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FINANCE-PACKAGE

DR MAHATHIR TO ANNOUNCE STIMULUS PACKAGE AT END-MARCH

KUALA LUMPUR, Feb 7 (Bernama) -- Full details of the new growth stimulus package will be announced by Prime Minister, Datuk Seri Dr Mahathir Mohamad at the end of March 2003, following the release of Bank Negara's Annual Report on March 26, 2003, Second Finance Minister, Datuk Dr Jamaludin Jarjis said today.

Dr Jamaludin said the two-month period would allow the government to review actual growth performance in 2002, and further fine-tune economic prospects for the year 2003.

It would also provide the opportunity for in-depth discussions with the private sector and related government agencies to ensure that measures taken were in line with industry initiatives, he said in a press statement released here, today.

Dr Jamaludin said the government would continue to monitor external and domestic developments and make the necessary adjustments to the package as and when necessary.

"Given that the external environment in particular is extremely fluid, the government will improve monitoring to ensure appropriate and timely responses to the dynamic global environment.

"In essence, the government is preparing the country to respond quickly to external shocks and to foster sustained economic growth," he added.

Elaborating further, Dr Jamaludin said the government had put together a comprehensive package aimed at stimulating economic activities and the thrust of the package was to bring about structural and institutional changes to re-position the economy.

"The measures are also aimed at sustaining economic growth in the medium and long term, and safeguarding employment and incomes, as well as social obligations to protect the poor and disadvantaged," he said.

In line with that, the government has set up 10 special committees which will look into the following areas including in increasing national competitiveness.

"This special cabinet committee headed by the Deputy Prime Minister, Datuk Seri Abdullah Ahmad Badawi indicates the government's commitment to maintaining Malaysia's competitive edge. The Ministry of International Trade and Industry will act as secretariat," he explained.

Dr Jamaludin said there would also be committees to look into areas in improving the country's delivery system, in promoting new sources of growth specifically in the services and biotechnology sectors, in strengthening the capital market, in encouraging domestic investment, which would be jointly chaired by MITI and the Ministry of Domestic Trade and Consumer Affairs.

Other committees will focus on improving efficiency and revenue collection, monitoring macroeconomic policies and controlling government deficit, encouraging investments and tourism from new markets specifically the Middle East Asia and emerging economies, spurring the agricultural sector and improving rural economy and improving security especially in the transportation chain.

"A special task force headed by the National Economic Action Council (NEAC), comprising senior government officials and private sector representatives, will monitor the progress of the above committees and put together a comprehensive growth stimulus package," he said.

He added that new initiatives would be ready for implementation by

March 2003, at the latest and earlier if the need arose.

In the eventuality of an attack by the US on Iraq, he said the government was prepared to consider additional measures to sustain the growth momentum.

He said the measures would be based on the three possible scenarios namely, short war - a war lasting no more than one month; intermediate war - a war lasting between two or three months; and protracted war - a war lasting more than three months.

However, Dr Jamaludin said despite the improvement expected in 2002 figures, the country's economy was likely to be affected by slowing global economic conditions for 2003, as early estimates indicated a more modest global economic growth.

He said the situation was further dampened by the political uncertainties in the Middle East. -- BERNAMA

WNZ KTC