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JAPANESE FIRMS ASKED TO DEVELOP LOCAL SUPPLIERS

SHAH ALAM, FEB 22 (Bernama) - Japanese companies operating in Malaysia should source components from local suppliers and establish the vendors network locally to reduce costs, Prime Minister Datuk Seri Dr Mahathir Mohamad said here today.

He said Japanese companies could work together with Malaysian manufacturers to develop products which could meet the stringent requirements of export markets.

+This cooperation can even be further extended into the improvement of product price and delivery time.+

+Although efforts to work together with Malaysian companies have been going on for some time, they are however not on a large scale,+ he added at the opening of Canon Opto (Malaysia) Sdn Bhd here, Canon Incorporation's first manufacturing plant in Malaysia.

Datuk Seri Dr Mahathir however lauded Japanese companies which have sent their own engineers to Malaysian manufacturers to help them improve production capabilities and quality.

+But Malaysian companies have been reluctant to invest in additional machinery and even have shied away from taking investment risks.+

+Local companies should take advantage of proposals for co-operation by Japanese companies,+ he added.

Datuk Seri Dr Mahathir added that such proposals for co-operation could also come in the form of joint-ventures between Japanese components and parts suppliers and Malaysian companies, where the risks were shared and technology transfer progressed in a more organised fashion.

Besides developing local suppliers, he said other ways in which Japanese companies could integrate themselves into the Malaysian business network was to continually attempt to source raw materials and intermediate inputs such as sub-assemblies locally and to set up more integrated projects in Malaysia.

He also said that the rapid growth and economic dynamism of this region was undeniable with South-East Asia being an integral part of the East Asian region having a population of nearly two billion people or 37 percent of the world's population, thus representing a huge potential market.

+Japanese business enterprises in this region will be a growing presence, and a long-term one and this presence would only thrive in a politically stable and economically sound environment,+ he said.

+Malaysia provides this environment,+ he said adding that the country had political stability, sound economic policies and good infrastructure, including an educated and trainable workforce,+ he added.

He however said that the development and training of this workforce should be undertaken largely by the companies themselves.

+It is the government's hope that Malaysians will gradually earn better income without hurting the profitability of the companies.+

+The government will work to ensure that investors in Malaysia will never regret their decision. I feel Canon has no regrets,+ he added.

Datuk Seri Dr Mahathir added that Japanese interest in Malaysia has escalated over the years, from 44 project applications with Japanese participation in 1986, the number received last year increased to 229 or more than five times the 1986 total.

Even more impressive was the proposed Japanese capital investment which shot up from \$285 million in 1986 to \$6,738 million in 1990, more than 23 times the 1986 volume.

+While all these numbers and figures are encouraging, more attention should now be directed at the quality of manufacturing projects that are set up by Japanese investors in Malaysia.+

+A growing area of concern among the business communities in the Asia Pacific region, especially among the Asean countries, is that of technology transfer.+

+Technology is much needed to spur our economies towards a higher level of industrialisation and to develop our workforce into one that can handle the changing demands of industry.+

+We believe that Japan can provide that technology,+ he added.

Datuk Seri Dr Mahathir said he hoped that Japanese multinationals in this region would pass on some of their technologies to local companies and that there should not be too much concern over any adverse effect of doing this, for Japanese companies' technology are not static.

+They advance very rapidly and as a result the technologies transferred to Malaysia would not be in a position to challenge the latest in Japanese technologies,+ he said.--Bernama