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BUDGET-AGRICULTURE

MALAYSIA MUST UTILISE ALL FERTILE LAND FOR CROP CULTIVATION

KUALA LUMPUR, Oct 19 (Bernama) -- Prime Minister, Datuk Seri Dr Mahathir Mohamed said when presenting Budget 2002 at the Dewan Rakyat that the nation is endowed with fertile land can be utilised for the cultivation of crops and the rearing of livestock.

However, he said the growth of the agriculture sector has been concentrated only on the production of a few commodities such as rubber and palm oil.

These commodities are subject to price fluctuations, thus affecting the income of the smallholders and others.

"We are also (unduly) reliant on food imports, which exceeded 11 billion ringgit last year. It is, therefore, vital to diversify the agriculture sector to produce higher value added products," he said.

Mahathir also noted that currently, an approved agriculture project is eligible for 100 percent allowance on capital expenditure where the expenditure is allowed from the aggregate income (income from all sources).

This incentive is provided for prawn farming, floriculture and the planting of approved fruit and vegetables and herb farming, the breeding of fish including ornamental fish, cockles and oysters.

Moreover, he said, poultry will also continue to be the main component of the livestock sub-sector.

"To ensure self-sufficiency in poultry, I propose that the rearing of chicken and ducks in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak be granted pioneer status with income tax exemption of 85 percent or investment tax allowance of 80 percent for a period of five years.

Mahathir also said that as Malaysia is a major producer of rubber, timber and palm oil, the nation must further promote resource-based downstream activities such as vulcanised rubber and furniture which have the potential to contribute towards economic growth.

"Those companies which reinvest in the production of such resource-based products are granted income tax exemption of 70 percent or investment tax allowance of 60 percent for a period of five years," he added. -- BERNAMA

FAY SEL