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Govt to study impact of war on economy

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THE Government is unable to expedite the announcement of its pump-priming measures as global uncertainties, stemming from the possibility of a prolonged war on Iraq, demands a re-look at the specific actions and strategies.

More importantly, Malaysia has to be mindful that the ongoing Iraqi war could have a short-, medium- and long-term impact on the country's economy, Second Finance Minister Datuk Dr Jamaludin Jarjis said yesterday.

He said Prime Minister Datuk Seri Dr Mahathir Mohamad will make an announcement next month after the Government has studied carefully how the global scene will be like in the near future.

"When the going seems to suggest that it might be a short war and there is an upbeat in the market, we could suddenly find American troops trapped in the desert the next day.

"If this happens, the impact of the war might be stretched to the medium term," he told reporters after witnessing an agreement on bulk electricity purchase between Sarawak Hidro Sdn Bhd and Smelter Asia Sdn Bhd.

Jamaludin said the Government has started to give impetus to the development of a robust and competitive capital market vis-a-vis the 10 economic measures announced by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi a fortnight ago.

"But we still need to look further at the performance of our private sector and how to make Malaysia more competitive.

"We have to re-look from time to time on how to make the country competitive (as a whole)."

The Government, seeking to prevent the economy from losing momentum as consumer confidence wanes and export growth slows amid the Iraq war, has said it will unveil pump-priming measures in April, a third off-budget stimulus package since 2001.

In January, Jamaludin told fund managers that the Government would pull together a pump-priming plus package to stop the economy from decelerating.