

Four-pronged strategy to boost economy

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KUALA LUMPUR: Budget 2003 contains a four-point strategy to improve the dynamic growth potential of the Malaysian economy against the backdrop of a competitive external environment.

They are:

- Increase domestic investment in all sectors with growth potential;
- Identify and venture into niche areas in the services, agriculture and manufacturing sectors;
- Strengthen public sector finance and enhance efficiency of the civil service; and
- Nurture a progressive and harmonious society with high moral values and ensuring the well-being of the rakyat, especially in rural areas.

Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad proposed a host of incentives to im-

prove the competitiveness of the private sector and egg the civil service towards greater excellence.

Chief among these were proposals to reduce the cost of doing business and providing incentives for various economic sectors so that they can realise their full potential.

"I do not intend to propose any increase in taxes neither introduce new ones. However, to ensure that the government will have adequate financial resources to finance its expenditure, efforts will be intensified to enhance tax compliance," he said yesterday when tabling the budget at the Dewan Rakyat.

Mahathir announced that the economy would grow by an encouraging 6-6.5% next year.

In describing Budget 2003 as "rakyat-friendly", he also

called for a paradigm shift in the economic management as it had been overly reliant on external sector developments, foreign direct investment and international trade for many decades, and stressed that growth must be domestic-driven and generated by domestic resources and investment.

He urged Malaysians to emulate China and South Korea to formulate industrial sector strategies, and the private sector to resume its role as the main driver of economic growth.

The government, he said, cannot continuously implement expansionary fiscal policies.

The budget also contained several incentives to help companies cut the cost of doing business.

As an inducement for ex-

porters, Mahathir proposed special rewards for top exporters where they could get exemption on income tax on 30% of the increased exports while those who penetrated new markets would be given 50% income tax exemption.

To realise the plan to create a bumiputra commercial and industrial community, the contract value of each class of government contract for bumiputra contractors would be raised to between RM200,000 and RM15 million each from the present RM100,000 to RM4 million each. The rates were last reviewed in the 70s.

However, the government would also be more cautious in awarding contracts as there are some who sold their contracts to obtain quick profits. These contractors would now be blacklisted.