

26/06/1998

Smart partnership will benefit Apec nations' SMIs: Dr M

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THE Asia-Pacific Economic Cooperation (Apec) should adopt a smart-partnership approach to develop cross-border cooperation between its small- and medium-sized industries (SMIs) that will benefit all member countries, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said demand for products of the SMIs must lead to the setting up of these industries in less industrialised member countries.

"Thus, Apec must play a role in developing cross-border linkages so that the markets of Apec will benefit all member countries," he said when launching the SMI Showcase '98 and Apec Cross Border Linkages exhibition in Kuala Lumpur.

Dr Mahathir said capital, management and technology should cross borders to contribute towards the development of technology in less developed countries through the SMIs.

"In the electronics, telecommunications and information technology (IT) industries, the scope for SMIs is considerable. Innovative new products needing venture capital must be given adequate support, not only in terms of finances but through vendor development and the judicious opening of markets.

"Here, the system of royalty payments and copyrights needs to be re-examined. The high royalty demanded and prolonged period of proprietorship of new inventions inhibit the growth of SMIs," he added.

Since computer clones are permissible, Dr Mahathir said other products too should allow for similar cloning.

"This way, the benefit from the research in the electronic, telecommunication and IT industries suitable for SMIs will be better spread to benefit the most number of people.

In the competition between the SMIs of the developed and the developing countries of Apec, Dr Mahathir said each member country should be allowed to retain its competitive advantage.

"Thus, the low-cost labour of the less developed countries should not be regarded as unfair advantage. If it is, then capital, technology, management know-how of the developed countries must also be regarded as unfair advantage.

"If we are not agreeable to retaining the competitive advantages of each group, then we should do away with both.

"It is not fair to expect one competitive advantage to be eliminated while the other is retained," he said, adding experience has shown that when one competitive advantage is combined with the others, the greatest cost benefit will result and in the long run, everyone will benefit, including consumers worldwide.

Saying that there are effectively only two manufacturers of passenger aircraft in the world, namely Boeing and Airbus, Dr Mahathir said both these giant corporations depend more on the supply of parts from small producers of child parts, components and sub-assemblies.

"There are literally millions of these parts and components, meaning there will always be a need for SMIs. Indeed, such is the versatility and efficiency of the SMIs that there has to be not just one producer of a particular part or component.

"Instead, there will be a need for numerous producers producing the same items separately and sometimes in different ways. And when this happens, competition will be stimulated and newer methods of production for greater

efficiency, precision and cost will be developed," he added.

Dr Mahathir also said if combined, Apec economies can be a formidable force that has the potential to mobilise the huge resources towards the pursuit of a common objective which is to help each other's economy to develop and to share the benefits of that development through world trade in real goods and equally real services.

Within Apec, he said Malaysia will continue to work on the three pillars of cooperation already endorsed by the Apec Summit, namely trade and investment liberalisation, trade and investment facilitation, and economic and technical cooperation.

"These are virtuous words but they must be translated into virtuous deeds."

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