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Mahathir-Investors

MALAYSIA TO CONTINUE TO BE ATTRACTIVE TO FOREIGN INVESTORS, SAYS PM

SEREMBAN, Feb 24 (Bernama) -- Malaysia has given an assurance to foreign investors that it is still worthwhile and cost effective to locate their operations in the country.

Prime Minister Datuk Seri Dr Mahathir Mohamad hoped that foreign companies in the country like Samsung Electronics of Korea would continue to expand and diversify their operations.

Opening the Samsung Electronics Complex here, he said that other companies especially from Korea, whether large or medium, should emulate Samsung for its successful operations in Malaysia by setting up high value-added and technology-intensive industries in the country.

Dr Mahathir said that the focus of the Second Industrial Masterplan would be on the manufacturing of semiconductors and high-end components, electronic digitals, professional and industrial equipment and multimedia software.

He said that at present, the electronics industry is generally based on the manufacturing of semiconductors and other components, computer and telecommunications equipment, consumer electronic goods and electrical and electrical industry equipment.

Dr Mahathir said that the added value of some electrical and electronics goods like semi-conductors, computer software, consumer electronic goods and electrical equipment was expected to reach 33.3 per cent in the year 2005 from 30.3 per cent at present.

He said that foreign direct investment was vital in Malaysia's economic growth and development and had contributed significantly to the country's economic growth.

The huge increase in Malaysia's export during the last two and a half decades was due to the contribution and activities of multinational companies, their subsidiaries and affiliated companies, he said.

He said that investments by multinationals especially in the electronics industry had led to the increase in the country's export since the 70s.

"Malaysia has succeeded in not only attracting the multinationals to invest in Malaysia but also in creating conditions conducive for expansion and diversification of operations in line with the growth of their businesses," he said.

Dr Mahathir said the electrical and electronic industries would continue to dominate the manufacturing sector in terms of production, export and labour.

During the second term of the First Industrialisation Master Plan, from 1991 till 1995, the sector, he said, recorded an average production growth of 30.7 per cent per year while its contribution towards export and employment each registered an annual growth of 30.1 per cent and 16.8 per cent respectively.

He said that Malaysia had become the main exporter of consumer electronic and electrical products and semi-conductors.

The industry, he said, remained the main sector in terms of the number of projects and was top in terms of total investments approved.

Dr Mahathir said a total of 215 projects or 27 per cent of the total 782 projects approved for the manufacturing sector were in the electric and electronic sectors.

"The approved projects involved investments totalling RM13 billion,

which is about 38 per cent of the total RM34.3 billion approved for the manufacturing sector," he said.

Dr Mahathir said direct foreign investments totalled RM9.2 billion or 71 per cent while local investments accounted for RM3.9 billion or 29 per cent.

"Although investments from the Republic of Korea were not as large as those from Japan, Taiwan, the United States and Singapore, they have been growing substantially since 1988," he said.

Dr Mahathir also said to stay competitive, Malaysia, through the Second Industrial Masterplan, was now shifting from labour-intensive towards high value added technology industries.

Present at the function were the Prime Minister's wife, Datin Seri Dr Siti Hasmah Mohamed Ali, and Menteri Besar Tan Sri Mohamedd Isa Abdul Samad.

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