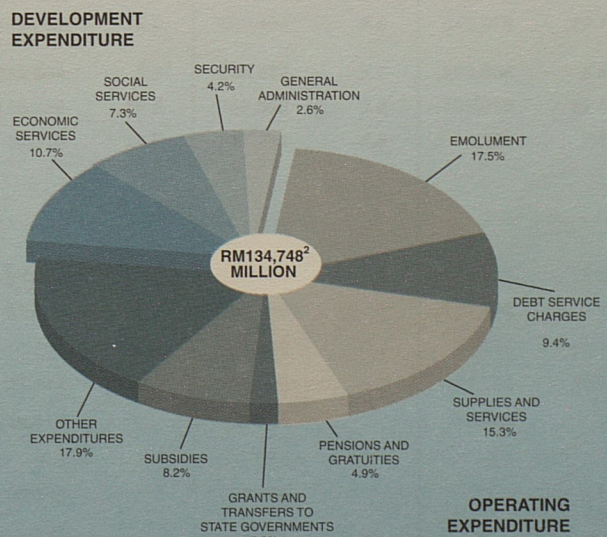
¹ Non-factor services.
² Including change in stocks

THE FEDERAL GOVERNMENT BUDGET 2006

WHERE IT COMES FROM



WHERE IT GOES



¹ Includes revenue, borrowings and use of Government's assets.
² Excludes contingency reserve.

