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PM URGES JAPANESE TO INVEST IN NEW HIGH ENGINEERING PRODUCTS

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KUALA LUMPUR, Nov 26⁹³ (Bernama) -- Prime Minister Datuk Seri Dr. Mahathir Mohamad has urged Japanese investors, who in the past concentrated on electronics and domestic appliances sectors, to consider diversifying into new products with high engineering contents.

He suggested that products such as machine tools and precision products should do well here considering the rapidity with which Malaysian workers acquire skills and more so since such goods require less labour inputs.

"With a little bit of in-house training, Malaysian workers would soon acquire the necessary skills," he said at the 10th. anniversary dinner of the Japanese Chamber of Trade and Industry, Malaysia (JACTIM), tonight.

Dr. Mahathir said that although they would cost more than less highly skilled workers in labour intensive industries, they would still cost less than Japanese workers.

To this end, the education policy and the Education Act would be amended and the government, as in the past, would react quickly and positively to the changing needs of Malaysian industrialisation and economy.

He noted that it was opportune again for a second wave of Japanese industrial relocation to Malaysia following the appreciation of the yen for the second time after the Japanese currency's upward revaluation in the mid 80's stemming from the Plaza Accord.

With the continued lower overall cost and high productivity of local labour, he said such relocation should help Japanese industries to overcome both the yen appreciation and the recession in Japan.

Dr. Mahathir also said that a government scheme which JACTIM and Japanese businessmen could play a role was the promotion of a Malaysian vendor scheme in the production of electrical and electronic components.

A similar scheme for the motor industry has worked successfully to the benefit of both Malaysian and Japanese component manufacturers.

He said that JACTIM could help by making known improvements as a result of the government's privatisation policy which has enhanced overall efficiency to potential investors from Japan.

Among these improvements was a leaner and more effective administration due to the rationalisation and restructuring of government departments, and which by reducing its financial constraints has already yielded results.

Ports, airports, highways, telecommunications and electricity were now more efficient and more able to cope with the needs of investors, he said, adding it has enabled Malaysia to compete with countries with cheap labour.

Malaysia, he said, has performed very well in the face of the economic slowdown worldwide with its political stability and skilled and diligent workforce having attracted significant inflows of foreign investment.

"These, together with the relaxation on local equity participation in industries for export have stimulated greater inflow of foreign investment in manufacturing here," he said.

Dr. Mahathir said Japanese investments have generally been rising over the years with 1,045 manufacturing projects, involving a capital investment of about RM16.7 billion approved between 1980-1992, creating some 200,800 job opportunities.

He also said he was happy to note that last year, Japan's proposed investment was the third largest in Malaysia, with 146 manufacturing projects involving investments of RM2.68 billion given the green light by the government.

Compared with investments in terms of fixed assets from other countries, Japan ranked first, accounting for 34.6 percent of total investments in fixed assets of companies with equity participation by foreign investors.

Japan was also Malaysia's largest trading partner in 1992, accounting for 19.6 percent of total trade, but it was down by 2.4 percent, he said adding that Malaysia's trade deficit with Japan had also widened, due mainly to the imports of capital goods, intermediate goods and components largely for Japanese investment projects in Malaysia.

Besides the economies ties, Dr. Mahathir said Japan and Malaysia could benefit substantially if there was good social relations between Japanese businessmen and members of the administration.

He added the private sector, particularly JACTIM members, and government administrators, could help define and formulate a new behaviour pattern that could strengthen further private-public sector relationship, and in the process overcome the impression of Japanese insularity. --

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