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Call to use local steel has fallen on deaf ears, says PM

WHERE steel is concerned, the Government's call to use local materials has fallen on deaf ears. Last year, industries imported 70 per cent of their steel requirements even though there were sufficient local supplies to meet demand.

Prime Minister Datuk Seri Dr Mahathir Mohamad told a convention of steelmakers and users in Kuala Lumpur yesterday that this does not augur well for the country's steel industry.

He said steel sections (h-beams, channels, angles) used to be wholly imported before 1996 because of the inavailability of these products then, but since last year these products are manufactured locally.

"... there is no reason to use imported steel. But our local industry, especially the traders who stock these materials, does not seem to heed the Government's call to use local materials.

"In 1997, 300,000 tonnes of steel were used in the country, of which at least 70 per cent was imported," Dr Mahathir said.

Opening the Malaysian Structural Steel Association Convention 1998, the Prime Minister said the steel industry has been linked to the success stories of many developed nations.

On this basis, the Industrial Master Plan proposed back in 1982 that a Malaysian steel company, Perwaja, be set up.

"Billions of ringgit have been spent to enable Perwaja to realise the goal of becoming a fully integrated steel mill to produce high quality, value-added products for the automative, engineering and construction industries.

"It had not been a smooth passage but I would say that (Perwaja) is still heading in that direction and with the support from all parties, especially those in the construction sector, I am confident that it will be able to achieve the objective for which it was set up," he added.

However, the domestic steelmaking industry cannot succeed without adequate demand for steel and its related products. Local builders, therefore, should increase the usage of steel in construction and fabrication works, both for economic and environmental reasons.

At present, builders tend to prefer concrete, not only leaving demand for steel relatively stagnant but also posing a threat to Malaysia's beautiful limestone hills on which cement manufacturing depends.

The Prime Minister's speech was read out by International Trade and Industry Minister Datuk Seri Rafidah Aziz.

Dr Mahathir noted that steel has been widely used by builders in the developed nations for a long time.

In Britain, for example, structural steel is used in up to 60 per cent of the buildings, while in the US, construction has depended on steel for decades.

"If Malaysia is looking into the export market, our construction industry must be able to compete in the use of steel for fabrication and construction of all kind," he said.

Dr Mahathir also urged construction industry players to take advantage of the economic slowdown to re-examine their role.

He explained that the industry's growth rate has posted a contraction of 19.2 per cent this year because of slower infrastructure development and the subdued performance of the non-residential sub-sector.

"The virtual IMF (International Monetary Fund) policy adopted by the

previous financial authority in the Government resulted in total stoppage of construction," he said.

Now, he said the Government wants to restart the construction sector but its contribution towards reviving gross domestic product growth would only be seen next year.

"Nevertheless, a start has to be made now and the private and government sectors must collaborate in kick-starting the industry," he said.

Dr Mahathir also said the industry players must consider ways, including industrialisation, to become more efficient and cost-effective.

To move forward, Malaysia must develop and adopt new technologies with reduced need for unskilled worksite labour.

He also said skilled workers could be trained from the local workforce and they should be paid well.

As a result of the economic downturn, Dr Mahathir said Malaysia is left with thousands of unskilled foreign workers and outdated construction techniques.

"Our losses were higher because of our high wastage, low productivity, high labour content, long delivery period, poor workmanship and often low quality products," he said.

He said there are currently 1.14 million legal migrant workers, or some 13 per cent of the workforce in the country.

"If illegal immigrants of 800,000 are included (along with 400,000 dependents), they make up about 2.3 million foreign workers. Although, they have contributed to our economic growth, the social and financial costs are very high," he said.

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