

Consider corporate marriages, PM urges

By AHIRUDIN ATTAN

MANUFACTURING corporations should look at the possibility of corporate marriages as a strategy to go global, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

Such ventures, which combine research and development (R and D) efforts, capital and capabilities of two companies or more, are capable of producing high quality products with the latest technological inputs and can lead to higher technological knowhow among local personnel, he pointed out.

"In view of the expanding world market in the 1990s, this is the right strategy and I'm happy we have a model of a corporate marriage between two leading corporations in the audio-visual field in this country," he said when opening Philips House, the Philips Group of Companies in Malaysia's new Malaysian headquarters, in Petaling Jaya.

In a reference to the recent corporate marriage between Philips of the Netherlands and JVC of Japan, Datuk Seri Dr Mahathir said the venture should set an example for other companies operating in the country. He noted that corporate marriages form part of a globalisation strategy popular among multinationals in other parts of the world.

The Prime Minister added that he

BT 6 AUG 1991

viewed the decision by Philips and JVC to locate their manufacturing facility in Shah Alam as reflective of the confidence of both companies in the prospects of the industry and the nation's economy.

"The Government will continue to provide positive backing for such ventures," he said.

Philips Industries executive vice president Y.G. Bouwkamp, who flew in from Eindhoven for the opening of the company's new headquarters, praised the Prime Minister for his vision on corporate marriages.

"Like Dr Mahathir said, nationalistic-oriented industries are not feasible anymore. Industry people look for joint activities," he said.

Philips Group of Companies in Malaysia chief executive Atok Ilhan said R and D for high technology industries is costing more with the advent of an increasing number of sophisticated products, usually running into billions of dollars. Intercompany, across-the-border cooperation, he added, therefore helps ease capital constraints and, most of the time, produce better results.

"In the end, consumers benefit from such corporate marriages because goods

Cont'd Back Page, Col 6

'Consider corporate tie-ups'

■ FROM PAGE ONE

BT 6 AUG 1991
can be priced cheaper than before," he said.

By next year, Philips expects to manufacture with JVC about 2 million units a year of VCRs and printed circuit board assemblies for export at the Shah Alam. Mr Ilhan said such ambitious target might not have been possible without the corporate marriage.

Apart from its venture with JVC, Philips also carries out R and D with Japanese electrical giants Sony and Matsushita. "These are done behind the

Genes, of course. As far as everybody, including us, are concerned, we continue to be competitors in the market," he added.

Earlier, Datuk Seri Dr Mahathir said the Government is encouraged to note that a shift away from semiconductors has taken place in the electronics industry.

In 1986, 81 per cent of the output by the electronics industry comprised electronics components, 12.3 per cent electronic products and 6.2 per cent industrial electronics. By 1990, howev-

er, the share of electronics components was reduced to 57 per cent while the share of electronic goods and industrial electronics increased to 23.2 per cent and 19.2 per cent, respectively.

With this shift, proposed investment increased to \$4.5 billion (for 164 electronics components, 30 electronic goods and 51 industrial electronics projects) in 1990 from just \$117.5 million (for 19 electronics components, 11 electronics goods and eight industrial electronics projects) in 1986.