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MANUFACTURING-PRODUCTIVITY

MALAYSIAN MANUFACTURING INDUSTRY HAS POTENTIAL TO COMPETE GLOBALLY

KUALA LUMPUR, Aug 17 (Bernama) -- The Malaysian manufacturing sector has the potential to compete effectively on a global level and this can be realised by stressing on the importance of improving productivity.

In fact, Professor Haruo Shimada from the Economics Department of Keio University, Japan said today electronics plants in Malaysia are actually one of the "powerful plants" in the world in terms of export performance.

"I have examined several manufacturing firms in Malaysia and those companies can actually improve productivity by almost two or three times if they work carefully and energetically together," he said.

"If everyone of them (industry players) can define the target, they should be able to improve productivity and I'm sure they will be able to become a world competitive industry," he said when met after his talks on "Japan's Economic Recovery: An Assessment" here today.

The talks, chaired by Tan Sri Ramon Navaratnam, were jointly organised by the Japanese Chamber of Trade and Industry Malaysia (JACTIM) and the Centre for Japan Studies at the Institute of Strategic and International Studies (ISIS) Malaysia.

Citing an example in the Japanese manufacturing industry, he said the industry went through a "painful self-reform process" during the 1960s, 1970s and part of 1980s.

"Nowadays, the Japanese manufacturing industry seems to have lost some of its confidence and I think we can share our experience," he said.

In his assessment, he said the Malaysian economy had obviously picked up and the signs were made clear when old projects had been revived and new projects are going well.

"I am very glad to see the development (of the Malaysian economy), especially the development of the huge Multimedia Super Corridor project," he said while praising Prime Minister Datuk Seri Dr Mahathir Mohamad's initiative of putting forward the new framework for the information technology industry.

He pointed out that the "luck factor" had helped to improve the economic conditions of several major Asian economies and added that one has to be very careful in determining whether the problem, which was linked to the financial system, was well taken care of.

Shimada said there is a need for a more reliable system for the international financial market so that reckless speculations will not be made and countries will be able to trade more clearly by having the disclosures being made more definite.

"I think there is much that we need to do to improve, for example, the responsibility of lenders and risk management of borrowers.

"The problem is not confined to one individual economy or country (but) I think the total world financial market or industry is in the process of dramatic change with the introduction of very sophisticated information technology," he said.

When asked to comment on the recent bold step by Malaysia to consolidate its financial sector, Shimada said he thinks the step is necessary.

"Whether you like it or not, one has to be strong and competitive in the global market, particularly in the financial market where there is no border.

"You need to be powerful enough and by having financial institutions

being merged into several strong groups, they can compete well in the global economy," Shimada said.

Recently, Bank Negara Malaysia announced that the banking sector will undergo a major consolidation exercise which will result in the creation of six large and strong domestic financial groups each for commercial banking, merchant banking and finance company operations. -- BERNAMA

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