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Manufacturers' faith deserves to be commended

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A SURVEY by Bank Negara citing manufacturers' confidence about making more profits this year after a decline last year reflects not a small change in temperament.

Some years ago, lower profits for a particular year would force most manufacturers to come knocking on the doors of ministries.

If it was a particularly bad year, they would start talking about scaling down production or downsizing their manpower.

From findings of the Bank Negara survey, this is certainly not the case with today's manufacturers.

In fact, they saw lower profits in 1996 as nothing more than a hiccup. The more than 300 manufacturers surveyed even said they were happy with the facilities and infrastructure for doing business.

Their confidence seems almost casual, especially since the manufacturing sector reported a decline in profit level from 85 per cent in 1995 to 81 per cent last year.

But such confidence, while admirable, is to be expected. In an economy that has expanded more than 8 per cent in the last decade, and with projections of another 8 per cent growth this year, whimpers and whines would certainly sound odd.

The manufacturers' confidence, nonetheless, deserves to be commended. After all, many economists and analysts have been less bullish after each year of growth registered by Malaysia. After several years of futile wait for the economy to overheat, these experts have now turned to the economic woes of Thailand to warn investors that the end is near for Malaysia's good run.

According to the manufacturers, who include foreign investors, this is not happening.

Based on the survey, a high percentage of manufacturers, including foreign-owned companies are confident the performance of the manufacturing sector will improve this year.

They have painted the rosy picture based on favourable international and domestic economic outlook for the year.

The resurgence of the US economy and opening up of new markets will provide the impetus for Malaysian manufacturers to strive and work towards achieving better economic performance.

The inclusion of three Indochina nations - Myanmar, Cambodia and Laos - into Association of South-East Asian Nations (Asean) this year - will enlarge markets for businessmen and industries in the South-East Asian region, particularly Malaysia.

With several Malaysian entrepreneurs and businessmen having established their business activities in these countries, many more are expected to set up joint ventures or invest following the inclusion of the three nations into Asean.

Regardless of the political instability in Cambodia and internal problems in Myanmar, these countries would still provide business opportunities for Malaysian businessmen and entrepreneurs.

There are also other potential markets that the Malaysian entrepreneurs and businessmen have yet to fully explore such as countries in West Asia, Africa and Latin America.

The recent visits by Prime Minister Datuk Seri Dr Mahathir Mohamad to Turkey, Lebanon, Kuwait, Bahrain, Malawi, Zimbabwe, Botswana and South

Africa will help open up new markets for Malaysian entrepreneurs, including manufacturers, to tap opportunities around the globe. With recovery in the electronics sector, the picture gets even brighter.

With such favourable environment, it would certainly seem that the performance of the manufacturing sector could not but get better. And it is important for the Malaysian economy that its main locomotive of growth continues to power ahead. Last year, manufacturing accounted for 34.4 per cent of the country's gross domestic product.

With the cluster-based approach under the Second Industrial Master Plan (1996-2005), the way has been paved for the sector to surge even stronger ahead in the coming years. The advent of new technology, information technology and multimedia and the Multimedia Super Corridor, and the government's shift from labour-intensive to capital- and technology-intensive industries, would augur well for growth.

But the outlook would look even better if the manufacturers join in the efforts to improve productivity and pay greater attention on research and development efforts. For a country that has set its sights way into the future, it would not suffice for its manufacturers to confine their outlook to the next 12 months.

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