

18/03/1997

Chemicals group accounts for 76pc of value-added in manufacturing sector

THE Second Industrial Master Plan (1996-2005) earmarks eight industrial clusters for development, including the chemicals group, which together accounted for 76 per cent of value-added in the manufacturing sector in 1995.

By the end of the plan period, the share of these industries in manufacturing value-added is estimated to reach 98.9 per cent.

The eight industrial clusters are chemicals, electrical and electronics, textiles and apparel, transportation, materials, machinery, resource-based and food products and agro-based and food products.

Value-added is one of the key elements underlying the cluster-based industrial development approach of the Second IMP.

Yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia will continue to develop the chemical and chemical products sector in the next 10 years under the Second IMP, in line with Malaysia's strategy to go global.

Dr Mahathir said when opening the W R Grace Packaging (M) Sdn Bhd plant in Kuantan, Pahang that in line with the double manufacturing strategy, the chemical industry will be encouraged to switch to value-added activities.

W R Grace produces specialised shrink film and is also the leading world producer of refinery and polyolefin catalysts, speciality polymer and medical products such as dialysis solutions. These products are in the high-end chemical and medical products sector which Malaysia hopes to develop.

The Second IMP report divides the chemicals cluster into two sub-sectors: petrochemicals and pharmaceuticals. Their contributions to total manufacturing value-added will remain relatively small, but their annual growth during the 1996-2005 period should be rapid.

Petrochemicals, for example, will see a 17.1 per cent growth in its value-added between 1995 and 2000 and 10.3 per cent between 2001 and 2005. Its contribution to total manufacturing value-added is estimated at 8.6 per cent in 2005 compared with 4.7 per cent in 1994. This will make it one of the largest contributors to total manufacturing value-added by the end of the plan period.

Pharmaceuticals will see even faster growth in its value-added, averaging 20 per cent in the 1995-2000 period and 18.7 per cent in 2001-2005. Its share of the total manufacturing value-added, however, will continue to be significantly smaller than petrochemicals: 1.1 per cent in 2005 compared with 0.4 per cent in 1994.

Under the Second IMP, the semiconductors sector (one of the five sub-sectors under the electrical and electronics cluster) is put down as the largest contributor to total value-added in manufacturing. From a 19 per cent contribution in 1994, this is expected to reach 21.6 per cent by 2005.

The wood sector (one of three sub-sectors under the resource-based and food products cluster) will be another major contributor to total manufacturing value-added; its share in 2005 should reach 8.9 per cent.

Other major contributors to total manufacturing value-added by the end of the Second IMP period are consumer electronics (8.1 per cent), machinery (8.4 per cent), metals (8.2 per cent), and automotive (6.1 per cent).

Aerospace, which comes under the transportation industry cluster, will experience the fastest value-added growth under the Second IMP, from 19.6 per cent in 1994 to 23.8 per cent in 2005. Its share of total manufacturing value-added by 2005, however, will remain relatively small - 1.8 per cent.

(END)