

# CPA Australia expects Malaysia to grow by 4.5% to 4.8%

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ACCOUNTING body CPA Australia expects the Malaysian economy to grow between 4.5% and 4.8% up to 2006 as the country needs time to transform local small and medium enterprises (SMEs) into its next engine of growth.

According to CPA Malaysia division councillor Lim Lai Seng, the forecast figure was considered "very prudent," as it took into account the government's goal of maintaining a balanced budget in the next few years.

"The country has been in a budget deficit over the past few years and we hope the government can manage to achieve a balanced budget, if not a surplus, by 2006.

"The country will be able to sustain GDP growth of more than 6% when the local SMEs become stronger," Lim told reporters at a post-Budget press conference in Kuala Lumpur yesterday.

CPA Australia vice-president for the Malaysian branch Lam Kee Soon, who was also present during the

briefing, said he did not expect the corporate tax rate to be cut from its existing rate of 28% in the next few

years given that the government would not want to lose a major source of revenue with it wanting to a balanced budget by 2006.

Commenting on Friday's Budget 2004 read by Prime Minister Datuk Seri Dr Mahathir Mohamad, both Lim and Lam said it was well drafted as the Budget had clearly laid out strategies to focus on the domestic sector as its next area of growth, taking over the role of the government and foreign direct investment.

Lam also lauded the privatisation of Felda, saying that the exercise was expected to benefit as many as 250,000 families.

He, however, urged the government to review plans to introduce an excise duty on imported cars starting Jan 1 next year so that more Malaysians can afford to buy foreign made cars at reasonable prices.