

KERATAN AKHBAR

TARIKH : 17 FEBRUARI 2024
AKHBAR : UTUSAN MALAYSIA
MUKA SURAT : 22

Govt confident of 4 to 5pc economic growth in 2024

MADANI ECONOMY FRAMEWORK

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KUALA LUMPUR: Prime Minister Datuk Seri Anwar Ibrahim is confident that the Malaysian economy will grow between four and five per cent this year.

Anwar, who is finance minister, said the government will accelerate the implementation of the Madani Economy framework to boost economic growth.

"The government is confident of achieving stronger growth between four and five per cent in 2024 on the back of strong fundamentals and reforms mapped out in the Madani Economy framework and 2024 Budget."

Anwar's statement came on the back of Bank Negara Malaysia's announcement that the economy grew slower than expected in the fourth quarter of 2023.

He said after mapping out the strategy for the country's economic growth through the Madani Economy framework, the government will accelerate its implementation this year to catalyse development and deliver social reform and justice.

"The government is determined to further narrow the fiscal deficit to 4.3 per cent this year, in line with commitments in the Public Finances and Fiscal Responsibility Act 2023.

"The government has successfully reduced fiscal deficit to five per cent in 2023 from 5.6 per cent in 2022," he said as quoted by Bernama.

The Finance Ministry said the Madani Economy framework underscored the importance of reforming Malaysia's economy to not only address systemic and historical challenges, but also focused on new areas of sustainable growth and resilience.

The 2024 Budget, on the other hand, firmly highlighted the government's commitment to responsible fiscal management and subsidy rationalisation, the ministry said, adding that savings from these will be channelled to the vulnerable communities and the rakyat based on needs, as well as improve public infrastructure and services.

The ministry said strategies and measures under the National Energy Transition Roadmap, New Industrial Master Plan 2030 and Mid-Term Review of the 12th Malaysia Plan aimed to propel quality investments in high-val-

ue-added industries, especially in the energy transition, digital and high-technology industries, ultimately creating more high-income jobs for the people.

On the 2023 gross domestic product announced yesterday, the ministry said the Malaysian economic growth normalised to 3.7 per cent last year, following a strong growth registered in the previous year (8.7 per cent in 2022) and was slightly lower than the 2024 Budget forecast of about four per cent.

Despite a challenging external environment, the ministry said, Malaysia's economy grew by three per cent in the fourth quarter of 2023, supported by resilient domestic demand that rose by 5.2 per cent in the quarter, from 4.8 per cent in the third quarter.

This helped cushion the 3.2 per cent decline in Malaysia's trade, as exports softened on the back of cooling global demand, it said.

The ministry said the growth in the fourth quarter was supported by improving economic fundamentals, among others, the labour market

which registered positive growth momentum in the fourth quarter, with the unemployment rate in the quarter decreasing to pre-pandemic level of 3.3 per cent, from 3.4 per cent in the third quarter.

"Inflation tapered to 1.6 per cent (from two per cent in the third quarter), lending credence that the government's strategy to rationalise subsidies had not caused a shock to the overall economy.

"For December 2023, the headline inflation rate moderated to 1.5 per cent. This is lower than other more developed and regional economies, such as the Eurozone (2.9 per cent), South Korea (3.2 per cent), the United States (3.4 per cent), the Philippines (3.9 per cent) and Indonesia (2.6 per cent)."

It also noted that net foreign direct investment amounted to RM17.1 billion in the fourth quarter, compared with RM7.2 billion in the previous quarter.

Anwar said the continued growth in domestic demand signified that the Madani government's reform agenda was starting to yield positive results.

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