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Stimulus package a pre-emptive measure to counter downturn

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THE Government's plan to introduce another stimulus package this year is part of its pre-emptive measures to counter another round of economic downturn due to the anticipated US attack on Iraq.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said the pre-emptive package will help improve the country's gross domestic product (GDP) and cushion the impact of a gloomier world economy in the event of an attack.

"If there is a war in Iraq, the world's economy will go down and we will also be affected.

"Our exports will drop and everyone will stop investing outside, including in Malaysia, as they prefer to remain in their own countries," she told reporters after presenting certificates to students of the Kemas-

Philips kindergarten in Senggang, near Kuala Kangsar, yesterday.

Rafidah said the stimulus package will be implemented even if there is no attack on Iraq.

"We have to do it before the attack. If there is no attack, then our GDP will be much better as every sen spent by the Government will contribute to the GDP," she said.

Prime Minister Datuk Seri Dr Mahathir Mohamad said on Monday that the Government may go on another round of pump-priming this year to boost the economy.

The Government introduced the first stimulus package by injecting RM3 billion in March 2001 and another RM4.3 billion towards the end of 2001 in the aftermath of the September 11 2001 attacks in the US.

Rafidah said the Government has the financial capacity to introduce the new package, but the total amount depends on the capability to implement all the projects.

She said the projects involved will be similar to the ones approved under previous stimulus packages, which gave priority to infrastructure and small- and medium-scale development projects.

Rafidah said the ministry will continue to attract foreign direct investment (FDI), and expects to announce the country's latest FDI performance before the month ends.