

BUDGET THRUST

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Govt to counter effects of prolonged US economic slowdown

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PUTRAJAYA: The objective of next year's Budget will be to strengthen the resilience of the country's economy in view of the anticipated prolonged US economic slowdown.

Datuk Seri Dr Mahathir Mohamad said that with the prevailing weak export market, economic growth had to be propelled by domestic activities.

"For that, we have to ensure we have both the financial resources and trained officials to raise the capabilities of the national economy," said Dr Mahathir, who is also the Finance Minister, after chairing a pre-Budget dialogue.

The dialogue was attended by representatives of 50 organisations including universities, banks, finance companies, non-governmental organisations, government agencies and ministries.

Inputs from the dialogue will form the basis in the drawing up of strategies and measures for the next Budget, which will be tabled in Parliament in October.

The theme of this year's dialogue is "Promoting Growth By Strengthening Resilience and Enhancing Competitiveness."

The Prime Minister said the participants had raised many issues but their main concern was of the anticipated prolonged US econom-

ic slowdown which would have an adverse impact on the growth of the Malaysian economy.

"They are concerned over the impact of the slowdown as foreign direct investments are expected to slow down. We, therefore need to increase domestic investment and we have the capacity to do this.

"In order to spur business activities locally, there will be incentives for promoting domestic investments on a broad scale," he

added

He said that local manufacturers and entrepreneurs were worried that banks would not lend money on easy and ready terms, and this problem had to be suitably monitored.

He said the submissions and recommendations made by the participants were useful for the Government to review tax reductions or

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Dialogue divided into three sessions

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increases in order to stimulate business activities.

The dialogue is divided into three sessions, with yesterday's session dedicated to discussions on the expansion of

macro-economics and related issues.

The second session on Friday is expected to involve the representatives of the major economic sectors and selected industries like manufacturing, agriculture, mining, construc-

tion and financial and banking services.

The third session on Saturday will be on the national and social agenda.

■ See Star Business for more Budget dialogue reports