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Govt fine-tuning new stimulus package

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THE Government is fine-tuning the new stimulus package and has not yet set a date for its announcement to ensure maximum effectiveness of the package.

A government official said the announcement will be made after the Government has a clearer picture of the implications of the war in Iraq on the global economy.

"The timing must be right in order for the package to be effective... the worry is to introduce it quickly only to see the war drag on, thus diluting the effectiveness of the package," the official told Business Times.

The official was responding to queries from various quarters on the stimulus package which the Government had said would be announced last month by Prime Minister Datuk Seri Dr Mahathir Mohamad after the announcement of the country's economic performance last week.

The Government has set up 10 special committees to prepare the new stimulus package which will concentrate on five core strategies to strengthen economic growth in the face of new uncertainties in the global economy.

It will outline specific measures which are expected to have an immediate impact on the economy while laying the foundation for more stable growth in the medium and long term.

It was also reported that Minister of International Trade and Industry Datuk Seri Rafidah Aziz was to have submitted a report on the impact of the war in Iraq on the Malaysian economy to the Cabinet on April 2.

The official said while the stimulus package has all along aimed at accelerating and sustaining the country's economy, it has since become an urgent need following the attack on Iraq.

"The Government is looking at various scenarios and circumstances before coming out with the package, depending on the length of the war.

"The quickest time length (for the war to be over) is two weeks but now it has already moved to 17 days," the official said.

Notwithstanding the situation, the official said the country's economy is without doubt resilient and fundamentally strong. "The domestic liquidity, for instance, is high. At some point where there is contraction in growth, the Government has responsive flexibility to enable it to deal with the situation effectively."