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Ericsson to invest RM100m to expand capacity

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ERICSSON Mobile Communications Sdn Bhd will invest RM100 million this year to expand production capacity at its new plant, in line with the expected increase in regional demand for mobile phones.

LM Ericsson president Mr Kurt Hellstrom said Ericsson has already invested over RM250 million to set up and upgrade its mobile phone production plant in Shah Alam.

"When it began operations back in 1997 it was the first mobile phone production plant in Malaysia and South-East Asia. Over 4 million units of mobile phones were produced.

"This new plant is gearing towards producing between 5 to 7 million units of mobile phones per annum," he said at the inauguration of the plant by Prime Minister Datuk Seri Dr Mahathir Mohamad in Shah Alam yesterday.

"We are here to further cement Ericsson's ongoing commitment to partnering the nation. Let me assure you that this is by no means the end of our investments here," Hellstrom added.

In line with the expansion programme, the plant has employed over 1,200 employees - over eight times its original number of 150 employees in 1997 - and this is expected to increase to 2,000 employees by the end of the year.

"With rising employment opportunities, Ericsson hopes to increase the pace of technology transfer to Malaysia. This means the Research and Development Unit, the Malaysian Design Centre, will further grow and is now a part of the global research and development (R and D) activities in the design of new products," Hellstrom said.

"Positioning the R and D unit in Malaysia is a strategic one; it allows us to be closer to the local and regional market and thus able to assimilate and adapt to the requirements of the industry here," managing director Mats Lindskog added.

He said Ericsson's mobile phone production plant uses high local content in its components. There are currently 25 local suppliers to the plant comprising small, medium and large organisations. To date, the local sourcing of raw materials and components has been valued at over RM700 million.

"The combination of good infrastructure, competent resources and support by the Malaysian authorities have helped us achieve and surpass all initial expectations," Lindskog said.

Ericsson is a full communications supplier for network operators and service providers, enterprises and consumers. It has more than 100,000 employees in 140 countries.

The Shah Alam plant is one of 14 Ericsson factories worldwide. It produces about 10 per cent of Ericsson's total worldwide output.

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