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BUDGET-WISH LIST

MANY EXPECT GOVT TO ENSURE MALAYSIA'S ECONOMIC RESILIENCE IN 2004

BUDGET

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KUALA LUMPUR, Sept 10 (Bernama) -- With the 2004 Budget to be announced on Friday afternoon, many parties are keeping their fingers crossed with the hope that their "wish list" will be fulfilled.

Prior to this, Prime Minister-cum-Finance Minister, Datuk Seri Dr Mahathir Mohamad and senior officials from the Treasury had listened to views put forward by the various sectors, including industry groups and social organisations, in the many pre-budget dialogues held months earlier.

Treasury officials are now fine-tuning the 2004 Budget to ensure that it benefits every one in the country.

So what can be expected this time around, especially with the elections around the corner?

Many expect that the government would continue with its stance of keeping the cost of doing business in Malaysia relatively low to ensure that the country is an attractive investment and business destination.

In this regard, many hope that the relatively high costs of telecommunications in Malaysia would be reduced further.

For instance, broadband connectivity costs in Malaysia are higher than those in Singapore and this could hamper efforts to make Malaysia an attractive destination for overseas headquarters (OHQs).

Lowering prohibitive telecommunication costs would also help to further improve the Internet penetration rate and enable companies based in Malaysia to undertake e-commerce in a bigger way. In addition, many expect the government to do away with red tape associated with the recruitment of expatriate personnel.

At present, many expatriate workers tend to shy away from Malaysia because of the relatively long period of approval by the authorities for them to work in the country.

Given that they are highly-rated professionals, they cannot afford to wait for long periods for them to know whether they can work in Malaysia or not.

The elimination of "red tape" is in keeping with the government's aim to be able to recruit as many experts as possible to drive the country's services-based economy.

Many analysts also expect venture capitalists to play a bigger role in the nation's economy, especially in the agriculture and film-making industries.

An analyst suggests that the 2004 Budget should totally revamp the logistics chain starting from the production end to the door steps of consumers. This would have to involve restructuring the facilities related to warehousing and cold room storage to all modes of transport, including air, sea and road links.

She said the value of agricultural produce now did not lie on the supply side like how much higher output per hectare but also on the consumers' side like what the market needs.

In this regard, she said the agriculture sector required more value added like attractive packaging and proper branding.

To further encourage greater agriculture pursuits, she suggested expanded roles for microcredit schemes for small scale farming activities and new venture capital schemes for large-scale activities.

All this, she said, would help rural folk get better returns from their agriculture pursuits and agencies like Felcra and Felcra should get their

act together to improve their livelihood.

As for the film-making industry, the government is expected to provide incentives to local movie producers via venture capitalists. This would help promote Malaysia as an attractive movie location and enable local film makers to survive.

Meanwhile, the automotive trade is expecting that the government unveil a new tax structure for the automotive industry.

"We envisage that a clearer picture would emerge from the 2004 Budget," one motor trader said.

Such a move would enable the government to recoup from its loss of revenue from the reduction of import tariffs as laid down under the Asean Free Trade Area (AFTA) arrangement.

"In general, we in the industry have been affected by lower sales of late as the public is hoping for cheaper cars in the post-AFTA era. It's high time that the government address this cloud of uncertainty," the motor trader said.

An area which the property industry hopes the government will tackle is the property overhang and abandoned housing projects.

A property consultant hopes that the government would address the issue of low cost houses.

Due to certain legal constraints, Syarikat Perumahan Negara (SPN) has been slow in taking over abandoned projects.

But the consultant hopes that this is expected to be addressed with the availability of powers ceded to certain agencies for the purpose.

As for low cost housing, he hopes that the government will play a more aggressive role so that the property developers can free their resources to build houses in the medium and high cost categories.

At present, property developers have to set aside 30 percent of their housing projects to low cost houses and sell them to state governments at a low price.

"They will not have to bear this burden if the responsibility could be passed on to the government which could also help the low income group to own these low cost units through a hire-purchase financing scheme," the consultant said.

In education, many expect the government to provide more funding to produce more knowledge workers.

The government is also expected to provide funds for graduates to enhance their skills.

As far as making Malaysia a centre of educational excellence, institutions of higher learning would be encouraged to offer courses demanded by the market.

Their research and development pursuits would be better co-ordinated to ensure that their products are demanded by the market.

Analysts are also anticipating a total change in terms of Malaysia's role as a trading nation.

They expect further incentives in this area, including a special agency to promote Malaysia's exports and brand names.

The establishment of major trading houses to promote Malaysian products and brand names ought to be revived, one of them said.

Another said that time had come for Malaysia to further add value to its products and in this regard, local industries would have to take the lead in terms of design and branding so as to add value to their products,

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