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( PRIME MINISTER )

EVENT: THE NEW STIMULUS PACKAGE TO SUSTAIN ECONOMIC GROWTH

VENUE: PRIME MINISTER'S OFFICE

DATE: 25 SEP 2001

TIME:

The world economy appears to have taken a negative turn following the recent events in the United States. A global economic slowdown appears imminent. As an open economy, this will have its implications on the Malaysian economy.

The Government has, therefore, decided to implement a stimulus package with the following objectives:

- Generate economic activities with spin-off effects.
- Expedite implementation of existing and new small-scale projects that will generate business and income opportunities for small contractors and enterprises.
- Cushioning the implications on the poor and other less advantaged segments of the society from the impact of the economic slowdown.
- Reduce impact of the slowdown by encouraging retrenched workers and the unemployed graduates to attend skill training programmes and assist employers to increase training of their workers who may be retrenched.
- Facilitate private sector growth by removing bureaucratic impediments both in the public and private sectors.

The stimulus package, which will cost the Government RM 4.3 billion, will consist among others the following projects:

- A RM 1 billion allocation for small rural and selected urban development projects.
- Double the current rates for welfare payments under the Ministry of Welfare and National Unity in order to assist poor families. This will cost about RM 80 million per annum.
- Special allocation for upgrading KEMAS tadikas.
- Additional RM 300 million fund for upgrading and maintenance work for Government buildings and quarters and facilities, particularly schools and police stations, and rural infrastructure.

- Additional RM 300 million for the construction of computer labs in 2,000 schools.
- A monthly allowance of RM 500 on temporary basis for 10,000 Degree and Diploma holders to learn IT, Mathematics and languages. This will cost RM 150 million till end of 2002.
- Allocation of RM 150 million for the training of retrenched workers.
- Improve the terms and access to financing under existing special funds for small and medium-scale enterprises.
- Intensified efforts to promote tourism. For this, RM 110 million has been set aside.

The focus of the package is to generate economic activities with the greatest spin-off effects as well as ensure a fair and wide distribution of benefits to a large segment of the population including small Bumiputera contractors and those dependent on welfare assistance.

The package size is RM 4.3 billion. In addition to the measures mentioned above, other measures which are part of the package will be announced during the Budget on 19 October, 2001.

The Government has also taken steps to enhance efficiency of project implementation. Measures have been taken to speed up payments to contractors and remove bureaucratic delays. Weekly meetings are being held between the relevant parties and Government authorities to enhance the Government's delivery system.

With the implementation of this package, the Government is confident that the downside risks to the Malaysian economy can be minimized.