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REACTION-SAP

2002 BUDGET ENCOURAGES GROWTH OF ICT SECTOR, SAYS SAP

KUALA LUMPUR, Oct 20 (Bernama) -- The 2002 Budget tabled by Prime Minister-cum-Finance Minister Datuk Seri Dr Mahathir Mohamad yesterday has been clearly designed to encourage the use and growth of Malaysia's information and communication technology sector (ICT).

This is in line with the country's continuing efforts to become a regional and global technology player as well as a leading technology hub in the region, said SAP Malaysian managing director Khatijah Shah in a statement today.

Coming on the heels of the recently announced of RM4.3 billion stimulus package, of which RM300 million has been allocated for the construction of computer labs and another RM150 million for retraining of retrenched workers, she said the 2002 Budget is extremely positive for the economy.

"The allocation provided is a testimony that the government continues to reinforce the message that education and technology remain as the key sectors in the Malaysia's plan," she added.

Khatijah said the continuing emphasis on developing local talent and creating a broad based K-economy (knowledge-based economy) here in Malaysia "will help us to better address the issue of lack of skilled, knowledgeable and inventive people."

As a result, she said the ICT sector would also become less dependent on foreign expert.

On the tax exemption on smartcards and related IT equipment, Khatijah said it would help Malaysia to adopt the widespread use of such devices as well as assisting local smartcard players become even more competitive in spreading their wings abroad.

"As it stands, local players who have to date been forced to spend huge amounts on equipment and R&D will now be able to reallocate funds to better their existing efforts and further penetrate foreign markets," she said.

Khatijah said that the tax breaks on the development of business website development costs and on income gained from website based offshore business activities should also help businesses as they moved to adopt more technology-based solutions.

"This should help Malaysia position itself better as a trading and manufacturing hub for the region as we move into Afta (Asean Free Trade Area)," she added.

On another note, Khatijah said the continuing push to computerise government departments through the RM490 million allocation will prove to be a double blessing.

"Technology companies will receive much needed business from this massive undertaking while the subsequent efficiencies of these computerised departments will definitely contribute to be a better relationship with the people," she said.

She said the continued push for computerisation in government departments should also provide the ICT industry with business collaboration opportunities with the government and local business.

--BERNAMA

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