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A truly trading nation (HL)

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PUTRAJAYA, Thurs. - Transforming Malaysia into a truly trading nation will be the thrust of the 2004/2005 Budget to be tabled in Parliament tomorrow.

Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight the Budget would place extra emphasis on enhancing the export earning capabilities of small- and medium-scale industries (SMIs).

Dr Mahathir, who is also Finance Minister, said while measures to attract and enhance Foreign Direct Investment (FDI) were still important, greater emphasis would be placed on strengthening the export capabilities of locally-manufactured products.

"The thrust of this Budget is to make Malaysia a truly trading nation. Yes, we are already a trading nation now, our trade is almost 200 per cent of our Gross Domestic Product (GDP), but our actual earnings from the current trade are quite low," he said.

Dr Mahathir was speaking at a Press conference after visiting his staff at the Ministry of Finance who were busy preparing the Budget.

He said this was due to the fact that the current export earnings were mainly derived from foreign companies operating in the country importing components from third countries and exporting after merely adding value to their products.

"We actually do not earn as much as we should from our exports because out of every RM1 worth of exports, we may be importing as much as 80 sen worth of components and other value-adding materials," Dr Mahathir explained, adding that the Government would strive to correct this imbalance.

He said in order to achieve greater export earnings, the SMIs would be urged to produce more local products using locally derived components which could be used by the various large-scale industries to add value to their export-orientated products.

This, Dr Mahathir said, would eventually increase the country's export earnings.

"We do not intend to reduce FDIs but we want local investments to grow, particularly in the export-orientated industries. We want SMIs to not only supply locally-made products and components to the larger industries but we also want to see them export their products.

"So that is the thrust, to make Malaysia a truly trading nation," Dr Mahathir said.

Asked if there was any form of "encouragement" in store for SMIs which were keen on exporting their products, he said the Government would go all out to assist and encourage such companies.

"We will give a lot of encouragement, we will carry out promotional activities in the country. We will also render support and assistance to promote such products abroad ...we will make full use of the Malaysian External Trade Organisation (Matrade)," he said.

Dr Mahathir hinted that the 2004/2005 Budget would be a comprehensive one to avoid the need for a supplementary Budget next year.

He said that the allocations provided for in the Budget would also include spending for government projects and programmes meant for 2005.

"For 2005, we can implement the projects without any further delay because we have already identified the projects and all the necessary ground work would be done in 2004 itself, so the budgeting becomes more efficient.

"I believe this Budget will be well received by the rakyat," a smiling Dr Mahathir said after his more than an hour visit to the MoF tonight.

Present were Datuk Seri Dr Siti Hasmah Mohd Ali, Second Finance Minister Datuk Dr Jamaluddin Jarjis, and Deputy Finance Ministers Datuk Shafie Salleh and Datuk Dr Ng Yen Yen.