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COUNTRY-FISCAL

TOO EARLY TO SEE BENEFITS OF COUNTRY'S FISCAL STIMULUS PACKAGE

KUALA LUMPUR, Aug 8 (Bernama) -- It is still too early to see the benefits of the RM3 billion fiscal stimulation package for the country's economy, the Dewan Negara was told today.

"I believe the package would give a positive impact to the country's economy by the second half of the year and continue on to next year," Deputy Finance Minister Datuk Chan Kong Choy said in response to a question from Senator Melanie Chia Chui Ket on the effect of the additional budget allocation.

The fiscal stimulus package was announced in March by Prime Minister Datuk Seri Dr Mahathir Mohamad as an additional allocation to the RM28 billion 2001 budget.

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

Chan said that apart from that, the government had also relaxed the conditions on the ownership of properties by foreigners as set by the Foreign Investment Committee.

He said that the previous fiscal stimulus measures taken to reactivate the country's economy had been successful, particularly during the regional financial crisis.

"The public sector's contribution to the country's Gross Domestic Product growth in 1999 and 2000 on an average level was 53 percent a year, compared with the private sector which contributed 34 percent a year," he said.

The trend continued in the first quarter of this year, where the growth of the GDP 3.2 percent was mainly through the public spending allocation which increased by 8.7 percent, while the private sector contributed 6.5 percent and investment 7.4 percent.

Chan also said that in facing the negative effects of the US economy slow down, the government had also abolished the full 10 percent levy imposed on the repatriation of capital profits aimed at encouraging foreign investment sentiment in Malaysia.

"To create a conducive environment for investors, an accommodative fiscal policy will continue to be practised," he said.

He said that financial institutions have also been directed to reach a loan growth level of eight percent a year.

For that purpose, the government had allocated an additional RM250 million for Food Fund, New Entrepreneur Fund (RM250 million) and a RM200 million fund for the Small and Medium Industries, he said.

Chan also informed the Dewan Negara that the government, in order to promote the services sector, was also taking the efforts to introduce the Kuala Lumpur International Airport and local ports as the central stopover point in the region. -- BERNAMA

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