

Dr M: High-engineering content

27 NOV 1993

Japan should

invest more

products the right choice

By Manan Osman

KUALA LUMPUR, Fri. — The time is appropriate for a second wave of Japanese industrial relocation to Malaysia, Datuk Seri Dr Mahathir Mohamad said tonight.

The Prime Minister said this time the Japanese investors should consider producing new products with high engineering content in the country as the focus in the past was on electronics and domestic appliances.

He said machine tools and precision products should do well in Malaysia considering the speed with which Malaysian workers acquired skills.

Besides, making such products will also require fewer workers.

He said the revaluation of the Japanese yen following the Plaza Accord in 1985 resulted in a massive relocation of Japanese industries to Malaysia and other countries in Southeast Asia.

He said the yen was once again appreciating.

"Although the industries in Japan are not doing well at present, it is believed that their operations in Malaysia have remained profitable.

"It is again opportune for a second wave of Japanese industrial relocation to Malaysia," Dr Mahathir said at the 10th anniversary dinner of the Japanese Chamber of Trade and Industry Malaysia (Jactim) at the Hilton Hotel tonight.

He said with continued lower overall cost and high productivity of Malaysian labour, such a relocation should help Japanese industries overcome both the appreciation of the yen and the recession in Japan.

Dr Mahathir said the Government would do its best to provide the basic training required for workers.

"Towards this end, the education policy and the Education Act will be amended. As in the past, the Government will react quickly and positively to the

changing needs of Malaysia's industrialisation and the economy," Dr Mahathir said.

He said one Government scheme in 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 motorcar industry had worked successfully to the benefit of both Malaysian and Japanese component manufacturers.

Dr Mahathir said when Malaysia decided to switch from producing commodities to manufacturing, Japanese companies were among the first to respond.

Generally, Japanese investments in Malaysia have been increasing over the years. For the period 1980-1992, a total of 1,045 manufacturing projects involving equity interest from Japan were approved.

The total Japanese capital investment in these 1,045 approved projects amounted to approximately RM16.7 billion, creating some 200,800 jobs.

Dr Mahathir was also happy to note that last year, Japan's proposed investment was the third largest in Malaysia. The Government approved a total of 146 Japanese manufacturing projects last year.

The total Japanese investment in these 146 projects amounted to approximately RM2.68 billion.

He said compared to the investment in terms of fixed assets from other countries, Japan ranked first, accounting for 34.6 per cent of the total investment in fixed assets of companies with equity participation by foreign investors.

The Prime Minister said Japan was also Malaysia's largest trading partner last year, accounting for some

PLEASE TURN TO
PAGE 4, COL. 6

Nation doing well despite recession

□ FROM PAGE ONE

19.6 per cent of Malaysia's global trade.

But he said the total trade between Japan and Malaysia fell by 2.4 per cent due mainly to the import of capital and intermediate goods and components largely for Japanese investment projects in Malaysia.

Dr Mahathir said Malay-

sia had performed very well in the face of the recession in many parts of the world.

"Malaysia's political stability and her skilled and diligent workforce have attracted significant inflow of foreign investment.

"These, together with the relaxation on equity participation in industries for export, have stimulated a greater inflow of foreign investment in manufacturing

here," he said.

He said in order to compete with other countries with cheaper labour, the Government had tried to improve the efficiency of its machinery.

The privatisation policy and the rationalisation and restructuring of Government departments are a few of the measures to create a leaner, more effective administration, he added.