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DR LIN CALLS FOR GREEN BUDGET IN 7MP

KUALA LUMPUR, Aug 5 (Bernama) -- Finance specialist Tan Sri Dr Lin See Yan today called for the use of a "Green Budget" in mobilising financial resources development under the Seventh Malaysia Plan (7MP).

Green budget reforms which could highlight the financial implications of each policy package, could be highly effective based on experiences of selective countries worldwide, said the chairman of the United Nations Working Group of Experts on Finance and Changing Consumption & Production Patterns of the United Nations Commission on Sustainable Development.

Green budget reforms is an implementation of environmentally friendly economic instruments which has three aspects, he said in his paper entitled "Greening the 7th Malaysia Plan and Market Instruments for Sustainable Development."

The paper was presented at the three-day National Convention on the 7th Malaysia Plan which began here, today. The Convention, organised by Malaysian Economic Association, was officiated by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Dr Lin, who is also the president and chief executive officer of The Pacific Bank Bhd, said the instruments are reducing subsidies that are damaging to sustainable development, raising charges on natural resources to the levels that reflect depletion costs and introducing pollution charges and related instruments to force polluters to pay a price for the environmental degradation caused by them.

He said the success of the instruments tended to be enhanced when they were designed in a complementary fashion and by using them, markets could be harnessed.

There would be a wide array of design elements that could help improve policy results, he said.

Dr Lin said financial sustainable development went beyond the financing of environmental protection and management as it involved the integration of social, economic and environmental aspects of development.

He said at the most basic level, policies must be designed to enable private sectors to make potentially profitable investments in sustainable technologies and services at an acceptable level of risks.

This requires the government to provide sound and predictable, macroeconomic and environmental policy frameworks.

The government and international agencies must also undertake specific measures to reduce the market risks, policy risks and transaction costs associated with investments in environmentally friendly goods and services.

Both public and private sectors and international agencies could also provide information, training, clearinghouse services and marketing assistance to assist the public and private sectors in identifying opportunities for private sector finance and sales. -- BERNAMA

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