

22/05/2003

Navigating through tough times

THE clutch of measures announced yesterday by Prime Minister Datuk Seri Dr Mahathir Mohamad has been designed to help the economy navigate through the tough times ahead. The economic package will be able to meet the immediate needs of the worst-affected sectors and yet is comprehensive enough to address some of the broader issues that will keep the country growing.

The package reflects our determination to confront and overcome the latest set of economic problems to hit us. The sluggish global economy has dampened export prospects but with the Iraq war came further uncertainty. On top of this were the drastic effects on the regional economies of Severe Acute Respiratory Syndrome (SARS).

The combination of these adverse factors required a multi-pronged approach in the package, which encompasses boosting consumption, stimulating investment, attracting foreign investment and overseas firms to list on the local bourse, improving credit to small traders and enhancing productivity and skills. The relevant agencies should not rest on their laurels. They should follow up on the package and work harder to attract foreign investors to Malaysia.

The range of steps adopted in the package, totalling 90 altogether, is wide-ranging and shows the professionalism of our planning institutions. There were some surprises, such as the cut in the interest rate and the half-month bonus to civil servants, which will bring some cheer to retailers and other businesses. Another stimulant to consumption will come from the cut in Employees Provident Fund contributions to nine per cent from 11 per cent. The property market will also receive a boost, with such measures as the building of more low-cost and medium-cost houses by the Government. This will provide much work for contractors with good track records and create more job opportunities.

As expected, the package includes tax and financial initiatives which will provide relief and alleviate the problems of the tourism, travel, hotel and retail sectors currently bearing the brunt of the impact of SARS. Measures such as exemption from service tax for seven months, discounts on electricity bills and the like will help these sectors tide over their difficulties. Of course, those affected may have hoped for more. But the Government cannot do more than what it can afford, given that whatever assistance rendered is ultimately at the expense of taxpayers.

Businessmen must also do more to help themselves when faced with hard times. They must find ways and means to drum up business from non-traditional markets and minimise their costs to improve their competitiveness. The private sector must play its role as well. The package will ease the cash flow of businesses but entrepreneurs should use this breathing space to promote more aggressively domestic tourism and draw more local buyers to retail outlets.

More specifically, the Government has recognised the hardships of the frontline medical and health workers who are risking their lives to fight SARS. Their dedication is being rewarded as doctors and other medical staff in the SARS fight are to be paid monthly critical allowances until the epidemic is over. Behind the figures of the package, the human dimension has not been left out. Now that the Government has done its part with the economic package, all of us must rise to the occasion and do

ours.