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KEIDANREN-MANUFACTURING

KEIDANREN: FIRM UP MANUFACTURING SECTOR FOR CONTINUED GROWTH

CYBERJAYA, March 25 (Bernama) -- Malaysia has to further boost its electrical and electronic, and manufacturing sectors if it wants a smooth and quick transition from a recovery phase back to a rapid economic growth, Keidanren, a Japanese economic grouping, today said.

It said that Malaysia must also have supporting industries which could strongly back up these pillar sectors to become more stronger to face other challenges in the future.

To achieve this, Keidanren chairman Takashi Imai, said Malaysia's human resource had to be well-versed with Information Technology (IT) which he considered as the new economy for the world.

Keidaren is a major Japanese economic group comprising industrial giants like Nippon Steel Corporation, Sony Corporation and Mitsui & Co., Ltd.

"I have learned that Malaysia had taken steps to broaden the base of its economy by introducing new supporting industries like in the manufacturing of various parts and components.

"And it has also embarked seriously on programmes to increase the number of knowledge workers. I think all these are very good," Imai said at a press briefing at the sidelines of Keidanren's 19-member delegation one-day visit to Malaysia.

Malaysia is the mission's last destination, after having visited Thailand, Indonesia and Singapore for seven days to observe the recovery phases in each country and to explore future economic outlook in the region.

The mission also had a three-hour meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad at his official residence in Putrajaya.

Imai said that there are plenty of rooms for Japan to help Malaysia to increase the number of knowledge workers and supporting industries.

"It is also easy for Japan to help Malaysia because of one comfortable factor namely Malaysia had well exceed the 60 percent target of local content in Japanese products manufactured locally," he said.

In the human resource area, more "human exchange" between Malaysia and Japan should be promoted for better understanding of working environment and learning skills in each country.

As for whether or not Malaysia should revise its current selective capital controls, including the pegging of RM3.8 to a US dollar as the country has recovered from the economic crisis, he said: "I think I understand why Malaysia is sticking to the current peg level because it is the best solution it has thus far."

"If Malaysia decides to change the pegging, it will directly go into the currency basket system. In this system, Malaysia could face problem because as much as 80 percent of its total trade with other countries had to be settled in the U.S. dollar, even with Japan," he added.

In assessing the region, he said that Keidanren noted that each country has continuously recorded economic recovery with support coming mainly from larger government fiscal expenditures as well as the strong performing export sectors.

However, Thailand and Indonesia have not been that impressive in terms of the reconstruction and rehabilitation of their banking sectors and proposals on non-performing loans, he added. -- BERNAMA

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