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BUDGET-DEFICIT
MALAYSIA NEEDS TO ACHIEVE BALANCED BUDGET

KUALA LUMPUR, Sept 21 (Bernama) -- Malaysia needs to achieve a balanced budget in the near future as it could not afford to continuously have a deficit budget, Treasury secretary general, Tan Sri Samsudin Hitam said here today.

"That is why we put emphasis on growth. Without growth there is no growth in taxes collected," he said when asked where the revenues would come from if the government wants to achieve its target of a balanced Budget by 2005.

Samsudin said that failures to achieve growth would mean hard times ahead for Malaysians.

"What if there is no growth? Then we have to move back to the basic. We have to bite the bullet. That was exactly what we did in 1985-1986 when we experienced recession," he said at the 2003 Post-Budget Panel Discussion organised by the Malaysian Economic Association.

He said that in the last two to three years, the government had to implement a deficit budget because it could not let the economy and the country suffer.

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said that the Federal Government's overall account is expected to register a deficit of 3.9 percent of gross domestic product (GDP), as compared with a deficit of 4.7 percent in 2002.

In 2003, allocations amounted to RM109.8 billion, while revenue is estimated at just RM89.79 billion, said Dr Mahathir, who is also the Finance Minister, in tabling the 2003 Budget in the the Dewan Rakyat.

On the lack of domestic investments, Shamsudin said that locals should look at opportunities to manufacture goods which could substitute imported products.

He said that the country's import bills were well over RM200 billion annually and there were items which could be manufactured in Malaysia such as trains.

He said that Malaysia has plenty of funds for investment and the issue is to mobilise the private sector.

The Malaysian International Chamber of Commerce and Industry president, Jose Lopez, said that in order to invest the investors must see business opportunities, identify and recognise them.

He said that providing small and medium scale industries with lower corporate tax, as proposed in the Budget 2003, might not be as effective as providing incentives to better understand what their customers wanted. --

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