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IMP: GOVT TO ENSURE MORE LIBERAL AND CONDUCIVE INVESTMENT CLIMATE

KUALA LUMPUR, Nov 28 (Bernama) -- The Second Industrial Master Plan (IMP2), covering the period 1996-2005, will continue to ensure a liberal and conducive investment climate and further emphasise the important role of the private sector.

It would also focus on providing a strong and efficient economic foundation to support the future growth of the manufacturing sector, the Ministry of International Trade and Industry said in the IMP2 report unveiled by Prime Minister Datuk Seri Dr Mahathir Mohamad today.

There are five critical elements of economic foundation -- human resources, technology, financing and incentives, supporting services and physical infrastructure and utilities.

The report said it was essential that these requisite economic foundations be developed as an intergral part of the IMP2 in order to augment the systematic development of industry clusters.

Under the IMP2, policies and programmes would be set in place to further develop and integrate domestic Small and Medium Industries (SMIs) as the critical and strategic link to develop and strengthen cluster formation and increase domestic value-added.

The emphasis in assisting SMIs would be to develop a strategy of promoting production efficiency and consolidate, strengthen and extend the outreach of existing SMI programmes, the report said.

The government would implement the Industrial Linkages Programme (ILP) with goals of integrating local companies into the mainstream of the industrial sector.

Despite the progress made in the manufacturing sector, there were still areas of weaknesses such as the lack of linkages between export-oriented multinationals and local companies.

Towards this end, the government would undertake a review of the current incentive system and the operations of free zones and licensed manufacturing warehouses in order to meet the objectives of IMP2 and to make them consistent with the country's obligation as a member of the World Trade Organisation (WTO).

Similarly, for training and research and development, the government was studying the possibility of giving up-front grants to finance those activities.

However, for certain activities, the government would formulate a new package of incentives, such as for the Multimedia Super Corridor to encourage greater use of information technology.

In line with the effort to enhance Malaysian-owned manufacturing companies in a broad range of activities, the government would formulate a comprehensive support programme to promote the development of such companies in a broad range of manufacturing activities, specifically in the clusters that have been identified to be of strategic importance in the future development of the manufacturing sector. -- BERNAMA

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