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### Stubborn mindset needs jolt

THE Government's campaign to cut down the current account deficit in the balance of payments is not its only effort that has failed to get full support from the private sector. Other campaigns, including to reduce inflation, regulate foreign worker recruitment, encourage transfer of technology, promote human resource development, and preserve the environment, have also suffered a somewhat similar fate. While most private sector companies have been responsive to such efforts, which are clearly aimed for their own good as well as the well-being of country and the masses, there will always be a handful bent on putting their own interests before anything else.

The disclosure by Deputy Finance Minister Datuk Dr Affifuddin Omar, that some contractors are still sourcing from overseas products that are readily available locally, is a clear example of how selfish and stubborn some quarters can be. Despite repeated pleas and reminders, even from Prime Minister Datuk Seri Dr Mahathir Mohamad himself, these contractors are clearly interested only in their own operations and bottomlines and could not care less if their actions jeopardised the economy. In threatening to blacklist such contractors from being awarded future government contracts, Affifuddin said the Government would have to take firm action to ensure that its efforts are not undermined. Reducing the current account deficit has become a priority of the Government simply because the economy will be in a better position to sustain its expansion in the long term.

One of the economic indicators that foreign investors look at when investing in any country is its current account. A deficit that is anything above 5 per cent of the GNP, the deputy minister said, will not do. Malaysia's current account deficit last year reached RM13 billion or 5.5 per cent of the GNP, which was a sheer drop from RM18.7 billion deficit or 9 per cent of the GNP in 1995. By the first quarter of this year, the country has recorded a trade surplus of RM5.5 billion. Obviously, the measures undertaken by the Government to reduce unnecessary imports and, consequently, bring down the current account deficit are producing results. In two years, Affifuddin said it is hoped that the Government will achieve zero deficit in the current account and by the third year record a surplus. But if more and more private sector firms are going to take the efforts for granted, this objective is not going to be reached.

Affifuddin, therefore, should not hesitate to carry out the threat against contractors who would otherwise continue to source from overseas materials that are available locally. Based on past experiences, only stern measures could jolt some people out of their selfish mindset. Take for example the Government's move to promote transfer of technology, by bringing in renowned builders to enable locals to learn new skills and techniques. Nothing moved until Dr Mahathir publicly criticised the lackadaisical attitude of the local contractors and architects. Similarly, when pushed to participate in research and development, many companies simply made the required allocations and left it at that, until the Malaysian Industry-Government Group for High Technology lambasted their attitude.

If necessary, sterner measures should be introduced. At the same time, though, the various authorities that approve imports of items could step

in to advise the importers if a specific item or material is available locally. There is also need to ensure that the logistics involved in sourcing items, materials or components locally are all in place. Malaysian-made products, for instance, should be cheaper to obtain than the imports while the quality must be at least on par. Otherwise, it would be an injustice to stop people from sourcing from abroad and it would certainly be a bad call to force businesses to pay more for inferior quality. Also, efforts to educate the private sector should not be left to the Government. The various associations can inform their members of the merits of sourcing locally wherever possible. Multinationals and foreign corporations with local operations, many of which have been sourcing products from their countries of origin for years, should also be told to start truly localising their operations.

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