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DR M: GOVT STEADFAST IN CONTINUING STEEL INDUSTRY VENTURE

GURUN, May 12 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said the government was steadfast in its decision to continue with the steel industry although there were criticisms whenever a government project faced a crisis.

He stressed that Malaysia should strive to become the top steel exporter in this region.

"We do not just want to be known as a top producer of steel products but as a consistent producer of high quality steel products," he said at the launch of the "Beam and Section" mill and its products by Perwaja Steel Sdn Bhd here today.

By becoming a top quality steel producer, Dr Mahathir said the country need not depend on imported steel products to meet domestic needs.

He hoped that local steel products makers would improve their innovative capability and initiative to produce new products which are needed by the local construction and fabrication sectors.

Dr Mahathir said in order to become a successful industrialised country, Malaysia needed to produce its own steel products.

The prime minister said the the steel industry needed huge investments and and did not guarantee profits within a short period and referred to the experiences faced by steel industries in the United States, Japan and South which underwent a similar process before they made profits.

He said the government's intention in developing the steel industry was because the industry was often used as a yardstick in measuring a country's economic progress.

"Malaysia should realise this and ensure that our steel industry will accompany the country's economic progress," he added.

Dr Mahathir said the demand for steel products in the country was high in line with Malaysia's current rapid development following various development projects like the new Kuala Lumpur International Airport at Sepang, the Multimedia Super Corridor and Cyberjaya.

In view of that, he hoped that Perwaja, as a pioneer in the country's steel industry, would adopt a pro-active stance with regard to various developments and make careful and practical planning aimed at meeting the demand of the local construction industry.

Dr Mahathir admitted that Malaysia was still new to the steel industry but added that "we would have got some expertise after having been involved in it for several years."

He said although Perwaja encountered problems in the past, he believed that the bitter experience would be used as a lesson and guide to steer the company towards success.

"We should not be easily disappointed, surrender or leave things to fate. We need to work hard with full commitment," he stressed.

Dr Mahathir said he felt that Perwaja's workers possessed a high working spirit which would help the company to attain success eventually.

He hoped that this spirit would be maintained because without it "we will not change and will become robots or machines which are only capable of following instructions but without using our minds to think about our work and ways to improve upon our success."

The prime minister also said workers should not work purely for wages but should also work for the satisfaction of seeing their own work and similarly politicians should not work because of money but should have a

desire to see the country progress and become modern like other developed countries.

The "beam and section" division in the complex is the first in Malaysia and it started its first hot run on July 22 last year and went into commercial production three months later.

The plant is capable of producing 700,000 tonnes of finished products annually. These products are currently for local construction but Perwaja Steel plans to export them to neighbouring countries.

Dr Mahathir also witnessed a signing ceremony for the establishment of a steel technology centre between Perwaja Steel and Universiti Teknologi Malaysia.

The prime minister also attended an exhibition at the complex and toured other parts of the complex.

Perwaja Steel, which had faced accumulated debts and losses amounting to about RM6.0 billion, is now managed by a management committee run by Maju Holdings Sdn Bhd.

Under a proposed privatisation arrangement, the government will shoulder Perwaja Steel's debt at about RM2.9 billion.

Since Maju Holdings' involvement in the steelmaker about nine months ago, Perwaja Steel's billet production has been raised to 100,000 tonnes a month from 60,000 tonnes prior to the rescue period.

On a month to month operational basis, Maju Holdings had managed to maintain a nominal operational deficit of RM10 million compared with RM40 million previously.

Late last month, Maju Holdings announced plans to strengthen itself in preparation for Perwaja Steel's privatisation exercise. Maju Holdings' subsidiary, Maju Steel Sdn Bhd, had made a reverse takeover of second board listed company, Kai Peng Bhd, which is also involved in fabrication.

Maju Steel also undertook the acquisition of 32.9 percent stake in Ipmuda Bhd, a company involved in steel products distribution. -- BERNAMA

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