

29/11/1997

Pursuing high-tech industries while encouraging labour-intensive ones

Zainon Ahmad in Tokyo

PRIME Minister Datuk Seri Dr Mahathir Mohamad said Malaysia would continue to pursue hi-tech industries, but it would also encourage labour-intensive ones, especially if the products were meant for export.

Dr Mahathir said: "We will now allow for labour-intensive industries dependent on foreign labour if the products are for export.

"We now have about 1.7 million foreign workers. We will allow a gradual increase if export-oriented industries require a bigger work force."

Dr Mahathir said this at a business dialogue with 40 major Japanese industrialists, manufacturers, financiers and economists here.

The Prime Minister said despite the fall in the value of the ringgit, local costs in Malaysia had not gone up. Wages were still at the old levels even though in foreign currency terms their purchasing power had decreased.

Saying that the situation in the country was still as investor-friendly as ever, he added that workers had not demanded wage increases simply because they were still able to buy the same goods and services before the devaluation.

He said: "It is the intention of the Government to keep wages at the old level through a campaign against waste, unnecessary luxuries and through belt tightening.

"The consumption of non-essentials, especially imported ones, will be reduced to the minimum. The campaign has received the support of people from all strata of society, including the unions and the workers."

Because the country had a relatively small and disciplined population, he said, it was possible for the Government to monitor receipts and expenditures closely to ensure that imported inflation would be minimised.

Dr Mahathir said: "The people have pledged their full co-operation towards a programme to make Malaysia more competitive globally. What does this mean for foreign investors?

"It means that they can produce goods and services in Malaysia at a much lower cost than before. They would either earn more profit or become more competitive in the world market.

"As you know, investors have always found Malaysia a good manufacturing centre because of its efficiency and lower cost. Now the cost will be even lower."

Among the Japanese present were Japan Federation of Economic Organisation (Keidanren) chairman Shoichiro Toyoda and Japan External Trade Organisation (Jetro) president Noburu Hatakeyama.

Also present were industrialists such as Hitachi Ltd president Dr Tsutomu Kanai, Seiko Corporation chairman Datuk Reijiro Miyoshi and Daihatsu Motor Company chairman Takashi Toyozumi.

Others included bankers such as Fuji Bank chairman Toru Hashimoto, Sakura Bank chairman Masahiro Takasaki, Bank of Tokyo-Mitsubishi Ltd president Tasuku Takagaki and Industrial Bank of Japan president Masao Nishimura.

Also present was the economic adviser to the Malaysian Government Tun Daim Zainuddin and Malaysian Ambassador to Japan Tan Sri Mohamed Khatib Abdul Hamid.

Dr Mahathir added that Malaysia would continue to provide efficient handling of investors' needs. Bureaucratic processes would be reduced to the barest minimum and all the old tax incentives and privileges would be

continued.

A business-friendly Government would make itself readily available even at the highest level to resolve any problem that might arise, he said.

(END)