

11 JAN 1996

PM TELLS M'SIAN FIRMS TO CUT COSTS TO BE MORE COMPETITIVE

KUALA LUMPUR, Jan 11 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today reminded Malaysian companies not to be complacent in terms of cost-cutting and asked them to amine ways how they can cut costs further.

"If we can reduce costs, then we can export more. When we can export more, we can reduce the (country's) deficit," he said at a dialogue session in conjunction with the national economic forum here.

Citing the case of Perusahaan Otomobil Nasional Bhd (Proton), he said it had not been very successful in the international markets except for Britain.

This was because Proton did not have to pay a 10 percent import duty in Britain but if that incentive were to be withdrawn, then the local car manufacturer may not be that competitive in the British market, he said.

For that reason, he said Proton was examining every aspect of its manufacturing process to find out how it could reduce costs.

"You will find that you can reduce costs if you were to examine everything to the minutest detail. You will find that there are things you have been doing or paying which you shouldn't be paying or doing. The government has found that out and it is doing something about it," he said.

Asked whether he saw a need in setting up a special agency to deal with the development of the services industry in the country, he said he could not say "yes" or "no" at the forum but if there was a need, it should be established for the government was open to suggestions.

However, he stressed that it would have to be "more than just a name".

A participant at the dialogue commented that the location of Labuan as an international offshore financial centre (IOFC) was not extremely attractive and that it may take as long as 30 years for it to catch up with Singapore as a financial centre.

The participant also suggested that Pulau Pinang, a location with many similarities to Singapore like the thrift and trading mentality of its people and its comfortable resort-like surroundings, be transformed into another IOFC instead.

Dr Mahathir, in reply, said Labuan should not be compared with Singapore but with IOFCs like Jersey or Guernsey in the Channel Islands.

He said it would not be right to provide special treatment to Pulau Pinang to turn it into a financial centre on par with Singapore as other states may not be pleased.

The government, he said, had given free port status to Port Klang and Langkawi in line with the government's strategy to develop different parts of the country.

Dr Mahathir said Pulau Pinang's free port status was withdrawn following the country's independence after the state had achieved a certain level of development.

He greed that Pulau Pinang was a nice place to live and it has good food. "I like to go there for the +nasi kandar+ but we will have to do something better than +nasi kandar+ in order to attract people there," he quipped.

The prime minister said he was not sure whether people would want to work in a resort all the time.

"Living in a resort tends to make us a little bit lazy. We want to relax and go to the beaches all the time. We may not be concentrating that much on our work. In Malaysia we have to work very hard."

Referring to a call to the government to institute a "Buy Malaysian

First" policy like the "Buy British Last" policy, Dr Mahathir said government agencies and government-owned companies have been told to source their products locally.

But he said the government could not instruct private sector firms to buy local but they should at least be aware of the country's problems and help to reduce the deficit by buying local.

By buying local, these firms could also help to stimulate local industries and reduce the import bill, the prime minister said.

He hoped that Malaysians would show the same kind support for other Malaysian products just like they had shown for Proton cars.

Dr Mahathir said many things could be produced by Malaysian firms, even for large-scale projects, adding that locally-made components for palm oil refineries and turbines could even be exported.

He lamented that fact that many Malaysian firms did not take the trouble to find out whether there were Malaysian suppliers.

In view of this, he said the government was drawing up a list of Malaysian industries, their products and their capabilities.

For instance, he said Malaysians must be aware of the country's capabilities and cited Proton as an example in being a producer of quality automobiles and whose cars were recently voted as being trouble-free in the first and second year in Britain.

Referring to a call that incentives be given to local firms using local products, he said this would further add to the "subsidy mentality".

"Giving incentives meant the government is paying for something which the private sector is not paying," he said.

Responding to a query on whether the government would set up an agency to develop the services sector, Dr Mahathir said he could not say "yes or "no" at the forum but if the situation warranted, it should be set up.

"But it would have to be more than just a name," he stressed. --

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