# KERATAN AKHBAR

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## ‘Malaysia to post 4-5 pc GDP growth’

2023 OUTLOOK

# ‘MALAYSIA TO POST 4-5PC GDP GROWTH’

Services sector set to be main contributor, supported by improved consumer spending

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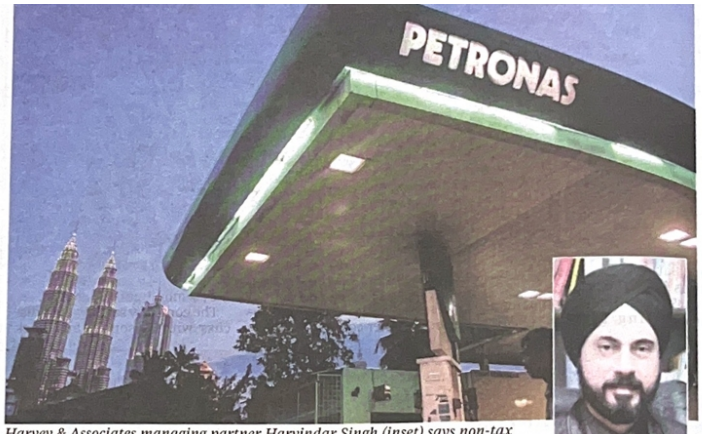
MALAYSIA cannot escape the ripple effects from slower global economic growth, which will directly soften external demand and dampen the country's export performance, said Harvey & Associates managing partner Harvindar Singh.

However, he said there was optimism that the domestic economy would see upbeat consumer spending, further improvement in tourism-related activities and a revival of infrastructure projects.

The services sector is expected to be the main contributor to the gross domestic product (GDP) growth next year.

It will likely grow five per cent next year, followed by construction (4.7 per cent), manufacturing (3.9 per cent), agriculture (2.3 per cent) and mining (1.1 per cent).

Harvindar said Malaysia's GDP was expected to expand by four to five per cent next year, slower than the anticipated 6.5 to 7.0 per cent growth this year, due to various external headwinds and tightening monetary policy in many economies.




*Harvey & Associates managing partner Harvindar Singh (inset) says non-tax revenue is expected to come in at RM67 billion next year due to lower dividends from government entities, particularly Petroliam Nasional Bhd.* EPA PIC

"Measures taken by the government to trim frivolous spending will help cushion the impact of the decelerating economy. It is believed that Malaysia's political temperature has toned down with reduced uncertainties, improved market sentiments and expectations of a smoother implementation of policies."

Harvindar added that a stable unity government was key.

"The pace of the economic recovery is also dependent on, among others, the successful containment of the Covid-19 pandemic and impact of geopolitical uncertainties, global inflation and the high interest rate environment."

Meanwhile, Harvindar said the government's revenue was expected to decrease by 4.4 per cent to RM272.57 billion next year.

He said the sales and service tax was expected to contribute RM32 billion, or about 1.8 per cent of GDP.

"There are expected to be more compliance checks by the Inland Revenue Board to enhance corporate tax collections.

"Non-tax revenue is expected to come in at RM67 billion next year due to lower dividends from government entities, particularly Petroliam Nasional Bhd.

"Petroleum-related revenue is expected to contribute 21.6 per cent to the total, in line with the assumption of global crude oil price averaging at US$90 per barrel.

"Overall, the fiscal deficit is expected to fall to 5.5 per cent of GDP next year from 5.8 per cent this year," he added.