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FMM-STIMULUS PACKAGE

FMM SEES MULTIPLIER EFFECTS ON ECONOMY FROM STIMULUS PACKAGE

By: M. Saraswathi

KUALA LUMPUR, Sept 27 (Bernama) -- The Federation of Malaysian Manufacturers (FMM) says the RM4.3 billion stimulus package unveiled by the government will boost the construction sector and have multiplier effects on the rest of the economy as well.

Describing the package announced by Prime Minister Datuk Seri Dr Mahathir Mohamad as timely, FMM said it would have an immediate impact on construction-related products and services.

"The effectiveness of the stimulus package will hinge on the quick disbursement of funds and speedy implementation of projects," it said in its response to the broad range of stimulus measures announced on Tuesday.

However, it felt that the RM150 million allocated for training retrenched workers may not be adequate and may need to be further increased, given that the number of retrenched workers may be increased in the coming months.

While welcoming measures towards improving the terms and access to financing under the special funds allocated for small and medium-scale enterprises (SMEs), FMM said there is a need to urgently address issues concerning the stringent conditions attached to loan applications.

FMM also said the government needs to focus on strengthening Malaysia's competitiveness and attractiveness as a location for investment in the 2002 Budget in an effort to address long-term issues facing the economy.

Lai Moo Chan, president of the Master Builders Association Malaysia (MBAM), in responding to the package, said regular monitoring of the delivery system and payment procedures would provide the impetus for generating contracts, expediting projects and alleviating cash flow problems faced by contractors.

Besides benefiting contractors, he said the stimulus package would also generate demand for products and services from building material suppliers and manufacturers.

Datuk Kenneth Eswaran, president of the Malaysian Associated Indian Chambers of Commerce & Industry (MAICCI), said consumer spending would act as a catalyst for other economic activities as it has multiplier effects.

He said those who felt that they needed to expand their businesses because they saw the potential in doing so, should do so.

Stan Jeffery, chief executive officer of Optixlab, said the government's emphasis on information and communications technology (ICT) can be put to good use in growing new business sectors.

For instance, he said the knowledge worker incentive programme would release new potential and ensure that society received more benefits from the outcome of the productivity of each person.

Jeffery believed that various economic programmes of the government would have the synergy "to grow this country into a strong and successful model for the region." -- BERNAMA

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