

# Use perks to boost R&D,' Japanese firms urged

PENANG, Sat. — Japanese manufacturing companies should capitalise on the various incentives provided by the Government to intensify their research and development work in Malaysia, Prime Minister Datuk Seri Dr. Mahathir Mohamad said today.

Their present R&D activities conducted in Malaysia was still small, Dr Mahathir said at the official opening of Sony Electronics (M) Sdn Bhd and Sony Mechatronics (M) Sdn Bhd in Seberang Perai here.

Dr Mahathir said more Japanese companies should also source their components from local suppliers as this would help widen the base for supporting industries. It would also help improve the viability of producers in the sector.

He said Sony's operations in Malaysia where 50 per cent of its components were locally sourced, should be emulated. From his understanding, Dr Mahathir said, Sony was already planning to have some of its R&D done locally.

The Prime Minister said the audio industry employed more than 25,000 people, making it the biggest in the country. The industry's exports rose from \$653.8 million in 1986 to \$3.3 billion last year.

The industry had also created important linkages to other sectors such as plastic moulding, metal stamping, moulds and dies.

He said that 61 companies had had their operations approved since 1986, most of them export-oriented. Most of them are producers on the lower and medium end. Therefore, these companies should consider producing more high-end products soon.