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Moves to boost economic potential of regions, states

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► Aims to attract quality investments by promoting adoption of advanced technology in upstream and downstream activities: 12MP Mid-Term Review report

KUALA LUMPUR: The economic potential of the regions and states in Malaysia will be strengthened to attract more quality investments in niche areas by promoting the adoption of advanced technology in the upstream and downstream activities, said the Ministry of Economy.

According to the ministry, federal and state regional development agencies will be encouraged to streamline development priorities by leveraging uniqueness and available resources in each state.

"Basic infrastructure provisions in less developed states will be scaled up and talent development programmes will be intensified to ensure equal development opportunities and improve regional balance," it said in the Mid-Term Review of the 12th Malaysia Plan (12MP MTR) 2021-2025 report released yesterday.

The ministry said priority will be given to enhancing economic activities within the subregions by providing better infrastructure and facilities.

Measures will be undertaken to intensify regional development in potential growth areas and leverage federal and state agencies' cooperation.

"Emphasis will be given to accelerate strategic development in the growth areas and entice quality investments in boosting regional growth within the remaining 12th

Malaysia Plan (12MP) period," it said.

The business ecosystem will be further enhanced to facilitate ease of doing business and attract quality investment. Talent development programmes will be intensified to retain skilled workers from talent migration.

These measures will foster economic activities that contribute towards balanced regional development, said the ministry.

According to the report, federal and state regional development agencies will be encouraged to streamline development priorities by leveraging strengths, uniqueness and available resources in each region.

Efforts will continue to be undertaken in promoting advanced technology in the upstream and downstream activities.

Incentive packages will also be enhanced to attract investment, particularly in the less developed areas, and a special financial zone will be established in Johor's Iskandar Malaysia to attract foreign investors and skilled workers to reside in Malaysia, it said.

Regional economic corridor authorities will continue to play an essential role in accelerating investment in the region.

The ministry said by region, average gross domestic product growth for the Northern region is targeted to achieve 6%, Central (5.6%), Southern (5.4%), Eastern

(6.1%), Sabah (4.3%) and Sarawak (5.1%) by 2025

Meanwhile, the ministry said the world economy is projected to grow by 3.1% annually in the remaining 12MP period of 2023-2025, driven by emerging markets and developing economies, particularly China.

It added the emerging markets and developing economies' gross domestic product would expand by 4.0% during the period, while the advanced economies would grow by 1.6%, led by the US.

"World trade is expected to moderate by 3.1% per annum, attributed to several factors that have dampened global demand.

"High inflation and cost of living, tighter monetary policy, global banking system turmoil, geopolitical tensions, the resurgence of Covid-19 cases and the emergence of a new global health threat are expected to weigh on world economic outlook," it said.

Additionally, the ministry expects the world economy to grow by 3.8% annually in the full period of the plan (2021-2025).

The emerging markets and developing economies would likely record 4.6% annual growth, while advanced economies would grow by 2.6%.

During the review period (2021-2022), the ministry said the world economy recovered from the Covid-19 pandemic and grew by 4.9% annually, with emerging markets and developing economies expanding by 5.4% yearly, while advanced economies rose 4%.

World inflation increased by 6.7% per annum following the prolonged Russia-Ukraine conflict and high commodity prices, it added. - Bernama