KUMPULAN Guthrie Bhd group chief executive Tan Sri Abdul Khalid Ibrahim views Budget 2003 as a balanced, pro-active budget with good incentives that would encourage local corporate players to seriously venture into the international market.

"I believe this is the first budget which provides strong indications that, to remain successful, local companies must broaden their scope and look outward to explore overseas markets for their goods and services," Khalid said.

Despite there being no new incentives for palm oil and its related activities in Budget 2003, he said the proposal that local manufacturing companies be given attractive incentives to export high quality manufactured and agricultural goods and services would be highly welcomed by all parties.

"I believe local manufacturing and plantation-based companies should look more into downstream activities with good export prospects in view of the attractive proposed incentives," he added.

Khalid said Guthrie was also pleased with the proposal that a locally-owned company acquiring a foreign-owned company abroad be granted an annual allowance of 20% of the acquisition cost for five years to acquire high-technology for production within the country or to gain new export markets for new products.

"We are currently looking into the biotechnology and tissue culture related activities, and it is interesting that we can have an incentive for such technology," he added. Referring to the proposal to provide incentives for non-rubber plantation companies that plant at least 10% of its plantation with rubber wood trees, Khalid said: "Although Guthrie is not involved in rubber wood planting, we welcome this move as it will help in the development of integrated industries such as furniture and rubber gloves."

West Malaysia Oil Palm Growers Association president Tan Sri Dr J.C. Chang also encouraged plantation-based companies to look into downstream activities with potential for exports.

Citing palm oil, Chang said: "A significant factor which would ensure increasing demand abroad is the recent finding in the US that hydrogenated fats products processed from liquid oils like soy oil and rapeseed oil contain trans-fatty acids that cause coronary heart disease."

It is believed that most major fast food chains in the US are looking for oils free from trans-fatty acids. Palm oil would be the answer.

"This new development is sure to increase palm oil sales in major liquid oils markets such as the US, Europe and South America, and will have a long-term effect on palm oil demand," he added.