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MAHATHIR-APPROACH/BM

ACROSS THE BOARD APPROACH CAN RESULT IN LOSSES, SAYS MAHATHIR

KUALA LUMPUR, Dec 18 (Bernama) -- The across the board defensive approach to cut cost, often used by most industries to overcome deteriorating situation could in the long term result in losses, prime minister Datuk Seri Dr Mahathir Mohamad said here today.

Such an approach would not encourage industries to accurately counteract on changes occurring from a crisis, he said at the 1998 Industrial Excellence Award presentation ceremony.

Dr Mahathir said a more profitable long term approach should be taken namely increasing productivity, decreasing processing time, increasing the amount of processing materials and ensuring the quality of products.

With increasing expertise in marketing and production functions, a more competitive and quality products could be marketed, he added.

He said that the government had taken various measures to stimulate the economy and at this stage it was important for industries to adopt positive attitudes and take the necessary actions to steer economic recovery.

One way is to decrease imports, Dr Mahathir said.

According to the external trade statistics, out of the total exports for January to September 1998 which amounted to RM173.6 billion, RM121.4 billion or 70 percent are intermediate goods and RM28.8 billion or 16.6 percent are capital goods.

As such, the prime minister said industries needed to lessen their dependence on excessive imports and replaced them with local products.

Dr Mahathir said the government will always continue to assist industries and local companies through tax incentives, financial assistance and institutional support but excessive dependence on government's assistance could bring about negative effects.

He said the government's had provided help, among others, through the industrial technical assistance fund and vendor programmes but these are temporary and meant to help companies at the initial stage when their capabilities are limited.

Dr Mahathir pointed out that it was a company's responsibility to continue to expand on its own.

As such a form of competitiveness which is stressed upon is Total Factor Productivity (TFP) while information technology (IT) played an important role in maintaining competition at the international level, he said. -- BERNAMA

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