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Don't neglect production-based economy, says sec-gen

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WHILE moving into the knowledge-driven economy (k-economy), Malaysia should not neglect the production-based economy, Primary Industries secretary-general Datuk Haron Siraj said.

He said the country should instead capitalise on the k-economy enablers such as the information communication technology (ICT) and intensify research and development (R and D) activities to enhance its comparative advantage.

"Our survival and competitiveness will depend a great deal on our ability to exploit the full potential of the ICT and k-economy.

"The R and D must be intensified and geared towards where we have strengths - in sectors where we have the comparative advantage such as in the agricultural sectors as we have the natural advantages," he said at the opening session of the 4th National Smart Partnership Dialogue in Kuala Lumpur yesterday.

Speaking on Globalisation and Competition, Haron said production-based economy (p-economy) must be given equal emphasis with the k-economy as the production sector has been the driver of the country's growth.

"We should be able to exploit our comparative advantage by moving into R and D and being less dependent on foreign labour.

"Foreign labour will not create a sense of urgency for the private sector to mechanise their production," he said.

Haron said the human resource development in the new economy should be tailored towards promoting more R and Ds in the production sector and the commercialisation of these R and D.

Citing palm oil, he said the R and D activities in the upstream sector have opened up many possibilities to exploit the potential of palm oil.

He said the ability to commercialise these R and Ds have produced various commercial uses of the primary commodity.

Malaysian Industry-Government Group for High Technology joint chairman Tan Sri Dr Omar Abdul Rahman, who spoke on k-economy from Malaysian perspective, said the k-intensified p-economy involves application of knowledge in all sectors of the eight industrial clusters of the Second Industrial Master Plan (IMP2, 1996-2005) through enabling technologies such as ICT, biotechnology and new materials.

He quoted Prime Minister Datuk Seri Dr Mahathir Mohamad who had said that the shift to the k-economy does not mean the abandonment of the country's industrial backbone, which today contributes more than 37 per cent of the country's Gross Domestic Product and provides 30 per cent of all jobs.

Omar, who is also Prime Minister's Department science advisor, defines k-economy as the intensification of knowledge content in all sectors of the economy, traditional and hi-tech and the enabling technologies.

He said the main requirements in k-economy include enhanced capacity to generate, acquire and manage knowledge by the public and private sectors, efficient utilisation of knowledge in all sectors, development of human capital and creation of the right environment for k-economy (the k-economy Ecosystem).

He said some Malaysian companies have already embraced k-economy practices as being promoted under IMP2 and there is a reasonable growth of e and i business start-ups in the country as promoted under the Multimedia Super Corridor.

Meanwhile, Sungeiway Group corporate advisor Tan Sri Ramon Navaratnam called for the change of mindset among the people on the globalisation.

"We must be competitive first, as the adjustment to globalisation is more urgent than we think... we are not being quick enough (to change)," he said when speaking on Globalisation and Competition.

He also stressed the need to resolve the challenge of reconciling the national development policy with the international needs in the globalisation process.

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