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Mahathir-Sony

MALAYSIA'S INDUSTRIALISATION PROCESS TAKES ANOTHER STEP FORWARD

KUALA LUMPUR, March 21 (Bernama) -- Malaysia's industrialisation process took another step forward today when a giant Japanese corporation launched an unprecedented convention here to increase its procurement of parts and raw materials for its manufacturing facilities worldwide.

Commending the move by Sony Corporation, Prime Minister Datuk Seri Dr Mahathir Mohamad said it was heartening to note that the procurement exercise was intended not only for its operations in Malaysia but also for more than 70 of its manufacturing facilities around the world.

He added: "The Malaysian Government certainly welcomes this move as it will help us reduce the deficit in the balance of payment, particularly with Japan.

"Of course, production of these parts in Malaysia will help reduce cost and render your products more competitive."

He was opening the two-day Sony Global Material Business Forum at the Putra World Trade Centre.

In line with its aim to promote business discussions with parts suppliers, Sony also exhibited various parts and materials used for its products at the convention.

Dr Mahathir said Sony's effort to increase local sourcing would help increase the local content in its finished products and also spur the development of Malaysian small- and medium-industries (SMIs).

"There is no reason why it pays to manufacture the final products in Malaysia but it does not pay to produce the components of these products in Malaysia," he added.

Despite Malaysia being a major producer of electronic products, he said the industry was still very much dependent on imported inputs.

"Accordingly, serious efforts need to be undertaken by companies in this industry to produce or source these inputs locally," he added.

Given the right encouragement and guidance, Malaysian SMIs can develop into reliable and quality vendors, he said.

"I have been told that currently the Sony group in Malaysia has some 15 SMI suppliers and has plans to develop more. Such commitment is certainly worth emulating by other companies in the industry," he added.

Speaking to reporters later, Dr Mahathir said Sony was not only willing to source supplies locally; there was a possibility it might also assist to build factories to produce the parts.

Permodalan Usahawan Nasional Berhad (PUNB) should give attention to the move and assist SMIs interested to manufacture and supply the parts, he added.

Asked to elaborate how Sony's procurement exercise could help reduce the deficit in Malaysia's balance of payment, Dr Mahathir said it was possible because value-added items would be sourced in Malaysia although certain basic parts such as metal sheets would still have to be imported.

"It is the value-added which increases the cost, even if the thing is just as small as a screw," he said.

Asked if the setting-up of such factories would mean more borrowing from Japan, he said there was no necessity to do so as it involved small industries costing a few million ringgit.

He added: "There's no necessity to have loans from Japan. In fact, I wouldn't advise them because, as you know, the yen may appreciate and you will have to pay more than what you borrow."

"We have the money, capital... it's not the problem, it's the dedication towards the quality that Sony requires. If you want to produce, you must produce well." -- BERNAMA

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