**THE ECONOMY 2003**
**AT 1987 PRICE**

**DOMESTIC PRODUCTION**
- Agriculture: 3.8%
- Mining: 3.3%
- Manufacturing: 14.6%
- Construction: 1.6%

**Imports of Service**
- 9.5%

**Imports of Goods**
- 40.6%

**Exports of Goods**
- 46.7%

**External Demand**
- Exports of Services: 7.7%
- Private Consumption: 23.9%
- Public Consumption: 6.9%
- Private Investment: 6.5%
- Public Investment: 8.3%

**Imports**
- Services: 26.6%
Higher growth expected

Despite the current gloomy global outlook, the Government believes the Malaysian economy would register a higher growth rate next year. According to the Economic Report 2002/2003, Malaysia is poised to chalk a growth rate of between 6% and 6.5% next year from an estimated 4% to 4.5% in 2002, as expansion is anticipated in all sectors of the economy.

Backed by the stronger macroeconomic fundamentals already in place and complemented by more resilient corporate and financial sectors, the country’s economy would also benefit from the much-improved global economic environment next year.

With a mild recovery in the world economy this year and growth expected to gather momentum in 2003, the global economy is projected to register growth of 3.7% next year with trade expanding at 6.6%.

On the home front, the report said the manufacturing sector next year is expected to continue on its expansionary path and grow at 8.5%, contributing about 2.6 percentage points to GDP growth. The services sector, with a projected growth of 5.9%, remains the major contributor to growth with 3.3 percentage points next year.

The construction sector is forecast to expand by 4.5%, while agriculture and the mining sector is expected to grow by 3.4% and 2.5% respectively.

The report said economic growth would be domestic-led and private sector driven, particularly in new niche areas of services that include tourism, transport, education, health and agriculture.

This is aimed at reducing over-dependence on manufacturing as well as the external sector.

With the Federal Government expenditure increasing at a moderate pace of 4.6%, the public sector financial position is targeting a balanced budget at the end of the Eighth Malaysia Plan.

The Federal Government fiscal deficit is targeted to narrow to 3.9% of GDP from 4.7% in 2002.

According to the report, activities of small and medium enterprises (SMEs) would be further nurtured and the government is committed towards minimising and subsequently eliminating bureaucratic delays. The report said both private sector investment and consumption are envisaged to rebound by 16.5% and 9.9% respectively, with added measures directed towards further stimulating economic activity next year.

Emphasis would also be given to further enhancing the quality of education at primary and secondary levels as part of the human resource development programme to improve the quality of the labour force.

Rural development programmes would continue to be given priority, with added focus on the poor and the disabled in accordance with the move to further uplift the quality of life of the rakyat.