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Malaysia must improve level of productivity to stay competitive

WITH the advent of globalisation and liberalisation in the near future, Malaysia must be ready to improve its productivity level in order to stay competitive with other countries.

In making the call, Senator Datuk Nor Azah Awin said with the setting up of the Asean Free Trade Area in 2003 or even earlier, Malaysia would have to compete with its neighbours.

The most difficult part of the programme concerned labour, she said. It should be noted that the workforce in countries like Indonesia, Thailand, the Philippines, Vietnam and Myanmar was more cost effective than Malaysia.

Supporting the Income Tax (Amendment) Bill 1999, she pointed out that all Malaysian companies must seek "strategic alliances" in these countries in order to maintain its competitive positioning besides exploring wider international markets together.

"We cannot be pampered with all kinds of subsidies, tariff quotas or other protections provided by the government anymore. All these will cease when AFTA comes into being and Asean becomes a free market."

Nor Azah said Malaysian companies would face greater competition if the World Trade Organisation were to undertake liberalisation programmes in stages until the year 2020.

The WTO action is expected to cause all commodities and services to be liberalised, thus making the introduction of the "e-commerce" system unavoidable.

She also said the far-sightedness of Prime Minister Datuk Seri Dr Mahathir Mohamad had given birth to, among others, the Multimedia Super Corridor and it was the people's responsibility to respond to it by learning Information Technology until it became "a way of life".

On the amendment, Nor Azah said that some of the parties involved were expected to face some difficulties and confusion in the initial stage.

Senator Datuk Abdul Aziz Abdul Rahman called on the Government to provide flexibility in the implementation of the taxation system and to give incentives to companies which intended to engage consultants.

He said incentives should also be given to banks which planned to merge.

Senator Tee Thiong Hock hoped the Inland Revenue Board would be people-friendly to provide efficient and quality service.

The board, he said, must also be Y2K-compliant and be confident to face the end of this year. If the files of companies could not be traced, then the country would lose revenue.

Tee expressed uncertainty on whether companies could submit their tax assessments six months after closing their accounts as required under the amendment.

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