

MALAYSIA

**SEVENTH
MALAYSIA PLAN
1996 – 2000**

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1996 – 2000**



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RUKUNEGARA

DECLARATION

OUR NATION, MALAYSIA, being dedicated

to achieving a greater unity of all her peoples;

to maintaining a democratic way of life;

to creating a just society in which the wealth of the nation shall be equitably shared;

to ensuring a liberal approach to her rich and diverse cultural traditions;

to building a progressive society which shall be oriented to modern science and technology;

WE, her peoples, pledge our united efforts to attain these ends guided by these principles:

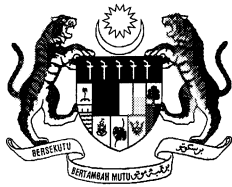
Believe in God

Loyalty to King and Country

Upholding the Constitution

Rule of Law

Good Behaviour and Morality



**PRIME MINISTER
MALAYSIA**

Foreword

The Seventh Malaysia Plan, 1996-2000, covers the second phase of the Second Outline Perspective Plan (OPP2), 1991-2000. The Seventh Plan builds upon the successes of the Sixth Malaysia Plan, 1991-1995 and seeks to effectively propel Malaysia into the twenty-first century. The Plan is a pragmatic blend of proven and new development strategies and programmes. The formulation of the Plan was largely guided by the objectives and strategies of the National Development Policy (NDP) as enunciated in OPP2. It also incorporates several new strategies to deal with expected challenges and changes to Malaysian society and the economy.

The Seventh Plan retains and reemphasizes the concept of balanced development, first introduced in 1991, as a major feature of the NDP. The Plan continues to give serious attention to strategies for generating sustained rapid economic growth as well as to ensuring that the benefits of economic growth are equitably shared among Malaysians of all ethnic groups and among states as well as the rural and urban population. Apart from providing for equitable growth, the Plan also addresses the need to balance growth with the protection of the environment and Malaysia's natural resources. It acknowledges the emergence of various social problems in Malaysia in the wake of the rapid growth of the economy.

While the basic thrust of development policy during the Seventh Plan period will continue to be predicated upon the concept of balanced development, the strategies for achieving it will, however, include several new ones. Among them is the planned shift from the input- or investment-driven strategy for the growth of the economy on which Malaysia relied upon in previous Plans, to one which is productivity-driven. This will require considerable upgrading of leadership capacities and initiatives in managing and organizing resources to generate higher productivity by both the public and private sectors.

Another new strategy is the shift to large-scale production for export by Malaysian industries. This is the logical next step to take in Malaysia's economic and industrial growth if we were to increase our share of global markets. Further, the shift will enable the expanding industries to benefit from economies of scale while the expected increase in global sales will help to strengthen Malaysia's balance of payments position.

The Plan recognizes the centrality of human resources in the push for productivity-led economic growth. Greater efforts will, therefore, be undertaken to strengthen Malaysia's human resource base by increased investments in training and education. The Plan addresses labour supply constraints, particularly through encouraging firms to move from labour-intensive production systems to capital-intensive ones. The utilization of non-traditional labour sources will further assist in easing labour market tightness and reducing the country's dependence on foreign labour.

The Plan also includes new strategies to enlarge and enrich the science and technology (S&T) base in Malaysia. In addition to increasing investments in high level S&T manpower development, the Plan incorporates proposals for achieving qualitative improvements such as in promoting private sector participation in S&T development, nurturing of domestic innovations and inventions, and fostering better collaboration among research agencies, industry and universities.

As in the last few Plans, the Seventh Plan emphasizes a continuation of the strategy of private sector-led growth. The sector has performed very well in recent years and contributed tremendously to the growth of the economy and the nation. It must now redouble its efforts to meet new and more complex challenges as we seek to increase our share of world markets in the face of stiffer competition from other emerging and established market economies. In this regard, the public service and the Government, in the spirit of Malaysia Inc., will continue to provide the necessary infrastructural and other support to the private sector to enable it to be more competitive globally. Privatization, which has successfully contributed to the growth of the economy, will be accelerated.

Complementing the focus on growth in the Seventh Plan is the emphasis given to the achievement of distributional strategies. While the programme for eradicating poverty and restructuring society will remain basically the same as in the Sixth Plan period, its implementation will be intensified and improved to ensure greater effectiveness. An important element in this is the greater

involvement of State Governments, the private sector and non-governmental organizations. The private sector, especially, is expected to play an increasingly active role in helping to create the Bumiputera Commercial and Industrial Community as well as in contributing towards the success of poverty reduction programmes.

The Seventh Plan is designed to bring Malaysia to the threshold of the twenty-first century, not only stronger economically but also more united as a nation. We expect by then to be fully prepared economically, socially and psychologically to take on the challenges of the new century and head firmly and confidently towards 2020 and the years beyond.

In conclusion, I would like to thank all those who have contributed towards the preparation of the Seventh Malaysia Plan. The preparation has been a truly broad-based effort involving the Federal and State Governments, senior civil servants and representatives from the private sector, professional associations and non-governmental organizations. The preparatory process, which began in late 1994, has been an exhaustive and comprehensive one and I believe that the Plan has, to a large extent, succeeded in capturing the hopes and aspirations of Malaysians in general, for the economy and the nation as we progress towards the year 2000. It is now for us, the Government, public service, private sector, non-governmental organizations, and all Malaysians to work together to ensure the success of the Seventh Malaysia Plan.



DR. MAHATHIR BIN MOHAMAD
Prime Minister, Malaysia

Kuala Lumpur
6 May 1996

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