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BUDGET-AMCHAM

AMCHAM WELCOMES BUDGET, PARTICULARLY ITS PRUDENCE IN TACKLING DEFICIT

KUALA LUMPUR, Sept 16 (Bernama) -- The US businesses in Malaysia welcome the 2004 Budget, particularly its prudence in tackling the deficit and its emphasis on the services sector.

American Malaysian Chamber of Commerce (AMCHAM) president Tim Garland said that the prudence was timely as it accurately reflects the continuing recovery in the economic climate and will benefit the nation in the long term.

Garland said in a statement here today that the administration's wisdom in promoting services as an engine of growth in the new economy is also recognised.

"They reflect the sea change that Malaysia must make towards quality jobs and state-of-the-art technologies and methodologies," he said.

"The tax relief for operational headquarters (OHQs) is a step in the right direction. The next, and perhaps more effective steps, will be to offer non-tax incentives for internal outsourcing activities of existing operations," he said.

AMCHAM represents over RM83 billion worth of US investments in Malaysia.

AMCHAM members also agreed that Malaysia currently has an excellent window of opportunity for attracting foreign investors looking to set up a regional or global base.

In this context the Budget's emphasis on strengthening domestic capabilities is lauded because efficient small and medium enterprises (SMEs) form the critical base that multinational corporations (MNCs) tap into when carrying out their activities.

For instance, AMCHAM's 18-member Malaysian American Electronics Industry (MAEI) grouping relies on local SMEs and corporations to supply it with RM12.6 billion worth of goods and services annually.

AMCHAM members believe that the administration's continued focus on understanding investor needs in the next two years could be the determining factor in investors choosing Malaysia over Singapore or Thailand, Garland said.

AMCHAM said it looked forward to working closely with the administration in identifying areas of opportunity for investment and strongly supports the prudent outlook reflected in the 2004 Budget.

"AMCHAM would also like to record deep appreciation for Prime Minister Datuk Seri Dr Mahathir Mohamad's 22 years of enlightened leadership." --

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