

Industrial output falls in October

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As producers cut production due to slump in exports

KLJALA LUMPUR: The industrial production fell for an eighth month in October as chipmakers and other manufacturers scaled back production and slashed jobs in response to slumping exports.

Production of the country's factories, mines and utilities dropped 9% from a year earlier, the Department of Statistics said, after falling 9.7% in September.

Manufacturing, which makes up two-thirds of the industry, fell 12.6% in October.

Chipmaker, Unisem Bhd and other manufacturers are being hurt by a slump in demand from the US, the country's biggest export market, putting a drag on

economic growth. Exports slid 13% in October from a year earlier after plunging 21% in September the biggest drop in more than

five years.

The economy shrank 1.3% in the third quarter from a year earlier, the first contraction in more than two years, as Unisem, the country's second-largest public listed chipmaker, and units of Advanced Micro Devices Inc and Gateway Inc idled production lines and fired workers.

Electronics exports, which powered economic growth of 8.3% last year, will continue to languish as the US and Japan sink deeper into recession.

Japan's economy shrank 0.5% in the third quarter, according to figures released yesterday, after a contraction of 1.2% in the second.

To counter the decline in exports, the government is boosting spending and cutting taxes to stimulate consumer demand.

Datuk Seri Dr Mahathir Mohamad said yesterday he expects the economy to return to growth in the fourth quarter. The government said the economy will grow 2% for the year as a whole.

Other segments of the industry did better than manufacturing in October, the statistics department said. Electricity generation rose 6.8% from a year earlier, while mining gained 4.8%.

For the first 10 months of the year, industrial production fell 3.5% from a year earlier. Bloomberg