

Chances of Perwaja reviving plant good

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SATISFIED with the performance of Perwaja Trengganu in the last one year, the Government is looking favourably at the company's proposals to revive the plant as an integrated steel mill.

Prime Minister Datuk Seri Dr Mahathir Mohamad said in Kemaman, Terengganu, yesterday the Government will give full consideration to the company's plan to revive the direct reduction (DR) unit to produce hot briquetted iron (HBI) if Perwaja continues to perform well.

The Government, Datuk Seri Dr Mahathir said, will also look into the viability of Perwaja's other proposals.

"I have been receiving monthly reports from the management and I am satisfied with its recent performance. If Perwaja succeeds in doing well, then I am confident that other heavy industry projects can be successful, too," he said at the opening of Perwaja's administrative building, Wisma Waja.

Perwaja recently submitted to the Government a \$700 million five-year plan to revive the plant as an integrated steel mill. The proposal includes the re-

opening of the DR plant and the setting up of a hot roll mill to produce high grade wire rods and bars.

The revival of the DR unit is expected to cost between \$250 million and \$400 million while the downstream processing mill will cost some \$400 million. At present Perwaja mainly produces steel billets from scrap, which forms 80 per cent of the raw materials.

Perwaja shut down its DR plant which was installed by Nippon Steel Corp in February 1987 after it failed to produce HBI of the desired quality and specification. However, Perwaja was compensated by the Japanese company.

Last year, it underwent drastic management and corporate restructuring. Datuk Eric Chia was appointed managing director and the Minister of Finance Inc became the largest shareholder.

Datuk Seri Dr Mahathir said the recent recovery shown by heavy industry projects such as Perwaja and Perusahaan Otomobil Nasional (Proton) proves that the Government's heavy industries policy is viable.

He said there is nothing wrong with

the policy but what is badly needed is proper implementation and management of heavy industries.

"Malaysia does not have the necessary technology as this is its first venture into heavy industries but we are willing to learn and borrow the technology from the developed countries," he said.

Datuk Seri Dr Mahathir said while these capital intensive projects had to go through a gestation period before they could prove to be viable, critics were quick to label them as failures.

He added that the Government was again criticised when it decided to change the management of these companies to improve efficiency and productivity.

"We should not be ashamed if Malaysians are bad managers; the point is that we must be willing to learn from others to become good managers. Once this is achieved, Malaysians can be fully responsible for running their own com-

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panies," he said.

Citing Proton and Perwaja as examples, he said both these companies achieved higher profits and production capacity without having to undergo capital injection. They only needed improved management.

He said the Malaysian workforce and industry will be on par with the Japanese, Taiwanese and South Koreans as long as they are willing to learn from the experience of others.

Datuk Seri Dr Mahathir said Malaysia cannot look back but must proceed with its heavy industry plan as this sector has been proven to be the backbone of any industrialised nation.

"Malaysia will not be able to achieve a faster pace of development if it continues to concentrate on agriculture and mining. Industrialisation is the key to modernisation," he said.