

Efforts being made to increase local participation and content

PM: Go into electronics support industries

By Manan Osman

KLANG, Tues. — Local entrepreneurs should be brave enough to venture into electronics support industries in view of their rapid development, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said while the electronics sector was facing a shortage of support industries, it also lacked local participation.

"It cannot be denied that the industries are under the control of foreigners where most of the existing companies are foreign-owned.

"Wholly-owned local companies are small in number and are mostly involved in small contracts or the manufacturing of plastic or metal components," he said at the opening of the Casio Malaysia Sdn Bhd factory at the Bukit Raja industrial area here today.

Also present were Selangor Menteri Besar Tan Sri Muhammad Muhammad Taib, president of Casio Computer Co Ltd Japan Kazuo Kashio and Casio Ma-

aysia managing director M. Nishihara.

Dr Mahathir said efforts were being made to increase local participation in the industry to enable more local companies to benefit from the industry's rapid development.

Towards this end, two criteria had been adopted to enable companies to receive tax incentives if they used local materials and embarked on economic-related development.

He said it was expected that these criteria could help generate economic-related activities between the electronics and other support industries.

"It is the Government's aim to protect the relations between suppliers and the electronics' support industries as this will result in increased integration and higher local content," he added.

The Government also encouraged joint ventures to increase local participation in the industry.

Dr Mahathir said the electronics industry in Malaysia

had been confined principally to the assembly and testing of semiconductors utilising imported technology and material inputs.

Recognising the limitations of the sector and the need to strengthen its structure, the basic thrust of the industry would be to diversify into the production of a wider range of electronic products as well as to create more effective forward and backward linkages.

He said in line with the basic thrust, the following strategies had been adopted:

- accelerating the growth of the non-semiconductor components, consumer and industrial electronic sub-sectors;

- fostering the development of supplier and support industries for the electronics industry and thereby promoting increased linkages and local content;

- encouraging production of higher value-added products through greater

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Success of electronics industry encouraging

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number of electronics projects approved by the Government had also increased rapidly and until last year, 979 companies had been issued licences to produce electronic goods.

He said the industry was also found to have undergone a structural adjustment following changes in

its profile.

In 1984, the electronics component sector contributed 84 per cent of the industry's production, while the consumer electronics sector contributed 12 per cent and the electronics industry sector, four per cent.

But this profile has changed and in 1992, the electronics component sector contributed 43.8 per

cent, consumer electronics sector 26.6 per cent and the electronics industry sector 29.6 per cent.

This, he said, was a result of the restructuring of the industry.

He said the industry had attained encouraging achievements considering that the targets set by Malaysia's Industrial Master Plan for the industry by 1995

would be 61 per cent for the electronics component sector, 24 per cent for consumer electronics sector and 15 per cent for the electronics industry sector.

Dr Mahathir said the achievements, which were better than expected, showed that the investment climate in the country was attractive to foreign investors.