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MAHATHIR URGES STEEL INDUSTRY TO IMPROVE COMPETITIVENESS

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BUTTERWORTH, Dec 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today urged the steel industry in the country to step up competitiveness to meet the needs of the domestic and export markets.

He said the domestic steel industry should be far-sighted because it was expected to face problems such as oversupply, low prices and recession in the customers' industry.

The weaknesses in the steel industry came about because manufacturers around the world usually gave importance to quantity and not quality, he said when opening Malayawata Steel Berhad's steel rods plant and second site for a steel manufacturing plant in Prai near here.

"The industry in Japan also faced oversupply in the 1980s but is still the fittest in the world after the manufacturers launched a diversification programme," he said.

Dr Mahathir said steel manufacturers in Japan enjoyed high returns because of encouraging domestic demand from the automotive, construction and engineering industries. -- more

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"There is great potential in steel fabrication, machine manufacture and engineering if importers had the capacity to obtain supply of local components. Local steel manufacturers should step up linkages between upstream and downstream companies.

"A scheme similar to the Vendor Development Programme established for the electronics industry will enable the upstream companies to obtain credit facilities to help develop the downstream industry," he said.

Dr Mahathir said the need to be more competitive in the export market was all the more urgent with the implementation of the Common Effective Preferential Tariffs (CEPT) of the Asean Free Trade Area (Afta).

"The steel industry should take advantage of Afta by diversifying its products. This will enhance the capacity of the steel industry to penetrate the export market in the region," he said.

He said foreign steel manufacturers considered Malaysia a good base for the manufacture of steel for export in the Southeast Asian region. -- more

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"This region is also expected to experience high growth in demand for flat products following intensive growth of industries using such products," he said.

The market for flat products in Malaysia was between one and two million tonnes annually and this was expected to rise to three million tonnes in the next few years and to five million tonnes by the year 2000, he said.

Dr Mahathir said the chances of growth of the local steel industry was in accordance with the development of the country as an industrial nation in the next decade.

Malaysia would not be able to become an industrial nation unless it had a steel industry which could meet half of its own needs, he said. --

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