The current account deficit increased to 6.5% of GDP in 1994 as Malaysia continued to rely on external financing for its development drive. Official expectations are for this to be sustained in 1995 and 1996, however, driven the domestic boom, this could increase to the 7.5 to 8.5% range. The fiscal balance has however improved and has been in surplus since 1993.

The 1995 current deficit figure is expected to reach 9% of GNP, up from 6.2% in 1994. In comparison, Canada's current account deficit represented about 3.8% of GDP in 1994.

The government's 1995 budget is expected to balance, reflecting measures to deal with "bunching" of imports in a number of areas (aircraft, oil drilling, defence) and the country's services deficit. Finances continue to be well managed and it appears the government will not repeat a series of budgetary deficits recorded between 1989 and 1992.

- **Economic profile**

The diversification of the Malaysian economy has been an integral part of its growth. Its structural profile is becoming increasingly similar to that of a developed economy, with services (including wholesale, retail, financial, insurance and governmental) now the largest sector—accounting in 1993 for 32.6% of GDP, followed by manufacturing at 30%, agriculture at 15.8%, mining at 7.9% and construction at 4%. Agriculture's share of GDP has decreased from 38% in 1960 to 15.8% in 1993, but is still large compared to that of most industrialized countries.

▸ **Economic development plan**

The central objective of current long-term economic planning in Malaysia is the realization of Prime Minister Mahathir's goal to make Malaysia a fully developed country by the year 2020. This realization is based on a doubling of Malaysia's GDP every 10 years between 1990 and 2020.

The Sixth Malaysia Plan (1991-1995) sets out the government's medium-term strategy and policy objectives for economic development. It seeks to diversify Malaysia's industrial base, enhance human resource development, promote technological upgrading and reduce imbalances among industrial sectors and regions of the country. The plan envisaged economic growth of 7.5% a year up to 1995, a mark that Malaysia seems certain to beat.

Malaysia is intent upon expanding its industrial capacity in several key sectors, and is targeting more capital-intensive and high-technology projects. It is also intent on improving its service capacity and identified the freight, education and consulting sectors for improvement in its most recent budget. A variety of measures will be introduced, such as improving port facilities, upgrading human resource development and technological capabilities, and constructing technical education centres.

In promoting greater private sector participation in economic expansion, the government has privatized a number of state enterprises. By the end of the decade, 246 state enterprises are expected to have been privatized and