

A LEADING INDUSTRIAL NATION

# Malaysia's goal

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By JIMI NGOH

MALAYSIA has given notice that it will be pulling all stops in its effort to become a leading industrial nation.

Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday it hopes, in the near future, to become a leading exporter of a range of items like tyres, precision and industrial products, wood mouldings, and furniture.

"You may call this wishful thinking on the part of a small nation. However, one hundred years ago, many must have also called it wishful thinking when Malaya, as it was then called, harboured dreams of becoming a world leader in rubber and palm oil exports," he told members of the American International Group (AIG) mission at an investment seminar in Kuala Lumpur.

On the recent concessions allowing foreign investors who come into the country over the next four years until December 1990, to retain 100 per cent con-

trol of their companies if they produce new products for export, Dr Mahathir said this shows the country is pragmatic in its approach.

The world is going through a bad period, the country's commodities are not fetching the prices expected, and growth which has long been taken for granted in Malaysia is not taking place.

"Our emphasis now is on wealth creation rather than wealth distribution. We are sure we can manage our social engineering when the economy recovers, but it will not be at the expense of those who come when they are most needed," he said.

For the next decade, Dr Mahathir pointed out, Malaysia's development emphasis will be on export-oriented industries, with particular focus on priority industries selected on the basis of world comparative advantage, manpower development, and the acquisition of certain technological capabilities.

"Although our aspirations may appear immodest, we are modest enough to recognise that we cannot achieve all these by ourselves.

"We recognise the need for capital investments, technological capability, management know-how and entry into world markets. For these we need foreign investors," he said.

As he pointed out, the Government of Malaysia has always recognised the key role that foreign investments play as the engine of growth in economic development. The Government, he said, believes that it must work closely with the private sector in order to facilitate business.

"We have coined the term Malaysia Incorporated to describe this close relation. Admittedly it is not very original, but it has helped the bureaucracy and the business community to change their attitudes toward each other," Dr Mahathir added.

The Government is also

trying its "level best" to deregulate though it is not possible to do away with regulations altogether.

While the protection afforded by some well thought-out regulations is still necessary, he said the Government is trying its best to do away with unnecessary bureaucratic processes and regulations.

Trade and Industry Minister Tengku Razaleigh Hamzah also told participants at the seminar that with the trend for more and more companies to look internationally when they are considering production expansion, investment has become more like a cooperative effort to exploit new opportunities on the basis of "equality, fairness and mutual benefits."

That, he said, is why the Malaysian Government has reviewed various legislations, conditions and administrative arrangements to liberalise the environment for private investment.

Various incentives have also

been reviewed to put Malaysia on a more competitive investment position and many more measures are under review, particularly to provide the necessary boost to the priority industries that have been identified under the Industrial Master Plan.

Tengku Razaleigh emphasised, however, that this new approach to foreign investment does not just cover equity injection, but all three major elements of the investment process — capital, management and technology.

"Therefore, besides capital, we also need effective transfer of both the technology and the fundamental skills to give our economy the necessary roots for self-sustaining growth," he added.

Tengku Razaleigh and officials from his ministry later held a dialogue with the investors — the first following the relaxation of rules last week allowing 100 per cent foreign ownership of new investment.