

KUALA LUMPUR, Aug 16 (Bernama) -- Malaysia's best hope, as a small player in the global arena, lies simply in being more competitive, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

This will enable Malaysia to export its products even when faced with protectionist barriers, he told a senior corporate and government executives gathered for the first National Competitiveness Forum, organised by the Ministry of International Trade and Industry and the Malaysian Business Council here.

"We take the issue of competitiveness very seriously," he said.

"We hope to make being competitive a thoroughly Malaysian characteristic, embraced by all segments of society. With this goal in view, we must also accept the need for openness, liberalism and free competition that goes along with being competitive," he noted.

He said Malaysia's success in attaining and sustaining the competitiveness of its exports had resulted in the country being regarded as one of the industrialising countries deserving coverage in the annual World Competitiveness Report.

Mahathir attributed the country's competitiveness to the maintenance of a stable political and social environment and the management of a macro-economic system which was conducive to economic growth, as well as the continuous upgrading of institutional, physical and social infrastructures.

"Other factors such as the stability and competitiveness of our exchange rates, the rates of interest and inflation, financial policies and management and government-private sector relations are all contributory factors which are linked to our success so far," he said.

Mahathir added that increases in wages must be matched with higher productivity, either quantitatively or through moving into the higher value-added economic sectors and activities and to continue to be competitive there.

"Only then can we support our ever-increasing per capita income, higher wages and standards of living," he said.

He added that competitiveness had to be upgraded all the time as any slowing down would result in losing it.

He said developments of the so-called international product life cycle was in fact simply a reflection of the dynamic realities affecting the competitiveness of nations.

"Thus, countries in Western Europe, which used to be world leaders in iron and steel, ship-building and textiles are finding that they can no longer maintain their leadership position," he said.

"They have to upgrade to more sophisticated industries, or go up-market into specific high value-added niches in these industries," Mahathir said, adding that Malaysia, once the world leader in rubber and tin, had to give up these industries and move into manufacturing.

Now, he said, Malaysia had to be on the move again to find niches which were suitable for it and to achieve competitiveness in these niches.

"Relax and the tortoise behind will suddenly be ahead," he warned. --

He also stressed the need to enhance the quality of the labour force via education, training and other forms of human resource development and to improve technological capabilities.

"Currently, with the exception of a few narrow sectors such as research in certain agricultural cash crops like rubber and palm oil, Malaysia is lamentably weak in research and the application of new technology," he said.

"In this regard, although the broad aspirations are clear, Malaysia has still to decide on areas of focus as well as on implementation strategies.

"My view is that we should focus more on development and application than on original research. The returns on these are faster and better than from basic research." -- Bernama