

Growth of steel industry to benefit nation, says Dr M

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GURUN, Sat. — The strong growth of the country's steel industry is expected to encourage more investors to venture into downstream metal activities, Datuk Seri Dr Mahathir Mohamad said today.

Such growth would also strengthen the country's export capabilities.

He said steel mills played an important role in developing supporting and engineering industries by assisting them in the fabrication of spare parts and factory components.

The Prime Minister was speaking at the opening of Perwaja Steel's RM685 million rolling mill.

Also present were Kedah Menteri Besar Tan Sri Osman Aroff, Terengganu Menteri Besar Tan Sri Wan Mokhtar Ahmad, Italian

Ambassador Luca Daniele Biolato, Perwaja chairman Tan Sri Zainal Abidin Sulong and its managing director Tan Sri Eric Chia.

Dr Mahathir described the opening of the mill as a landmark in the development of the country's heavy industries.

"Steel and metal industries play a significant development role because they are the input for engineering, transportation, electrical and construction industries.

"Although the contribution of the industry to our manufacturing sector is relatively small, the industry itself is rapidly growing."

In 1987, the production of metal and steel goods was about 1.6 million tonnes. This, however, soared to 3.4 million tonnes in 1991.

"Previously our steel industry concentrated mainly on the production of construction materials like billets, bars, rods, wires, bolts, nuts and engineering materials like tools, moulds, dies and cylinders.

"But today, it is producing more value-added and downstream products."

He was confident that the rolling mill would improve the performance of Perwaja in the industry.

Dr Mahathir said in view of the setting up of the rolling mill, Perwaja's steel mill in Kemaman would step up production from 600,000 to 1.2 million tonnes a year to supply the materials to the Gurun plant.

The plant was expected to

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produce two basic components, wire rods and steel round bars.

The state-of-the-art mill will be able to produce 450,000 tonnes of wires and bars annually.

Dr Mahathir said local metal producers should not fear that the steel market would be dominated by Perwaja.

"The mill will not produce construction materials. It will only produce raw materials for supporting industries to produce spring, ball bearings and hydraulic couplings for the downstream industries."

The country imports 200,000 tonnes of steel. With the opening of the Perwaja rolling mill, the country's foreign exchange could be saved, Dr Mahathir said.

"The reduction in foreign exchange will benefit Malaysians and will pave the way for the production of value-added products.

"This project will certainly improve the country's technological capabilities and assist the nation in achieving the targets of Vision 2020," he added.

The country's export of steel and metal products had increased from RM250 million in 1981 to RM1.06 billion in 1991.

The Prime Minister said the country was now regarded as a moderate steel consumer.

"Per capita use of steel" was 41kg in 1971 and increased to 220kg last year. The overall rate is expected to increase between 10 and 15 per cent annually. Based on this, it is timely that the country has a rolling mill."

Besides the growth in the steel industry, Dr Mahathir said, investors should be attracted to new developments in Asean countries.

"Apart from being among the fastest growing region, the aspirations of Asean countries to develop their economies have increased the demand for metal products.

"The formation of the Asean Free Trade Area will help to liberalise trade among Asean countries."

Therefore the Prime Minister urged local investors to seize the opportunity by exploring the Asean market.

"They should not rely solely on the import of technology. They should develop their own research."

Speaking to newsmen later, Dr Mahathir was asked whether the current energy crisis would affect the mill's operation.

He said Perwaja had contingency plans to tackle the problem and that it would not face an energy crisis.

"For one, it has its own power plant and if there is a power shortage they just need to use more water to reduce the temperature of the machinery."