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Go for value-added products, SMIs urged

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MALAYSIAN small-and medium-sized industries (SMIs) must graduate from producing lower-end components and parts to becoming global suppliers of higher value-added intermediate products, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

This graduation to being global suppliers should be achieved as a matter of logical progression, he said.

"The global networking of Malaysia-based multinational corporations (MNCs) should be fully capitalised upon to gain access into the international procurement market," Dr Mahathir said.

The Prime Minister was speaking at the opening of the SMI Development Corp (Smidec) Annual SMI Showcase '99 at The Mines International Exhibition Centre yesterday.

The event has attracted several foreign buying missions, representatives of international procurement offices from Singapore and Hong Kong, and other trade visitors from abroad.

Dr Mahathir said with the extensive application of information and communications technology (ICT) by Malaysian companies, the outreach of Malaysian-made products and services can be extended to the global market, even though they are intended initially to serve the domestic sector.

"Through e-commerce, products of SMIs can not only reach the markets abroad faster but also at lower costs. At the same time, it is the power of ICT that has given the challenges of globalisation the true meaning of doing business in a borderless world," he added.

Against this backdrop, Dr Mahathir said, Malaysian SMIs must rise to face the challenges and changes that are taking place. Products produced today must not only meet the needs and tastes of the domestic market but also adapt to consumers in differing markets.

"What this implies is that SMIs need to shift their focus from being production oriented to market oriented," he added.

Dr Mahathir said quality and competitiveness are fundamental to achieving market acceptance and penetration. At the very outset products and services must be able to meet the rapid changes in international standards and requirements in terms of price, quality, delivery and costs.

"To be able to do this, SMIs should strive to acquire new technologies and upgrade skills to be able to produce essential parts and components to compete with the best in the market," he said.

"The networking and linkages established will contribute towards strengthening Asean economic architecture, turning the region once again into the most competitive growth area in this region," Dr Mahathir added.

The SMI Showcase '99 also features an Asean Match-Making Workshop to foster linkages and joint ventures between large companies and SMIs. Earlier, he said that in a knowledge-based economy, size and scale of operation do not matter as much as before. Both large and small companies stand an almost equal chance of achieving success.

"Indeed, it has been proven by many success stories of breakthroughs in technology, software design and developments made by companies or entrepreneurs who started very humbly and very small," Dr Mahathir said. SMIs should therefore consider going into more and more of this type of skill and knowledge-intensive business activities where the start-up cost is also low, he added.

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