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Mahathir-SMIs

EMULATE JAPAN AND SOUTH KOREA, MAHATHIR TELLS ASEAN SMIs

KUALA LUMPUR, Aug 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has called on small- and medium-scale industries (SMIs) in Asean countries to emulate Japan and South Korea in forming inter-firm linkages with larger counterparts.

He said these linkages were important in strengthening the industrialisation base of the economy and providing market access and cross-border transfer of technology.

"Unlike some East Asian countries like Japan and Korea, the SMIs in most Asean countries are still weak in terms of inter-linkages with larger counterparts," he said.

Asean presently groups Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

It was therefore their task to learn from these countries and try to adopt and adapt the strategies to suit the requirement of each country, he said when opening the Asean-East Asian Business Forum at the Putra World Trade Centre (PWTC) here.

In the new millennium, SMIs must assume a greater role in enhancing the economy of Asean and the East Asian countries, he said.

He said the demand of market liberalisation of global trade and economies provided challenges and opportunities for SMIs.

He said the SMIs must not only concentrate on building up entrepreneurial expertise but also competitive and be prepared to undertake changes to survive the competition and respond flexibly to market needs.

Dr Mahathir said SMIs must be able to keep abreast with changes in the international trading environment and produce and export world-class products in order to remain competitive.

They must adopt a global perspective of manufacturing and marketing, invest in the right type of technology and processes for efficient production and undertake research and development to develop new and improved products to gain significant market share, he said.

"It is for the entrepreneur themselves to use their creativity and innovative strategies to build up their market niches, both domestically and globally, rather than just depending on government assistance and facilities to spearhead their development," he said.

Dr Mahathir said the competitiveness of SMIs could no longer be relied on cost efficiency alone.

Equally important was the ability to offer products, services with higher quality and greater value added, at internationally competitive prices.

He said SMIs constituted more than 80 per cent of the economy worldwide, and therefore assumed an important role in the economic development of both developed and developing countries.

Dr Mahathir said it was envisaged that in a decade, Asean would emerge as a unified Southeast Asia sharing common goals and economic vision into making the region a boon to investors and businesses alike.

"Adjustments need to be made in the way investors and firms operate in the region and under the new trade and industrial environment, they must look Asean as a one larger market and not just relocating themselves just to serve one particular Asean country," he said.

A major challenge to Asean would be to keep international trade open, he said.,

The prime minister said open trading system had been a key factor that supported the development of the Asean region.

As such it was in Asean interest to ensure that the open global trading environment continued to provide a conducive framework to enable the region sustain and further enhance liberalisation efforts, he said.

Dr Mahathir said Asean's new members, Laos and Myanmar, and perhaps Cambodia's entry into the grouping at a later stage, would offer potential investors with an integrated region of economic opportunities.

By then, he said, there should be a more cohesive Asean collaboration in transport, energy and communications, infrastructure development, science and technology, agriculture as well as environmental preservation.

"With the new Asean image and a population of almost 500 million people, the region is poised to be a strong market for investors and businesses in the near future, " he said.

Asean had also been an attractive region for the flow of cross investments both from outside and within the region, he said.

He said Asean economic cooperation have contributed towards its successes and this happened because Asean countries were quick to learn from each other about economic development.

"This success has been more through individual effort although a peaceful environment and frequent consultations have contributed. Nevertheless they have been almost uniformly successful with Singapore, Malaysia, Thailand and Indonesia ranking among the leading top 22 trading nations," he said.

On the forum, he said it provided an avenue for those involved in the manufacturing industries to discuss and share experience in developing the SMI in their respective countries.

He said with such event, industrial linkages between Asean and the East Asian countries would be further enhanced, especially with the realisation that Asean and East Asian countries would indeed be the key to strengthening the global economic interlinkages.

The forum and the Asean SMI Showcase 1997 are jointly organised by Malaysia with the support of the Asean Secretariat and the Japanese Government through the Japan External Trade Organisation (Jetro). --

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