

PM: Team up with MNCs for wafer fab projects

By ZARINAH DAUD in Kulim

MALAYSIAN-OWNED companies should establish strategic alliances with multi-national corporations to develop a local wafer fabrication industry, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

Dr Mahathir said interest by multinational corporations (MNCs) was lukewarm although the government had approved six projects to produce wafers. Malaysian companies could work with the MNCs.

The government was prepared to support such projects by providing suitable tax and other non-fiscal incentives, he added.

A local wafer fabrication industry, would further strengthen the semiconductor sector because companies were currently relying on imported wafers, Dr Mahathir said when opening the RM5.5bil Silterra (M) Sdn Bhd, a state-of-the-art wafer fabrication plant at the Kulim Hi-Tech Park.

The Prime Minister said the electronic industry sector was the largest contributor to manufacturing output, value-added, exports and employment.

Last year, he added, the share of the sector in the country's manufacturing value-added was 27.9% and exports of electronic products accounted for 67% of exports of manufactured goods.

Production of electronic products had attracted a major portion of manufacturing investments with RM5.5bil or 35% of total investments in the manufacturing sector approved in the first five months this year, Said Dr Mahathir.

"The future in the semiconductor market is still bright and according to the forecast released by the Semiconductor Industry Association, the market is expected to recover and grow at 21% in 2002, 25% in 2003 and 7% in 2004.

"With this expected growth, the total worldwide sales in 2004 will increase to US\$283bil," he said.

The Prime Minister said the semiconductor segment in Malaysia was the leading sub-sector in the country's electronic industry, contributing RM71.1bil or 33% of the country's total electronic exports last year.

Dr Mahathir said the country's export of electronic products had also increased from RM179.4bil in 1999 to RM212.3bil last year.

However, the country was still dependent on imported components, especially semiconductor wafers, and imports of electronic component products rose from RM109.2bil in 1999 to RM141.9bil last year, he said.