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Move operations to Malaysia, Dr M tells Japanese firms

Hardev Kaur in Tokyo

TOKYO, Tues: Japanese companies and businesses have been urged to migrate some of their costly production facilities to Malaysia to take advantage of the lower costs and stay competitive.

Pointing out that Japanese companies that had previously shifted to Malaysia have done very well, Prime Minister Datuk Seri Dr Mahathir Mohamad said "perhaps there should be a second round" of migration of Japanese industries to Malaysia.

In the 1980s, in the face of the appreciation of the yen or "endaka", many Japanese companies moved their operations to Malaysia and other South-East Asian companies. As a result, the bulk of the production of a number of large Japanese corporations are now based offshore, including Malaysia.

Dr Mahathir, who visited a number of Japanese companies during his working visit here, noted that the Japanese currency has again appreciated substantially against the greenback and efforts to weaken it have so far not yielded the desired results.

The strengthening yen has rendered some of the operations more costly and this has resulted in Japanese goods becoming less competitive in the world market, he said at a press conference today.

However, for the first time there is unemployment and Japanese companies are also concerned with creating jobs at home, the Prime Minister said

Dr Mahathir described his visit as "fruitful", especially with regards to identification of industries which can possibly be developed in Malaysia and contribute to the industrialisation process.

He said even though Malaysia produces components, there are parts that go into the making of these components which are still imported.

While in Japan, Dr Mahathir visited the Matsushita Multimedia Centre here and was briefed on the latest technological developments. He was shown and briefed on the Home Information Infrastructure (HII) centre, a high technology home of the future.

He also toured the AV&CC Systems Square where sound, video and computer data transmission are integrated into a single system called AV&CC. The facility also provides a taste of the wide range of multimedia experience available for the home.

Among other places he visited were the Toyota Higashi Fuji research and development (R and D) centre about 180km outside Tokyo where he tested several hybrid cars, and the Yamazaki Mazak headquarters in Nagoya.

Dr Mahathir even collected brochures on food packaging in recognition of the advanced technology adopted by the Japanese industry.

During his visit, he addressed the Nikkei conference on the "Future of Asia" and also attended the funeral service for the late Japanese Prime Minister Keizo Obuchi.

Dr Mahathir said Malaysian companies still lack R and D, generally preferring to use what has been invented by others. "We are still caught in this trap. We must be brave and use our own ideas and be self-confident".

Malaysians have the capabilities, except that "our minds are closed", he said.

For example, when asked to think differently, the answer is usually "they cannot do it" and would rather do things the old way even though the method may be 100 or 1,000 years old.

The plantation industry in Malaysia, for one, has done very well thanks to R and D. The manufacturing sector by comparison is not doing very much on this front, Dr Mahathir added.

"I would say that if the manufacturing industry places as much emphasis on R and D as the plantation industry, it would achieve the same kind of results," he said.

Companies and businesses should go for long-term rather than just short-term gains as R and D does not yield immediate results, he added.

The Prime Minister was complimented by his hosts for his strong interest in technology, and was asked whether his Cabinet colleagues were just as knowledgeable.

He said this was so as can be seen from the progress achieved in various sectors of the economy.

Dr Mahathir leaves for home tomorrow.

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