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IT-based competitive edge vital, says PM

Eirmalasare Bani

MALAYSIA needs a competitive edge in productivity which is based on information technology (IT) in order to be successful in trade and industry, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

This is because a comparative advantage based on input or natural resources alone can no longer guarantee economic success, he said.

"This has been proven by countries like Japan and Taiwan which are not endowed with natural resources," he said at the 1999 Industry Excellence Awards presentation in Kuala Lumpur last night.

What is increasingly important is a country's efficiency in mobilising resources to manufacture products in the most competitive manner, the Prime Minister said.

For this reason, research and development (R and D) is a crucial element for industries to enhance their operations, including to introduce new products that are well received in the market.

Malaysia's R and D expenditure, which currently stands at only 0.3 per cent of the country's gross domestic product, is still very low compared to that of developed countries.

"Local companies are far behind in their efforts to increase internal R and D capabilities and are too dependent on technology transfers from overseas," Dr Mahathir said.

It is the responsibility of all manufacturing companies to focus on R and D so that the competitiveness of local products can be maintained at home and also abroad.

As it is, most local manufacturers continue to concentrate on contract manufacturing, an approach which cannot guarantee the sustainability and expansion of a market, he said.

"It will only create dependence on the main manufacturer who can terminate the contract anytime," Dr Mahathir added.

Malaysian manufacturers should instead work out short- and long-term strategies to produce and market their own products.

"This is not easy but it is also not impossible. What is needed is determination and proper planning. Smart partnerships can also be established among the manufacturers, exporters, importers and distributors for the overseas market," he said.

A key challenge faced by local manufacturers when effecting their respective strategies is manpower training.

"Each organisation has to ensure that its employees are knowledgeable, skilled, efficient and dedicated in carrying out their jobs and responsibilities," he said.

Workers should be given the opportunity to enhance their skills and expertise, especially in new areas like product designing and processing, IT development and management, and strategic planning.

Dr Mahathir also noted that the manufacturing sector cannot afford to "wait and see" as this may prove costly in terms of lost opportunities.

"For example, if they just stand and watch as foreign companies participate in electronic commerce, which is expected to grow tremendously, they will lose clients and market. We must be prepared to take risks," he said.

Manufacturers should also aim for international certification to widen the appeal of their products while resources must be set aside for their promotion, which may be undertaken in collaboration with public and

private organisations like the Malaysian External Trade and Development Corporation, Dr Mahathir said.

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