

Sogoshoshas have to earn the incentives'

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SHAH ALAM, Tues. — Malaysian sogoshoshas must show an increase in trade volume before they can qualify for Government incentives and assistance to support their international trading operations, Datuk Seri Dr Mahathir Mohamad said today.

In addition, they must find new markets, he told reporters after launching the Malaysian Trans-na-

tional Trading Corporation (Mattrra) here.

Trading houses had sought from the Government a wider export credit coverage, changes in exchange control and assistance in obtaining soft loans.

The Prime Minister said that trading with other countries alone was not enough to qualify for incentives as "we have already been trading with other countries."

"If a company exports 10 million tonnes of rub-

ber this year and exports the same volume to the same countries the following year, then we will not provide any form of incentives.

"They must achieve a certain volume of trade and explore new markets before they can qualify for the incentives."

Datuk Seri Dr Mahathir pointed out that in Korea, for example, a company had to obtain \$1,000 million in trade volume before it could qualify as a general trad-

ing company.

On the performance of sogoshoshas here, the Prime Minister said they were not as active as he would like them to be.

"However, they are making some progress. They must involve themselves actively in direct trade and use their own facilities in terms of shipping, insurance, storage and establish more overseas contacts."

Earlier, speaking at the launching of Mattrra, Datuk Seri Dr Mahathir

emphasised that local trading houses must take stock of their limited role in direct international trade and be more dynamic and aggressive in the marketing field.

"Skill is not a prerogative of any nation. Given the same effort and determination, I am sure we can succeed in general trading as we have in the production of commodities."

At the moment, Malaysia had the goods to be marketed but lacked the "marketeers" to provide the bulk of marketing services.

He added that to be competitive in direct international trade, local companies must not only be efficient in terms of cost and service but also be large enough to trade effectively.

The Prime Minister also hoped that more local companies would merge to ensure the effectiveness and success of Malaysian trading houses on the international scene.

However, he warned that cosmetic work alone (changing trading activities to reflect the sogoshosha concept) without substance and commitment could lead to failure.

The emergence of Mattrra and other local general trading companies, he said, should be viewed positively and local companies should give their full support.