

03 APR 2001

OPP3-Mahathir-Business

BE PART OF GLOBAL VALUE CHAIN, MAHATHIR TELLS LOCAL BUSINESSES

KUALA LUMPUR, April 3 (Bernama) -- Malaysian businesses must strengthen their linkages with multinational corporations in order to take advantage of global outsourcing and be part of the global value chain, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister also said local businesses and institutions should join hands with foreign businesses to form strategic alliances in research and development, product design, production, distribution and marketing.

They should also manufacture capital and intermediate goods in areas where Malaysia has competitive advantage to supplement and substitute for the import of such goods and also for export, he said when tabling the Third Outline Perspective Plan (OPP3) at the Dewan Rakyat here.

Under OPP3, he said the development of small and medium-scale enterprises (SMEs) would be promoted to increase inter and intra-industry linkages and strengthen the industrial base.

To enhance the contribution of SMEs to economic growth, efforts would be taken to improve their financial management and marketing skills as well as strengthen their links with large-scale industries while a specialised industrial zone with support services would also be established for SMEs in order to achieve economies of scale, he said.

Dr Mahathir also said exports, particularly manufactured products, would remain a major contributor to the nation's economic growth.

Besides electric and electronic products, exports of agro-based and resource-based manufactured products are expected to increase with the expansion in domestic processing of agricultural products as well as the development of Malaysia as an international halal food hub.

He said the share of capital and intermediate goods would continue to constitute a major portion of imports.

However, with increased domestic capability to produce some of these goods, including the greater participation of SMEs, imports were expected to grow at a slower rate, he said.

"By 2010, the per capita Gross National Product is expected to reach RM23,610 in nominal terms in an environment of price stability and low inflation," he said.

Providing a sectoral outlook for the next 10 years, he said the manufacturing sector would grow at an average rate of 8.3 per cent per annum with its share of Gross Domestic Product rising to 36.0 per cent by 2010.

Resource-based industries, such as petrochemical, pharmaceutical, oleo-chemical, wood-based as well as food and agriculture products, would be promoted alongside other industries such as automotive, aerospace and fabricated metal products, Dr Mahathir added.

He also said during the OPP3 period, the services sector would be promoted as a catalyst for growth and a potential source of exports to strengthen the balance of payments position.

A more efficient services sector would be developed to promote greater industrial efficiency and competitiveness.

As for the tourism industry, the Prime Minister said focus would not be just to increase tourist arrivals but to encourage them to stay longer, spend more and revisit Malaysia.

Also, "port services will be expanded to make Malaysia a maritime nation. At the same time, efforts will be made to develop KLIA as an

aviation hub for Southeast Asia," he added.

Dr Mahathir said steps would be taken to revitalise the agriculture sector and to enhance its contribution to growth and wealth creation.

Emphasis would be given to food production through greater involvement of the private sector in modern and large-scale farming, particularly in the permanent food production areas.

In addition, new sources of growth would be exploited, particularly in the high value herbal-based products, ornamental fish and floriculture, biotechnology industry as well as agro and eco-tourism, he said.

As for rubber, efforts would be made to improve its viability by increasing yield, promoting latex timber clones, adopting new technologies and integrating rubber plantation with other economic activities.

Efforts to promote reverse investments for food and plantation crops would continue to ensure supply of raw materials to industries and for food while taking advantage of the cheaper production cost and the availability of resources overseas, he said.

Dr Mahathir also said while inflation is to be kept low under OPP3, efforts would also be made to keep wage increases in line with productivity improvements.

He added that measures to encourage automation and labour-saving techniques as well as encourage higher participation of women and retirees in the labour market would be stepped up to reduce labour demand pressures.

At the same time, he said farming activities would be better organised along the lines of the manufacturing industries.

With the economy back on track, the public sector is expected to revert to its role as the facilitator for the private sector, which would be the engine of growth, he added.

The growth rate of the federal government operating expenditure would be lower as a result of prudent fiscal management and efficient use of resources.

Dr Mahathir said priority would also be accorded to human resource development. In line with establishing a world-class public sector, the government would also continue to recruit competent and well-qualified people to enhance the quality of the public service.

-- BERNAMA

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