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SMIs will always be necessary, says PM

THE Asia-Pacific Economic Cooperation should adopt a smart partnership approach in the cross-border linkage programme involving small and medium scale industries.

Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday the demand for products manufactured by small and medium scale industries should lead to the setting up of such industries in the less industrialised member countries.

Speaking at the opening of the SMI Showcase '98 and Apec Cross Border Linkages at the Putra World Trade Centre in Kuala Lumpur, he cited the electronics, telecommunications and information technology industries as potential areas for the development of SMIs.

"Capital, management and technology should cross borders to contribute towards the development of the less developed countries through SMI.

"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," he said.

In the competition between SMIs of the developed and developing countries of Apec, each 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 and management know-how of the developed countries must also be regarded as unfair advantage."

He said even as giants appeared in every field, there would always be a need for the small and the medium in every industry.

"Although today there are effectively only two manufacturers of passenger aircrafts in the world, namely Boeing and Airbus, both these giants depend more and 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 small and medium industries," he said, adding that this would trigger competition thus resulting in better production methods.

Dr Mahathir also expressed disappointment that high royalty payments and prolonged period of proprietorship of new inventions had impeded the growth of SMIs.

"Here the system of royalty, payments and copyrights needs to be re-examined.

"Since computer clones were permissible, 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."

Dr Mahathir also stressed that Malaysia would continue to work on the three pillars of cooperation already endorsed by Apec, namely in the fields of trade, investment facilitation, and economic and technical cooperation.

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

"If the gains are one-sided or, worse still, if they cause damage to any partner, then the deeds at least should be re-examined with a view to

correcting the manner of their implementation.

"If it is found that the principles are wrong, then we should be prepared to examine or even revise them," he added.

The SMI Showcase and the Apec Cross Border Linkage Programme will provide an ideal avenue for those involved to meet, discuss and share experiences in developing SMIs in the context of establishing smart business partnerships and joint ventures.

The networking and linkages established will form the key towards strengthening global economic linkage within Apec in the next millennium, turning it into one of the most competitive market places.

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