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Daim-Budget

DAIM TO RE-TABLE 2000 BUDGET TOMORROW

By: Mikhail Raj Abdullah

KUALA LUMPUR, Feb 24 (Bernama) -- Finance Minister Tun Daim Zainuddin will re-table the 2000 Budget in Parliament at 4 pm tomorrow amid clear indicators that Malaysia has come out of the mid-1997 economic crisis.

Among them were trade figures showing a remarkable surplus of RM72.3 billion last year from a surplus of RM58.4 billion a year earlier, thanks to a faster growth in exports versus imports.

Industrial expansion was on track with the Industrial Production Index rising by 8.9 per cent last year from an expansion of 7.2 per cent previously while manufacturing sales in December rose 30.7 per cent to RM24.4 billion.

The manufacturing sector grew by 11.9 per cent in the first 11 months of last year against a contraction of 13.7 per cent in 1998.

Motor vehicles sales meanwhile, registered a significant 76 per cent increase to 288,547 units last year, an indication of rising consumption in the country recorded against a backdrop of price stability.

The January Consumer Price Index, which is a measure of inflation, rose by only 1.6 per cent compared with the same month last year.

Daim first presented the 2000 Budget last Oct 29 but Parliament was thereafter dissolved to make way for the general election held last Nov 29.

With the previous Parliament unable to pass the 2000 financial blueprint, the finance minister has to re-table it.

Daim, who is also executive director of the National Economic Action Council (NEAC), which spearheaded the economic recovery measures, is expected to re-table a budget similar to the one he last unveiled.

However, it could contain minor changes particularly to the country's economic growth projections with the Gross Domestic Product (GDP) for 1999, forecast at 4.3 per cent, being revised upwards.

Just this week, Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia's GDP was expected to exceed the 4.3 per cent forecast, with analysts saying that it could be higher at between 5.3 and 5.4 per cent.

In 1998, Malaysia's economy contracted by 7.5 per cent, plunging the country into recession, no thanks to tight monetary policies adopted after the 1997 regional financial crisis broke out.

Thereafter, the government imposed capital controls and fixed the ringgit's exchange rate at RM3.80 to the US dollar and resorted to an expansionary policy to stimulate business activity.

This antidote, much criticised by many, eventually worked with the GDP back in the plus territory in the second quarter of last year with a growth of 4.1 per cent after a contraction of 1.3 per cent in the first quarter.

In the third quarter, growth accelerated further to 8.1 per cent instilling further confidence in the Malaysian economy and lending credence to the fast-track recovery measures initiated by the NEAC.

Daim may also announce the fourth quarter GDP figures when re-tabling the 2000 Budget, which would give an actual picture of how much the economy had expanded in 1999.

Daim had said that the 2000 Budget would lay the foundation and determine the policy and strategic directions for the nation's development to face the challenges as well as reap the opportunities of the new millennium.

He had also proposed that RM78.03 billion be allocated for Budget 2000, almost 20 per cent higher than the original amount estimated for 1999.

Of this, RM53.35 billion would be for operating expenditure and RM24.67 billion, for development expenditure.

With revenue estimated at RM59.9 billion, the overall account of the Federal Government is expected to register a deficit of RM12.97 billion or 4.4 per cent of Gross National Product (GNP).

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