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`Special committee to ensure zero-inflation'

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THE Domestic Trade and Consumer Affairs Ministry will soon set up a special committee that will work towards achieving the zero-inflation level in Malaysia.

Minister Tan Sri Muhyiddin Yassin said the formation of this special committee was ignited following his discussions with the Prime Minister Datuk Sri Dr Mahathir Mohamed as a part of long term measure to fight inflation.

He said the setting up of the special committee is the determination of the Government's continuous effort to curb inflation, in which, at the end, not only the inflation can be controlled but it should be minimised until it reaches the end point.

"This committee will comprise agencies from public and private sectors. We have not yet determine terms of reference for the committee and its scope, but its main objective is to handle inflation problem and take necessary steps to overcome it," he told reporters after the ministry's weekly Cabinet meeting in Kuala Lumpur yesterday.

Although the latest figure shows that current inflation rate in Malaysia is 2.8 per cent in which from the zero-inflation definition, this figure is considered as almost reaching zero-inflation level, he said, continuous effort to achieve zero-inflation is still necessary.

The committee that works under the ministry, he said, will first look at the macro level of the inflation issue in terms of goods, services, leasing, consumer products and others. Then it will review aspects like supply and demand as well as ways to increase domestic productions and reduce imports.

Muhyiddin said the committee will also study price stabilisation scheme to ensure that consumers can enjoy the benefit from the reasonable pricing. This measure can also uplift the socio-economic life of the people by reducing their living cost.

He added that the consumer price index (CPI) that is used to gauge inflation level of a country can also affect inflation. For instance the high volume of imported food worth of RM5 billion where 38 per cent of the goods measured in the CPI are food products.

The ministry he said considers efforts to achieve complete zero-inflation as an uphill task. However based on past experience Malaysia has proved that the country is able to put itself at the not-so-depressing inflation level that affects the overall livelihood of its people. This is comparable to other developing countries that face inflation rate up to between 100 and 300 per cent.

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