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PM TELLS JAPANESE TO SPREAD OUT AND GO INTO RESOURCE-BASED INDUSTRIES

GENTING HIGHLANDS, July 26 (Bernama) -- Prime Minister Datuk Seri Dr. Mahathir Mohamad has called on Japanese investors to locate outside the ~~Klang Valley~~ where development is still lagging behind other parts of the country.

He said it would be particularly helpful if Japanese investors were willing to look to the eastern corridor of Peninsular Malaysia and in Sabah and Sarawak.

These places represent some of the most scenic parts of the country and their development was crucial to the prosperity of the economy, he said in his message to the 17th annual conference of the Malaysia-Japanese Economic Association and Japanese-Malaysia Economic Association (MAJECA-JAMECA), which starts here today.

Of the 1,000 Japanese companies in the country as at March 1994, about 85 percent were located in Kuala Lumpur, Selangor, Penang and Johor, while only eight were in the east coast states of Pahang, Terengganu and Kelantan.

The remaining Japanese-related companies were located in Kedah, Negeri Sembilan, Melaka, Perak, Sabah and Sarawak, and one in Perlis.

He said that given the current incentives, there should not be any disadvantage in locating Japanese investments, which have contributed significantly to Malaysia's industrial growth, in this region.

Dr. Mahathir also urged Japanese investors to go into resource-based industries such as food, palm oil-based and timber-based downstream activities, as about 56 percent of them were concentrated on manufacturing.

Of these manufacturing companies, 41 percent were involved in electronic and electrical products, with the next biggest category being in petroleum, chemicals, steel, and non-ferrous metal products.

While the presence of Japanese companies were highly noticeable in non-manufacturing areas such as construction and engineering, followed by their high profile presence in foreign trade and commerce, "it would be good if Japanese companies also focus on other areas of economic activities."

In view of this, Dr. Mahathir urged JAMECA delegates to direct their investments to those areas where greater Japanese presence was still insignificant.

In his message to the conference, Japanese Prime Minister Tomiichi Muruyama said continued expansion of interchanges between Japan and Malaysia, especially in trade and investment, has led to increased economic interdependence between the two countries.

He noted the increasing amount of trade was reflected by the higher number of Japanese corporations relocating to Malaysia, which was particularly notable last year where the number of Japanese companies starting operations in Malaysia rose significantly to 151, bringing the total number of Japanese companies in Malaysia to 1,000.

Meanwhile, JAMECA President, Tan Sri Masami Ishii, in his speech at the opening of the conference, said he believed that Malaysia's trade deficit with Japan was a temporary phenomenon.

He said Japan's export of intermediate and capital goods to Malaysia was picking up sharply because of reinvestment activities by Japanese enterprises, which would ultimately contribute to Malaysia's expansion of its exports.

Ishii said that a Japanese trade mission to promote imports of Asean-made products, headed by Encik Haruna, the chairman of Marubeni Corporation, in October this year, will help improve Malaysia's trade imbalance with Japan.

He also said that based on a questionnaire survey conducted by the Japanese Chamber of Trade and Industry in Malaysia (JACTIM), Malaysia still offered the best overseas investment environment, although China was close at its heels, with the yen forcing many Japanese enterprises to relocate their production bases abroad. -- Bernama