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ENTERASEAN MARKET, PM TELLS LOCAL INVESTORS

GURUN (KEDAH), Feb 20 (Bernama) -- Local investors should take the opportunity to enter the fast-developing Asean market, Prime minister Datuk Seri Dr Mahathir Mohamad said today.

They should also develop their own research and development capability so that they would not have to depend only on imported technology, he said at the opening of Perwaja Steel Sdn Bhd's plant: here.

The plant, costing RM400 million, is equipped with one of the most modern technologies in the country, and will produce two basic products -- steel wire rods and steel round bars -- with an annual capacity of 450,000 tonnes.

Dr Mahathir said the aspirations of countries in the region to develop their economies would increase the demand for steel and steel products.

The formation of the ASEAN Free Trade Area would also liberalise trade among Asean nations in the years to come, he added.

He said Perwaja's plant in Gurun was expected to strengthen related industries as well as the export capacity of the country.

Dr Mahathir said steel plants have a role to play in helping the development of engineering and supporting industries.

Exports of iron and steel products from Malaysia rose to RM1.06 billion in 1991 from RM250 million in 1981.

Output of iron and steel products rose to 3.4 million tonnes in 1991 from just 1.6 million tonnes in 1987.

Dr Mahathir said the per capita consumption of steel in Malaysia has risen to 220 kg in 1992 from only 41 kg in 1971.

Malaysia, he said, has been described as a medium-scale steel consumer.

A few years ago, the prime minister said the local iron and steel industry concentrated only in products like billets, bars and rods for the construction industry.

Dr Mahathir said the Gurun plant, which was entering a more sophisticated downstream product sector, would produce higher value-added products.

Perwaja Steel's plant in Kemaman, Terengganu, which will increase its production to 1.2 million tonnes this year from 600,000 tonnes last year, will be the main supplier of raw materials for the Gurun factory.

Dr Mahathir said local producers of steel products need not worry about losing their markets because the steel wire rods and bars produced by the Gurun plant was of high grade quality which not yet produced locally.

He said the production in Gurun was not for construction purposes but as raw materials for producing downstream products such as springs, ball-bearings and hydraulic couplings.

Dr Mahathir said the Gurun plant would help reduce the outflow of foreign exchange because it has been estimated that about 200,000 tonnes high grade steel were imported each year.

He hoped that the establishment of the Gurun plant would encourage more investment into the processing of iron and steel products.--Bernama