

28/05/2003

US business council lauds Malaysia stimulus package

Kamarul Yunus

MALAYSIA'S new RM7.3 billion economic stimulus package is a credible response to the current difficult business environment, according to the US-Asean (Association of South-East Asian Nations) Business Council.

Its president Ernest Z Bower said Prime Minister Datuk Seri Dr Mahathir

Mohamad and his team have earned enormous credibility among business leaders who watch the Malaysian economic performance closely.

"Malaysia's track record of managing its economy through the troubled waters of the economic crisis, instability in the region due to political evolutions, and most recently the Severe Acute Respiratory Syndrome (SARS)

outbreak is relatively outstanding," he told Business Times via e-mail.

Bower was asked to comment on Malaysia's latest economic stimulus package announced by Dr Mahathir on May 21, which had outlined 90 measures in four main strategies.

The four strategies are promoting private investment; strengthening the nation's competitiveness; developing new sources of growth; and enhancing the effectiveness of the delivery system.

Bower said while the council's strategists may not feel that the package can have too strong an impact on the short term, it is certainly a measured response to the current difficult economic environment, and should bode well for the domestic economy and support investment, both local and abroad.

"We do hold the view that the greater risk to Malaysia's future growth is competition from regional players.

"Because Malaysia has managed well, and is relatively the trade dependent Asean country next to Singapore, we know that moving forward on trade initiatives, such as a Malaysia-US free trade agreement, would be possible and practical.

"It would add an enormous boost to gross domestic product and job creation in Malaysia, and why not play the advantage while the window of opportunity is open," he said.

Notable measures outlined under the new economic package which may give certain impact to the foreigners include the liberalising of Foreign Investment Committee (FIC) guidelines, aimed at attracting more foreign direct investment.

Under the new economic package, for example, processing of proposals by licensed manufacturing companies will be centralised at the Ministry of International Trade and Industry, and of corporate proposals at the Securities Commission. These proposals will no longer require the FIC's

consideration.

For companies seeking a listing on the Kuala Lumpur Stock Exchange (KLSE), Bumiputera equity participation must be at least 30 per cent upon listing.

The foreign equity condition, meanwhile, will be liberalised to attract more foreign companies to be listed on the KLSE in line with the Capital Market Masterplan.