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JAPANESE SHOWS POSITIVE RESPONSE TO MOVE COMPONENT MANUFACTURING TO M' SIA

KUALA LUMPUR, May 6 (Bernama) -- Japanese manufacturers have shown positive response to Malaysia's call to locate some of their component manufacturing companies to Malaysia, Minister of International Trade and Industry Datuk Seri Rafidah Aziz said.

She said initially, the Japanese were slow to the idea because they fear it would lead to a "hollow" in their industrial strength and weaken their international competitiveness.

"We are encouraging the Japanese companies who invested here to produce the components here, rather than import it from Japan," Rafidah told reporters at Parliament House here today.

She said this when asked to comment on new strategies to reduce Malaysia's trade deficit with Japan. In 1995, Malaysia suffered a trade deficit with Japan amounting to RM19 billion.

Rafidah also pointed out that Japanese manufacturers could also locate their component manufacturing plants to other Asean countries so that the cost of the product could be reduced drastically.

Local manufacturers could also initiate plans to execute multi-sourcing of components to help reduce the dependence on importing from one particular country, she said.

"That is why in our frequent trade missions, we brought along local businessmen to seek new sources of components procurement," she said.

On the Seventh Malaysia Plan (7MP), which was tabled in Parliament by Prime Minister Datuk Seri Dr Mahathir Mohamad here today, she said the emphasis to encourage local investment in relation to foreign direct investment of 60 percent to 40 percent would continue.

"We will continue our policy towards this target, and our strategy is to increase both the domestic and foreign investments simultaneously," Rafidah said.

She said the participation of local investors would gear to the production of component and parts manufacturing so that more domestic investment could be generated.

On the question of transfer of technology she said, MITI under the 7MP have been allocated a sizeable amount to address the issue.

"For instance a sum of RM300 million has been set aside to identify new technologies all over the world to bring new technologies back home and transfer it to local manufacturers," Rafidah said.

She also said the multi-prong strategy would include the strengthening of local small and medium size industries to absorb the new technologies from abroad.

"MITI is not only defining what transfer of technology means but also identifying ways and means the technology can be transferred to locals," Rafidah said.

She also said that the industrial sector would be the engine of growth under the 7MP followed by the services and tourism sectors since 81 percent of Malaysia's export would consist of manufactured goods and contribute to about 35 percent of the GDP. -- BERNAMA

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