

27 MAR 2001

MEASURES-GAP

PUMP PRIMING MEASURES TO BRIDGE THE GAPS

KUALA LUMPUR, March 27 (Bernama) -- The pump priming measures revealed by the Prime Minister today would bridge the gaps created by external developments, an analyst said.

The topping-up of a further RM3.0 billion on top of the RM28.8 billion under Budget 2001 was not a surprise as the economy needed it, he said.

The analyst said this was partly due to the loosening of highly depended sectors of the economy.

He said that, for one, the electronics manufacturing produce were export commodities which accounted for more than 50 percent of the country's exports.

The analyst felt that the fiscal measures would be the right antidote given at the right time.

He said the government needed to work more in wooing foreign investors in the face of a slowdown.

The Prime Minister said today that the government would be rolling out plans to liberalise the Foreign Investment Committee's (FIC) rules and regulations on foreign ownership.

The relaxation on foreign ownership would involve equity, property and asset acquisitions.

On interest rates, the analyst felt that it would not be lowered although Mahathir did not rule it out.

On top of that, he said, rates are already at a very low level and there were no inflationary pressures to warrant any change.

On other measures, the analyst said the reduction in employees contribution to the pension funds would be positive for the economy as it was bound to create spending.

Effective April, the employees' obligatory contribution to the Employees Provident Fund (EPF) would be reduced to 9.0 percent from the current 11 percent and this would again boost spending, he added. --

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