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## Reducing unnecessary imports

ALL involved should seriously consider the Prime Minister's statement on Tuesday regarding the possibility of a restriction on heavy machinery imports in the next budget. Import restrictions are, at best, a short term measure to address the current account deficit in the balance of payments. But as Datuk Seri Dr Mahathir Mohamad reiterated on Wednesday, such a measure has become inevitable. After all, this is not the first time the Government has asked the private sector to reduce unnecessary imports. Eighteen months ago, in February 1996, he stressed, as he had in the past, that the country was still importing equipment for earthworks even though there was enough such equipment around. He asked then, "What is the point of buying new machinery when we already have them?"

The answer points to inefficiency and a basic weakness in the country's monitoring system in the context of its efforts to reduce imports. There are no fast and reliable industrial data to tell the authorities or prospective importers that a certain item is already widely available locally because someone else had imported it earlier. As a result, a lot of machinery and heavy equipment is lying idle in someone's yard, while someone else is busy making arrangements to import more of the the same, probably from the same sources. If the Budget does impose restrictions on the import of heavy machinery, a more efficient system to monitor what is being imported must be set up. This will ensure that industries will eventually have a clear idea of what needs to be imported and what is available locally.

Restricting unnecessary imports apart, the authorities and the industries really need to work out some long-term measures. A lot of ideas have been proposed and discussed but very little has actually been implemented. The Government has been pursuing a policy of incentives and lower taxes, which is meant to enhance the capabilities of industries. A better indigenous capability in the manufacture and supply of goods is a sure means of reducing the trade deficit. At the same time, the Government has been aggressively promoting the growth of local industries, especially small and medium industries, and its own multinational corporations. This will ensure that there is a definite move towards import-substitution activities; components and parts that used to be imported can now be produced locally, thus easing the outflow of funds. Capital goods form around 80 per cent of the country's total imports, and any measure with long-term impact, however small, would go a long way in helping reduce the current account deficit. At the Government-to-Government level, the international trade and industry ministries of Malaysia and Japan have agreed to set up a taskforce to discuss reducing the trade gap between their countries.

The ideas are not confined to these, as the Government has also been promoting exports to address the deficit. Which was why Dr Mahathir commented recently that Perusahaan Otomobil Nasional, the national car producer, is not exporting enough cars. The second national car manufacturer should also look into more export markets, especially in developing countries with whom Malaysia has been enjoying increased trade. The promotion of local industries and Made-in-Malaysia products is also aimed at promoting exports and at the same time sharpening the abilities of local exporters' to compete in the international arena. Industries aside, individuals have also been told to help reduce the imports of

unnecessary items by increasing the demand for local goods. Although consumer goods make up a very small part of the country's total imports, they still amount to some RM30 billion a year.

There are many more ways in which Malaysians can help improve the balance of trade. In fact, according to Dr Mahathir, the Government has identified almost 100 schemes which could, and should, be implemented to reduce imports and bolster exports. But these efforts must be shouldered jointly by the Government, the private sector and every responsible Malaysian.

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