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Time to give and not demand

PRE-BUDGET dialogues have long been regarded by many as an opportunity to ask for more from the Government. And on its part, the Government has granted many requests for incentives and relief made by the various industry groups in order to boost the private sector's competitiveness. The dialogues have become an integral part of the Malaysia Incorporated concept, allowing the Government and private sector to sit down and discuss issues as well as decide upon ways to improve the economy. It has become a useful tool in determining whether there are weaknesses in any area and enables the private sector to let the Government know of measures that could boost competitiveness and efficiency. In recent years, the dialogue has also served as a feedback forum to help the Finance Minister plan another year of rapid growth.

The series of dialogues for next year's Budget opened this Tuesday on a vastly different note. Although the usual requests for more incentives still featured in the dialogue chaired by Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim, what's heartening is that the associations seemed to have given due recognition to the current economic slowdown. Instead of asking to be given more, many of them had ideas on what they thought the Budget could do to strengthen the economy and expedite recovery. There were some requests, such as asking the Government to consider raising domestic prices in response to the rising cost of imported raw materials. However, Anwar was satisfied with the manner in which the associations had approached the dialogue given the current downturn.

The dialogue has produced some very interesting ideas. The Malaysian Investors Association, for example, suggested the incorporation of Chapter 11 of the US Laws on Bankruptcy Code into Malaysia's bankruptcy laws to enable genuine businessmen to salvage and continue their business without being forced by creditors to wind up. Under the Malaysian Companies Act 1965, the powers of a court to restrain proceedings is too limited to enable debtors to seek court protection from having their companies liquidated by creditors. This coincided with a call by Prime Minister Datuk Seri Dr Mahathir Mohamad on the same day for new rules and regulations to give companies adequate protection against elements which they have little or no control over, such as drops in currency and share values due to speculative activities by outside forces.

The Malaysian Investors Association also proposed a system of share financing tied up with the stock market index to benefit both financiers and borrowers in the event of sharp drops or rises in share prices. Manufacturers also came up with sound ideas, suggesting how the Government could improve export financing incentives and facilities, encourage greater investment activities and expedite programmes to increase the local sourcing of supplies. The proverbial bowl was also presented to Anwar to be filled with incentives and other goodies. There were calls for special concessions, a double tax deduction for finance companies and tax relief provisions for businesses organised under a group of companies. And there was also the matter of the business groups asking for easier access to credit to do business or expand operations.

Malaysia can be proud if future dialogues on the 1999 Budget adopt the same approach. Industries and the corporate sector have benefitted immensely from the Government's pro-business policies, some of which had

come from past dialogues. During this less-than-good economic period, their suggestions and ideas are welcomed in order to help the Finance Minister and the Government draw up programmes to assist and strengthen specific industries. Even before the dialogue started, the Government had announced various measures to help the small- and medium-sized industries, the housing developers, manufacturers, and the construction sector. The Government will continue to help the private sector in any way it can; the private sector can reciprocate by not asking for the moon and by giving concrete ideas on how businesses and industries can remain competitive and profitable during this downturn.

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