

# Be innovative, local manufacturers told

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LOCAL manufacturers must not depend too much on the Government's protection such as tariffs on imported goods but must strive to produce quality and innovative products to remain competitive in the global market, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"If we are able to produce good and quality products, we would then be able to compete with the rest of the world. That is why the Government has stressed on the importance of research and development (R & D).

"In fact, Malaysia has all the capacity to conduct R & D," he told newsmen after launching MEC Dagang's dealers convention and new corporate logo in Kuala Lumpur yesterday.

Dr Mahathir was asked the reasons for the poor demand for local electrical goods against the sales of national cars such as Proton and Kancil.

"For the national cars, we are giving bigger protection, to the extent some 300 per cent tax is imposed on imported cars, while tax on imported electrical goods is minimal," he said.

To a question whether the Government has preference for local manufacturers to export more of their products, Dr Mahathir replied that this will be good for the country as it will bring in more foreign exchange.

Earlier in his speech, Dr Mahathir said there was no reason why locally-made household products should be left behind foreign-made

products when the country was already capable of producing cars of international standards.

"We want other Malaysian products like air-conditioning units, refrigerators, micro-ovens and other products to be of equal standards in terms of quality and sophistication with foreign made products," he said.

He said the Government has always encouraged the use of locally made products by the people and not to depend too much on foreign goods.

Dr Mahathir said household products are in demand all the time, even as the country is moving into the information technology (IT) era.

"As the people get richer, demand for these products will also continue to rise as they will be seeking for even more modern and sophisticated products," he said.

At the same time, he urged manufacturers of household goods to stress on

R & D to improve the quality and sophistication of their products.

"A lot of inventions and innovations can be made so that the Malaysian brand name products can be on par or better than the imported ones," he said.

Dr Mahathir also urged the local manufacturers to create a new niche market for their products, particularly in the developing countries.

"I foresee the niche for us to penetrate new markets such as in the developing nations. As their people's income increases, they can afford to buy more household goods.

"Although these markets are not so attractive for our electrical products now as the people there cannot afford to buy them, they are still potential markets in future," he said.

On MEC Dagang which was previously known only as MEC, a local manufacturer of electrical goods, Dr

Mahathir said the Government will continue to support the company so that the people will own locally-made household items and contribute to the economic development of the country.

He said MEC was making good progress as its brand-name products were advertised on huge billboards along the expressway but this was halted when the country's economy was struck by recession three years ago.

"Since then, it had to undergo restructuring and new management on the advice of Pengurusan Danaharta Nasional," he said.

MEC has undergone a restructuring exercise pursuant to the Pengurusan Danaharta Act 1998.

In the restructuring exercise, a group of new investors led by FIAMMA Holdings Bhd took over all the manufacturing related assets of MEC through a special purpose vehicle called Sunrise Stream

Sdn Bhd.

FIAMMA, established in 1979, was listed on the main board of the Kuala Lumpur Stock Exchange in 1997.

MEC Dagang, which commenced operations in October last year, was set up to take over and continue the distribution of electrical home appliances under the MEC brand name.

It has an extensive product line comprising of major appliances such as refrigerators, washing machines, air-conditioners, micro-ovens and other cooking appliances, televisions as well as numerous other small appliances.

These products are sourced from its own factories and quality original equipment manufacturers.

In order to better service dealers and customers more effectively, MEC Dagang has set up a network of branches and service centres nationwide. Its projected annual sales for the first year is RM80 million.