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Ministry directed to lead in bringing down inflation rate

KUALA LUMPUR, Wed. - The Cabinet today directed the Trade and Consumer Affairs Ministry to take the lead in forming a zero inflation special committee.

This is to bring down the country's inflation rate, currently at 2.8 per cent.

Minister Tan Sri Muhyiddin Yassin said the move was a long-term measure to lower the country's inflation rate by reducing dependency on imported goods.

He said Malaysia's import bills stood at between RM4 and RM5 billion annually.

"This is a concerted effort involving the relevant parties including Government agencies and the private sector," he told reporters after the post-Cabinet meeting.

He said the zero inflation campaign, launched by Prime Minister Datuk Seri Dr Mahathir Mohamad in 1995, had been successful in containing the inflation rate.

"The campaign is to create public awareness on the importance of spending wisely, as opposed to the future approach of ensuring there is an integrated movement by relevant agencies and industry players to increase local production and stabilise prices of goods."

He said the Consumer Price Index would be used as the moderator in bringing down the inflation rate.

The country's CPI measures the average rate of change in the fixed basket of goods and services.

"Food items including meat, vegetables, fish, sugar, flour, rice, grains and canned food make up 39 per cent of the fixed basket," Muhyiddin said.

He said the committee would have a detailed look at aspects contributing to the fluctuation of prices of goods, particularly food items, and find ways to boost local production.

"For instance, we will decide on how many cows should be reared to increase local beef production so that the meat can be obtained at a reasonable price."

"We will also decide on whether the cow-rearing will be done by relevant Government agencies or the private sector to ensure adequate supply."

Asked when the ministry was expected to form the committee, Muhyiddin said: "The Prime Minister has asked us to form it as soon as possible."

"We will prepare a paper to determine the committee's functions and efforts to bring down the inflation rate, to be submitted to the Cabinet."

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