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## Measures to boost economy

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MALAYSIA is looking seriously into fiscal pump priming measures to boost its economy as fears rise of a prolonged economic slowdown in the US, and even possibly of a global recession, in the wake of the terrorist attacks in the US.

"Yes we will do that. We are looking seriously into it," Prime Minister Datuk Seri Dr Mahathir Mohamad said when asked about the market expecting a further announcement of fiscal pump priming to make sure Malaysia avoids a recession.

He was speaking to reporters after signing the condolence book at the US embassy in Kuala Lumpur yesterday, following the attacks on the World Trade Center in New York and the Pentagon in Washington D.C. on Tuesday.

Asked if the events in the US would have an impact on Malaysia, Dr Mahathir said:

"Well, it will have an impact because, as you know, our economy is very closely tied with that of America's.

"I'm quite sure this (the attacks) will divert attention away from pure trade and things like that to matters of security.

"The US economy will suffer and we will also be affected."

In March, Dr Mahathir had announced a RM3 billion fiscal stimulus package in addition to the RM28 billion 2001 Budget to try to counter the negative effects of the US economic slowdown.

Under the package, plans included the development of infrastructure projects such as schools, community colleges and new universities.

According to a Bernama report, Malaysia's exports to the US increased by 13 per cent to RM11.5 billion in the first two months of this year.

Last year, Malaysia-US total trade was estimated at RM120 billion.

The US accounted for 18.7 per cent of Malaysia's global trade, of which 37.7 per cent constituted rubber products, 31.6 per cent textiles and clothing, 29.3 per cent optical and scientific products, 26.8 per cent electrical and electronics products, 19 per cent wood products and 10.5 per cent crude rubber products.

According to Bernama, the National Economic Action Council has formed a team to monitor the effects of the terrorist attacks in the US to ensure that they do not affect adversely Malaysia's economy.

NEAC executive director Datuk Mustapa Mohamed said the team would hold daily meetings with public and private sector representatives including the American Chamber of Commerce in Malaysia.

"We have called for meetings with them to monitor the situation and get feedback from the attendees," he said after a meeting with Umno members in Pasir Putih, Kelantan, on Thursday.

While expressing confidence that Malaysia would handle the situation effectively, Mustapa pointed out that Malaysia was not badly affected by the developments in the US because the country's financial system was operating smoothly, with the ringgit peg to the US dollar helping greatly to ease the severity of the economic downturn.

Though the performance of the Kuala Lumpur Stock Exchange had been affected, he felt this was a temporary setback caused by the loss of confidence among investors in the wake of the attacks.

"The closing of US airports meant we could not ship locally-made electronic products which we normally export by air through Penang, Johor and the Kuala Lumpur International Airport (KLIA)," he explained.

According to Mustapa, Malaysia had to be cautious over the immediate possible effects of the terrorist attacks as action taken by the US might adversely affect the world economy.