Budget helps SMLs to reinvest in economy

BUDGET 2003 is an indication that the government sincerely cares for and wants to help the small and medium-sized industries (SMLs), said Free Industrial Zone Penang Companies Association president Datuk Wong Siew Hai.

He said the proposals for small and medium-scale companies (SMCs), which included a cut in the corporate tax rate and incentives for research and development as well as reinvestments, would help them grow and become more competitive.

"They will also help those which are experiencing difficult times to reinvest," he added.

Malaysian International Chamber of Commerce and Industry committee member U Chen Hock said the tax cut for SMCs would enable them to bring down the prices of their products.

"This will encourage more multinational corporations (MNCs) to source their products from the domestic market," he said.

"The 10-year tax exemption for MNCs that set up regional distribution and service centres here should help attract other MNCs," he added.

Malayawata Steel Bhd chief executive officer and president Toh Tuan Sun said the allocations, RM963mil for rural infrastructure projects and RM83.5mil for low-cost housing projects, augured well for the steel industry.

"The local steel industry is very dependent on local demand, especially from the construction sector. The allocation will mean stronger domestic demand for steel products," he said.

YLI Holdings Bhd managing director Loh Yok Yeong said the big allocation should provide vast opportunities for businesses involved in supplying materials for infrastructure projects.

"Industries like ours, which manufacture ductile iron pipes, rely very much on government pump-priming measures," he added.

Advanced Micro Devices managing director Sosi Osman sees the budget as focused on building a knowledge-based economy.

"It contains various tax relief measures supporting knowledge-based economic activities. A skilled and trainable workforce will be produced as a result of the budget, which will in turn have a positive impact on foreign direct investment," he said.