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Dr M: Give large-scale industries a chance to establish businesses

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KUANTAN, Mon. - Prime Minister Datuk Seri Dr Mahathir Mohamad today told State Governments to adopt lateral thinking and forgo early profits from large-scale industries for a more permanent future benefit.

He said State Governments should not be too eager to collect land premiums and impose strict conditions on investors even before their projects were set up as this would scare potential investors away.

He said large-scale industries should be given a chance to establish their businesses before being burdened with financial commitments.

Speaking to reporters after the simultaneous launching of Malaysia Electric Corporation Bhd and the RM4 billion MEC City project in Gambang, about 25km from here, he said it was vital for State Governments not to impose too many conditions such as high land premiums and special privileges on locals.

"Conditions, in addition to those set by the Federal Government, will result in lesser investment and revenue," he said.

In this regard, Dr Mahathir praised the Pahang Government for allowing the MEC City project to be set up on 1,200 hectares of State land on a develop-now-pay-later basis.

Modelled after the "cluster concept", MEC City will conceive and develop 100 per cent made-in-Malaysia products.

Kuala Lumpur Industries Holdings Bhd has a 70 per cent stake while the other 30 per cent is held by Khazanah Holdings Bhd.

The MEC City comprises the right fusion of people, ideas and infrastructure to produce high quality, state-of-the-art electrical appliances for the domestic, regional and international markets.

MEC City, the first of its kind in Southeast Asia, is meant to accommodate a population of over 50,000, encompasses a manufacturing core, support services centres, research and development and training centres, commercial centre and sub-centres, residential and social zones as well as recreation and parkland zones.

Earlier in his speech, Dr Mahathir said the Government would continue to encourage the setting up of large-scale industries.

This, he said, was because only products made by large-scale industries could penetrate the world market.

"It is impossible for small industries to achieve economies of scale as they will be unable to produce enough supply for the global market, provide special allocation for research and development, produce a variety of goods and set up their marketing networks worldwide."

Dr Mahathir said the setting up of the MEC City by MEC Bhd was in line with Government's aspiration for local companies to produce electrical and electronic goods on a large scale.

The Prime Minister also said it was time for Malaysians to have more faith in locally produced goods as they were as good as those manufactured by some multinational firms.

"Malaysians themselves are not willing to accept locally made electrical and electronic goods as they feared that they were of poor quality.

"However, most of the goods which carry foreign brand names are made by local companies through contracts. There are also local companies which have taken over these foreign companies and are producing the goods with foreign brand names," he said, adding that such goods were well-received by Malaysians who had the impression that they were not designed and

manufactured in Malaysia.

Dr Mahathir said there was also a general misconception that electrical and electronic products made in Malaysia would not be accepted by foreigners.

"It is time for Malaysians to have more confidence in themselves. In fact, our products are as good as those imported," he said, adding that the quality of Malaysian products were accepted by foreigners who were willing to buy and use them.

Dr Mahathir also pointed out the importance of research and development for the electrical and electronics industries.

"It is easy for electrical goods to be out of date. Therefore, new innovations to upgrade the products should be constantly sought after getting feedback from consumers.

"Serious attention should also be given to quality."

Dr Mahathir said the money spent on R&D should not be seen as a waste because it was an important element which ensured that the industry would remain alive and the goods, competitive.

He also praised MEC for being the first company to enter into large-scale production of electrical appliances.

He said it would not only improve the standard of living of the people but also provide business opportunities for small and medium-scale entrepreneurs such as the supply of components.

Dr Mahathir said he was confident that large industries in Malaysia had the ability to compete with multinationals.

"The smaller businessmen, instead of setting up backyard industries, could buy shares in these companies."

Asked whether these large-scale industries would be given incentives, Dr Mahathir said:

"There is no incentive necessary other than government support. If we keep thinking of incentives before venturing into business, we will not be able to start any business.

"What we can do to help, we will help. But this does not necessarily mean giving incentives. Incentive means taking away government tax and giving it to the company and then calling it company profit."

The MEC City to be developed on a "cluster concept" features a practical and efficient design capitalising on logistical synergy where all auxiliary manufacturing activities have direct access to the manufacturing core.

The manufacturing core, which comprises more than 20 main factories, is set to produce a wide range of electrical appliances, including home and kitchen electronic goods, telecommunications and information systems as well as audio-visual equipment.

Industries expected to provide services to MEC manufacturing core among others will include those of electrical and electronic components, hardware and industrial tools, metal materials and fabrication, infrastructure and engineering services, light and heavy machinery, material-handling equipment and packing materials.

Also present were Dr Mahathir's wife Datin Seri Dr Siti Hasmah Mohamed Ali, Menteri Besar Tan Sri Mohamad Khalil Yaakob, MEC Bhd president Datuk Seri Teong Teck Lee, Ministers, Deputy Ministers and State executive councillors.

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