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GOVT TO ENCOURAGE PRIVATE SECTOR PARTICIPATION IN HEAVY INDUSTRIES

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PETALING JAYA, SEPT 18 (BERNAMA) -- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY THE GOVERNMENT WILL ENCOURAGE GREATER PRIVATE SECTOR PARTICIPATION IN THE DEVELOPMENT OF HEAVY INDUSTRIES THROUGH PRIVATISATION OR JOINT VENTURES BETWEEN LOCAL AND FOREIGN INVESTORS.

UP TILL NOW, HE ADDED, IT WAS THE PUBLIC SECTOR THAT HAD PLAYED A LEADING ROLE IN FINANCING THE DEVELOPMENT OF HEAVY INDUSTRIES EITHER DIRECTLY OR THROUGH JOINT VENTURE WITH THE PRIVATE SECTOR.

+WE HOPE THE PUBLIC SECTOR PARTICIPATION WILL BE REDUCED TO THE LEVEL OF PROJECT IDENTIFICATION AND THE CREATION OF OPPORTUNITIES FOR PRIVATE INVESTMENTS,+ HE SAID AT THE SIGNING OF AN AGREEMENT BETWEEN PERWAJA STEEL SDN BHD AND A FOREIGN CONSORTIUM HERE.

DATUK SERI DR MAHATHIR ADDED THAT MALAYSIA WOULD BE AN ATTRACTIVE LOCATION FOR FOREIGN MANUFACTURERS OF DOWNSTREAM PRODUCTS WITH THE AVAILABILITY OF QUALITY STEEL AT COMPETITIVE PRICES PRODUCED BY PERWAJA STEEL COUPLED WITH THE COUNTRY'S INVESTMENT INCENTIVES AS WELL AS RECORD OF POLITICAL STABILITY.

WITH THE COMPANY'S NEW DIRECT REDUCTION PLANT COMING INTO FULL OPERATION, THE TOTAL PRODUCTION WOULD BE INCREASE TO 1.2 MILLION TONNES OF SPONGE IRON PER ANNUM, HE SAID.

THE DIRECTLY REDUCED IRON WHICH THE PLANT WOULD PRODUCE WOULD ENABLE ITS BILLET PLANT TO PRODUCE A WIDE RANGE OF STEEL -- FROM THE VERY HIGHEST QUALITY STEEL TO THE STANDARD RANGE USED FOR CONSTRUCTION.

DATUK SERI DR MAHATHIR SAID THIS WOULD OPEN A WHOLE NEW AREA OF OPPORTUNITIES FOR PERWAJA IN VARIOUS DOWNSTREAM ACTIVITIES WHILE FOR THE NATION IT WOULD MEAN THAT THE TRUE AGE OF INDUSTRIALISATION HAD BEGUN.

+FOR NO COUNTRY CAN REALLY BE CONSIDERED AS INDUSTRIALISED IF IT LACKS A REASONABLE CAPACITY TO PRODUCE AND PROCESS STEEL,+ HE ADDED.

+ALTHOUGH MANY NEW MATERIALS ARE USED IN MODERN PRODUCTS, STEEL REMAIN THE BASIC MATERIAL WITHOUT WHICH MOST MODERN CAPITAL AND CONSUMER GOODS CANNOT BE PRODUCED.+

DATUK SERI DR MAHATHIR SAID WHEN MALAYSIA DECIDED TO GO INTO HEAVY INDUSTRIES THERE WAS SCEPTICISM ALL AROUND BUT TODAY THAT DECISION HAD BEEN VINDICATED.

APART FROM PERWAJA, THE MOTOR-CAR INDUSTRY, TIN-PLATE PLANT, CEMENT PLANT, MOTOR-CYCLE ENGINE PLANTS AS WELL AS THE HEAVY INDUSTRIES CORPORATION OF MALAYSIA ITSELF HAD BECOME SUCCESSFUL AND VERY PROFITABLE, HE ADDED.

HE SAID THE MOVE INTO HEAVY INDUSTRIES WAS ESSENTIALLY CORRECT BUT THE GOVERNMENT HAD APPARENTLY OVER-ESTIMATED MANAGEMENT CAPACITY TO HANDLE THESE SOPHISTICATED CAPITAL INTENSIVE INDUSTRIES.

+THE MISTAKES HAVE BEEN WELL LEARNT AND WHETHER PRIVATISED OR NOT, MANAGEMENT SKILL MUST BE GIVEN SERIOUS PRIORITY IF WE ARE NOT TO FAIL AGAIN,+ HE ADDED. -- BERNAMA