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Common resolve in facing problems

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THE impact of SARS has been damaging, even as the economy was grappling with an already difficult external environment, a slowing world growth rate, with the US economy slumbering and not bouncing back after the attack on Iraq.

While the US is our leading export market, we were nevertheless able to project a respectable 4.5 per cent growth rate for this year, based on domestic demand and compensating external markets.

That was before SARS. Its outbreak in China, Hong Kong, Singapore and Taiwan, even if we were able to successfully contain and check its incidence here, has hurt tourism and its related industries, a situation not helped by panicky travel advisories against Malaysia by the likes of the US and Australia.

The low occupancy rates of hotels have become a common conversation piece; pictures of near empty air plane cabins for regional travel dramatically express cost prevailing over revenue.

The other day, Looi Teong Chye, president of the SMI Association of Malaysia, underlined the pervasive impact of SARS on the retail and services sectors, and made a number of requests for assistance of the Government.

Indeed, at the dialogue then acting Prime Minister Datuk Seri Abdullah Ahmad Badawi had with business leaders last month, to discuss the economic impact of SARS and the attack on Iraq, various requests were made for short-term relief, including those by the SMI Association of Malaysia.

The Malaysian Government always listens and is responsive to business and, it can be expected, measures will be proposed to ameliorate the ravages of SARS and the threat of international terror, when the stimulative economic package is announced, most probably on Wednesday.

The SMI association has asked for three things. A soft loan from the Government for SMIs of RM50 million to assist affected SMI sectors; a one-year waiver on sales tax (borne by consumers); and a one-year waiver on contribution to the Human Resource Development Fund by SMIs.

Others at the dialogue also called for reliefs of various sorts, ranging from temporary reduction in EPF and Socso contributions to reduction in electricity charges for hotels by changing the rate from commercial to industrial while affording hotels soft loans of 3.5-5.0 per cent, stamp duty waivers for purchase of non-residential property and reduction of real property gains tax.

It would not be easy to meet all these suggestions without harm to the Government's fiscal position. There is only so much deficit the Government can take without hurting overall confidence. However, it can be expected that the Government will respond positively, including proposing a number of medium-term measures of its own. The glass will be more than half-full - and must be seen as such.

It was noteworthy that, at the dialogue, it was the MICCI (Malaysian International Chamber of Commerce and Industry) which expressed confidence that Malaysia can successfully navigate problems, even if, along with the Federation of Malaysian Manufacturers (FMM), it described in graphic detail, the impact of SARS on the economy.

It is this kind of quiet confidence, combined with cool determination, that will see us through the current difficulties. Prime Minister Datuk Seri Dr Mahathir Mohamad took us through the 1997-98 financial crisis with

such resolve; and the Government can do it again - with the support of the business community and the population at large.

It is so important for us not to lose our cool, and to collapse into a panic and paralysis. The challenges the world faces are major, will be around, and will not go away just yet. If we fold up, we might as well close shop. It is critical that we do not lose confidence in our ability to surmount the problems. It is equally critical that we do not undermine that confidence, by always only seeing the dark side and always being dissatisfied. We must make the best of what we have and can get.

As we confront the difficulties, the business community must play its