‘Racial’ boycott will spook investors, stall economic reforms, warn business experts
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KUALA LUMPUR, May 20 — Putrajaya cannot turn a blind eye to the call by Malay groups to boycott Chinese businesses as the campaign risks derailing the government’s economic transformation plans that could further slow down Malaysia’s growth, corporate leaders and an economist have warned.

The Malay and Chinese Chambers of Commerce, as well as economist Yeah Kim Leng, said the federal government needs to step in immediately to arrest the campaign they separately described as “unhealthy, childish and racist” from gaining ground and further spooking foreign investors even as Malaysia’s gross domestic product (GDP) grew just by 4.1 per cent for the first quarter of the year due to the political overhang resulting from delayed elections.

“It will not just give impact in our country, but potential investors will also reconsider this kind of race issue in the market and businesses,” Yeah, who is chief economist at RAM Holdings Bhd, told The Malaysian Insider.

“For businesses, they will suffer the boycott. The result could dampen the national income, and dampen growth, make a lot of people lose job opportunities,” he said.

Yeah also cautioned that such a boycott had far-reaching results than the proposers may have first imagined as the discriminatory campaign would eventually affect all ethnicities.

Unless steps were taken to strongly “discourage” the instigators of the boycott, investors still wary over the “politicisation of businesses” may choose to explore opportunities elsewhere and this would affect Malaysia’s foreign direct investment (FDI), he said.

The call to buy Chinese goods and services last was mooted last week by several Malay-Muslim groups, including the Muslim Consumers’ Society, who had faulted Chinese voters, whom they saw as being pro-opposition supporters — especially of the predominantly Chinese DAP — for causing the Barisan Nasional (BN) coalition’s weaker score at the May 5 polls.

The campaign “to teach the DAP” a lesson gained publicity after it was played up by pro-Umno bloggers.

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While the new Minister of Domestic Trade and Consumer Affairs Datuk Hasan Malek has said the federal government did not approve of the campaign, he defended the right of the right-wing groups to express their dissatisfaction through a boycott.

Malay Chamber of Commerce (DPMM) secretary-general Hanafee Yusoff said the groups who had called for the boycott had acted purely on sentiment without considering that their actions could harm the national economy.

“In the economy, we are dependent on each other... the impact of something that we want must be studied and discussed,” he said, adding that none of the groups had approached the DPMM before launching their boycott.

“If the boycott can take us forward, I feel there’s no problem... but in my opinion I do not see any positive impact or benefit that we can gain from this call to boycott Chinese businesses,” Hanafee added.

Tan Poh Seng, a national council member in the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), said Hasan needs to take a firm hand and initiate action to end what he labelled a “racist” and “childish” move.

“If about the boycott, he should call the NGOs that want to boycott and tell them this is not right. If the NGOs boycott us, our Chinese businesses, we Chinese may boycott the others,” he said, adding, “it’ll never stop. Who’ll be troubled? The people.”

“He should say, ‘the election is over. He should say ‘look forward. Like we say, ‘now let’s look forward, not look backwards’,” he added.

Like Yeah, Tan urged the politicians to prioritise the economy and ensure it would grow.

Economists have trimmed their forecast for Malaysia following Bank Negara’s announcement of the 4.1 per cent slower-than-expected first-quarter growth.

CIMB Economics Research revised downwards its annual growth forecast to 5.1 per cent from 5.5 per cent, saying it expected domestic demand to sustain the economy, aided by the implementation of the government’s Economic Transformation Plan (ETP) projects including construction of the 51km city rail line here.

Such a forecast had been given last month by economist Datuk Dr Mohamed Ariff Abdul Kareem, a former executive director of the Malaysian Institute of Economic Research.

He predicted the country’s economic growth was likely to be a moderate five per cent this year from 5.6 per cent last year due to external factors like the euro zone crisis.

This despite the six per cent forecast economic growth in the Asia-Pacific region, up from 5.6 per cent in 2012, which is still slower than the average growth of eight per cent before the global financial crisis that struck in 2008, the United Nations Economic and Social Commission for Asia and the Pacific said last month.

International Monetary Fund managing director Christine Lagarde had expressed concerns last November about Malaysia’s stagnant FDI inflows, high public debt and risks of income inequality.

Malaysia’s debt has also hit 53 per cent of the GDP — close to the ceiling of 55 per cent — up from 43 per cent in 2008.

Source:
http://www.themalaysianinsider.com/malaysia/article/racial-boycott-will-spook-investors-stall-economic-reforms-warn-business-experts/