

PRIORITISING LOCAL PRODUCTS

Government may restructure taxation system to boost production of local goods

CYBERJAYA: The government may restructure the taxation system to boost production of local goods.

Prime Minister Tun Dr Mahathir Mohamad said the current system seemed to place more emphasis on imported goods and services.

"I don't know why the government has policies (which) seem to encourage imports rather than exports. We are not even serving our own country.

"So we will need to change the policy. It will involve the restructuring of taxes involving partic-

ular industries. So the government will take note and we might change the tax system."

Dr Mahathir said this here yesterday in response to a question on how local players were able to compete when locally manufactured products were charged Sales and Services Tax, while exemptions were given to imported products.

He said the more products were produced locally, the less the need to rely on imported goods.

"Having said that, government policy can be changed by reducing taxes, among others. But we

can't force people to buy local things. You can bring the horse to the water, but you can't force it to drink."

He was blunt in saying that Malaysians looked down on their own achievements.

"If we build a car in Malaysia, it will be the worst car compared with (those built by) foreigners.

"So you buy (an) imported car. A lot of foreign exchange goes out. But we have the skills to build trains and even airplanes in Malaysia. So our capacity is there."

Dr Mahathir was hopeful that

Malaysians would follow in the footsteps of the Japanese and South Koreans by giving priority to their own products.

"And, if you prefer local products, over time, the quality of the products will improve. But if you don't encourage local products and you buy imported ones, there is no opportunity for local products to reach international standards."

Earlier, Dr Mahathir said with various rail services in the Klang Valley area and beyond, more than half a million people were now using a rail-based transport

system daily.

"Its socio-economic spillover is tremendous. It has been reported that the value of some of the residential and commercial properties along rail transport lines in Kuala Lumpur and the surrounding areas has increased between 15 and 25 per cent.

"Malaysia's urbanisation rate is 75 per cent, which is 20 per cent higher than the global rate.

"The Greater Kuala Lumpur area, which is home to 7.25 million inhabitants, is enough to make us realise how critical the situation is," he added.