

20 SEP 2002

BUDGET_REACTION

SARAWAK SMIS WILL BE MORE COMPETITIVE, SAYS SMA

By: Frankie Lian Labang and Mawi Taip

KUCHING, Sept 20 (Bernama) -- The Small and Medium Industries (SMIs) in Sarawak will be more competitive with the reduction of corporate tax to 20 percent from 28 percent announced by Prime Minister Datuk Seri Dr Mahathir Mohamad when tabling Budget 2003 at Dewan Rakyat today.

Sarawak Manufacturers Association (SMA) president, Chai Foh Chin said today the tax cut was very timely and vital for SMIs as they were facing stiff competition under trade liberalisation and globalisation.

"Budget 2003 is very business friendly, realistic and will be a new power to help Malaysian economy to greater heights," he told Bernama following the Budget announcement.

Commenting on the abolishment of import duty and sales tax on quality printing paper, Chai said this should encourage printers to use quality paper when producing annual reports and call cards for companies.

According to Chai, many companies and individuals in the state sent their documents to be printed in Pontianak, Kalimantan due to the lower printing cost and use of high quality paper there.

"In the printing industry, paper and electricity account for the bulk of the cost and with the reduction, local printers could lower their price to generate more business," he said.

Chai also lauded the Budget 2003 for the five percent tax exemption on delivery cost to overseas destinations.

"This will encourage local companies to export their goods and services to prospective clients overseas," he said.

Meanwhile deputy chief minister, Tan Seri Dr George Chan found that the incentives introduced by the government would definitely encourage greater flow of foreign investments into Sarawak.

He said it would promote healthy growth especially for the growing electronic industry in the state.

"Our industry is still growing and we need good incentives such as tax exemption to boost this sector," he said.

Dr Chan said it would further jumpstart other important sectors which contributed to the socio-economic growth in Sarawak.

He hoped local and investors would take advantage of opportunities given by the government to promote and expand their industry in the state. Dewan Usahawan Bumiputera Sarawak (DUBS) president, Datuk Abang Abdul Karim Tun Openg said the business sector should thank the government and continue to intensify their activities to stay competitive.

He said the Budget looked effective enough to mobilise domestic economy.

"Now it is up to the SMI especially DUBS members to move forward. They should improve performance which will enable them to bid for larger contracts," he said.

Abang Abdul Karim said the Bumiputera contractors should not rest on their laurels. They should be willing to go the extra mile to achieve success. -- BERNAMA

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