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Mahathir-pioneer (with pix)

DR M URGES FOREIGN COMPANIES TO INCREASE LOCAL CONTENT IN PRODUCTS

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MUAR, June 9 (Bernama) -- All foreign electronic companies will be required to increase the local content in their products and develop linkages with local industries before they can be eligible for tax incentives, Datuk Seri Dr Mahathir Mohamad said today.

The prime minister said the government wanted more local entrepreneurs, particularly Bumiputeras, to venture into supporting industries.

Investors should welcome the conditions as they will enjoy convenient component suppliers, prompt delivery and good technical services, he said in his speech when opening the Pioneer Technology (M) Sdn Bhd at Tanjung Agas, here.

The conditions could also counter the rising cost of components from Japan due to the appreciation of the yen which led to the need to find cheaper sources without compromising quality, he said.

"This is where the small and medium industries (SMTs) can play an important role as suppliers of parts and components to the large companies engaged in the production of final products," he said. -- more

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Mahathir-Pioneer 2 Muar

Dr Mahathir said the step was taken as the government was concerned with the low-level of Malaysian participation and the lack of linkages between the electronics industry and the local supporting industries.

"The basic thrust of the government policy will be to diversify the industry, not only to enable the production of a wider range of electronic products but also to create more effective forward and backward linkages," he said.

He said the government hoped that with the enhancement of sub-contracting relationships with major consumer electronic firms, Malaysian firms would gain through the transfer of technology, especially in the manufacturing and sub-assembly process, quality assurance techniques as well as the operations management know-how.

To enable this transfer of technology, he said, it was important to step up manpower training.

In this respect, he commended Pioneer because despite being only 10 months old, it had spent over RM1 million on management, engineering and technical skills training. -- more

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Mahathir-Pioneer 3 Muar

"This, I believe, reflects the sincerity of the company in enhancing skills development and in facilitating the transfer of technology to Malaysians," he said.

Dr Mahathir also said he hoped that foreign companies in Malaysia would avail themselves of the incentives provided by the government to encourage R&D activities and would eventually set up their own R&D centres in the country.

He also said that great emphasis had been placed on the manufacturing sector, which is expected to be the major source of growth for the next three decades with the electronics sub-sector continuing to be a strong driving force, registering a remarkable output growth rate of 29.6 per cent per annum between 1988 and 1993.

The sub-sector also recorded annual average growth rates of 30.4 per cent and 24.4 per cent respectively in terms of export and employment for the same period, he added.

According to him, between 1991 and April 1994, a total of RM77.7 billion worth of investments had been approved for the manufacturing sector, and of this, foreign investors accounted for RM42.8 billion or 55.1 per cent of total investments. -- more

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Mahathir-Pioneer 4 (last) Muar

Touching on Japanese investment in the electrical and electronics sub-sector, Dr Mahathir said a total of 452 projects involving RM6.9 billion investments were approved between 1980 and April 1994, accounting for 36.5 per cent of total Japanese investments in the manufacturing sector during the same period.

He said the bulk of the industry's output was for export, and last year alone the value was RM46.7 billion, of which RM5.4 billion or 11.6 per cent was made up of audio products.

Pioneer Technology (M) Sdn Bhd produces, among other things, compact disc players, car stereos and amplifiers.

The company presented RM15,000 to Bakti, the charity association of wives of ministers and deputy ministers, RM15,000 to the Johor Spastics Children Association and RM15,000 to the Muar Orphans Welfare Organisation.

Johor Menteri Besar Tan Sri Muhyiddin Yassin, Japanese Ambassador to Malaysia Taizo Nakamura, Youth and Sports Minister Abdul Ghani Othman and Law Minister Datuk Syed Hamid Albar were also present at the ceremony. --

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