

06 MAY 1996

MALAYSIAN BUSINESSES MUST READY THEMSELVES TO COMPETE GLOBALLY

KUALA LUMPUR, May 6 (Bernama) -- Malaysian businesses must ready themselves to compete against foreign competitors once the country's market is opened up in the future, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

Reminding them that the world in the future would not be isolated but would instead become borderless, he said they should keep their costs low in order to compete globally.

He said although some developed nations were using the World Trade Organisation (WTO) to put pressure on developing countries to open up their markets, the Malaysian government would, for the moment, resist such attempts.

For instance, he said Malaysia was not yet ready to open up its market, especially in financial services.

Big foreign banks, other than those established here, would not mind losing money initially if they were given the opportunity to establish branches locally because their losses could be offset by profits made elsewhere, he said at a dialogue with the private sector organised by the ministry of international trade and industry.

At present, Dr Mahathir said even if a Malaysian bank were to open up a branch in some village in the United States, it would not make any impact because of the small amount of funds possessed by the local entity.

In view of this, he said Malaysia would try to convince other developing countries to resist attempts by developed countries to use the WTO to make it binding for all WTO members to open up their markets.

"We would stand up and fight and we are going to have a tough fight," the prime minister said.

Referring to the establishment of Malaysian brand names, he said the government did not want too many of them like a thousand but 10 would suffice for the moment.

"Too many brands at this stage may be confusing and it may be difficult to sell," he said.

Dr Mahathir said what the government wanted to see was for several local firms to come together to achieve economies of scale and produce quality products with certain brand names like what had been realised by some major foreign companies.

Referring to incentives, he said local companies should not be asking for them to target for the local market which only has a relatively small population of 19 million.

He cited the examples of some component vendors to Proton, the national car manufacturer, who had resorted to importing most of the "child parts" and were only contented on making component shells.

As such, a large percentage of the components was still imported, thus making the national car less competitive when compared with those made in South Korea.

Answering a question from the floor on the 60 percent Bumiputera housing quota in Melaka which was higher when compared with the 30 percent in other states, Dr Mahathir said he would look into the matter.

He said the government could not do away with the quota because it would not be good if a particular housing estate consisted of people only from a particular race.

Referring to the levy of RM100,000 on purchases of certain types of

real estate in the country, he said the government would review the regulations if it was found to have hindered development.

He explained that the levy was imposed to bring about affordable homes for Malaysians which at one time were being snapped up by foreigners because of their higher purchasing power.

The forum was told that there was confusion over the date of implementation of the levy, in which some quarters said it was from Budget Day (Oct 27) last year while some said it would be levied from the date of the approval of amendments to the National Land Code from March 17. --

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