

12 MAY 1997

Mahathir-Steel

GOVERNMENT TO CONTINUE WITH THE STEEL INDUSTRY

GURUN, May 12 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the government is firm in its decision to continue with the steel industry despite there being criticisms when a government project faces a crisis.

He said Malaysia should make an effort to be the main exporter of steel in the region.

"Not only do we want to be known as the main producer of steel products, but that the production of such products are consistent and of high quality," he said at the launching of the "Beam Section" of Perwaja Steel Sdn Bhd here.

With such strength, Dr Mahathir said, the country need not depend on imports of certain steel products to cater to the country's needs.

He hoped that local steel product companies would enhance their innovation efforts and initiate to produce new products which are greatly needed by the local construction and fabrication sector.

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

The prime minister said the steel industry needs huge investments and does not guarantee profits within a short period.

He referred to the experiences faced by steel industries in the United States, Japan and South Korea which underwent a similar process before they made profits.

He said the government strives to develop the steel industry because the industry is often used as a yardstick in measuring a country's economic progress.

"Malaysia should realise this and ensure that our steel industry keeps pace with 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 rapid development following the implementation of various projects like the new Kuala Lumpur International Airport in Sepang, the Multimedia Super Corridor and Cyberjaya.

In this respect, he hoped that Perwaja, as a pioneer in the country's steel industry, would adopt a proactive 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 said.

Dr Mahathir said he felt that Perwaja's workers were highly motivated which would help the company 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 only for their wages but should also seek satisfaction in their work.

The division in the complex is the first in Malaysia. 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 the local construction industry but Perwaja Steel plans to export them to neighbouring countries.

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

The prime minister later visited an exhibition and toured other parts of the complex.

Perwaja Steel, which 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 has 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, 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 per cent stake in Ipmuda Bhd, a company involved in steel products distribution. -- BERNAMA

MFJ SHY RM