

Source supplies from Malaysia, Japanese stores told

DATUK Seri Dr Mahathir Mohamad has urged Japanese department store companies to source supplies from Malaysia for their stores worldwide.

The prime minister said Japanese department stores had contributed to upgrading of the quality of retail business and overall modernisation of Malaysia.

Dr Mahathir said this in his address at the Japan Department Stores Association's convention in Kuala Lumpur yesterday.

He called on the association members to increase local sourcing from Malaysia, whenever possible, to reduce costs.

"Made-in-Malaysia products are known for high quality and competitive prices. I urge the association to source supplies from Malaysia for your stores worldwide. It would help you remain competitive always," he said.

Dr Mahathir noted that total overseas investments undertaken by the Japan Department

Stores Association members in 1997 around the world amounted to US\$37mil — of which 24% or US\$9mil — was invested in Malaysia.

"This is remarkable coming from four stores located in Malaysia, out of some 85 member stores located all over the world," he said.

Dr Mahathir said that the four stores generated US\$105mil sales revenue or 3.4% of the overseas total sales revenue of association members worldwide.

He said Malaysia was grateful that giant Japanese department stores were operating in the country, namely *Jusco*, *Isetan*, *Sogo* and speciality stores such as *Kinokuniya*, *Maruzen Nihonbashi* and *Mori-Toys* had set up joint ventures here.

Commending *Isetan* for taking up 250,000sq ft business space at KLCC Suria, Dr Mahathir said he hoped others too would be encouraged to invest further in the

country.

The prime minister also said the Japanese department stores were an attraction to tourists.

"We have done away with import duties on most of the goods are retailed in the department stores. Their prices are now lower than in other countries, including Japan. Japanese products, particularly electronics, are very cheap in Malaysia in comparison to the same products elsewhere," Dr Mahathir said.

"Your investments in Malaysia are really an investment for business among tourists to Malaysia. They recognise Malaysia as a shopping haven."

Dr Mahathir also said that through foreign investments, Malaysians themselves had become a more affluent society with high purchasing power, resulting in the country becoming a good market for foreign goods.

"If you look around Kuala Lumpur or any Malaysian city,

you will find a large number of new shopping complexes where all kinds of foreign goods are displayed for sale," he said.

"Although we are now forced to promote Made-in-Malaysia products, the popularity of foreign goods is still very high especially among foreign visitors."

According to Dr Mahathir, in the first seven months of this year, Malaysia's trade with Japan amounted to US\$11.49bil. Exports to Japan were US\$4.64bil while imports amounted to US\$6.84bil.

Last year, the wholesale and retail trade, hotels and restaurants as a group, represented 12.3% of Malaysia's total GDP.

Dr Mahathir said that for the first half of this year, this sub-sector contracted by 1.5% compared to a 7% growth recorded in the second half of last year.

"I am confident that in the long term, this sub-sector will continue to expand," he said.