

30 AUG 2001

MAHATHIR-CHINA

DR MAHATHIR: MSIA MUST FIND EDGE IN NICHE AREAS TO COMPETE WITH CHINA

PETALING JAYA, Aug 30 (Bernama) -- Malaysia will have to find its comparative advantage in certain niche areas amid the rising competition from China, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Nevertheless, the country offers a huge market potential based on its 1.3 billion people once it opens up its markets upon entry into the World Trade Organisation, he said during a luncheon forum organised by the Oxford and Cambridge society of Malaysia.

Dr Mahathir was asked on the increasing investments into China given its imminent entry into the WTO and the effects on Malaysia.

"Obviously, we cannot compete with 1.3 billion very hardworking, skilled workers willing to accept low wages because living costs in China are very low," he said.

"But we have to find a niche for ourselves (and) that is why the government is promoting the Multimedia Super Corridor so that Malaysians can have a slight edge over China," he said.

Touching on Malaysia's attributes, he said that Malaysians were generally well educated and almost of them could speak English which has enabled them to acquire knowledge, especially in the Information and Communication Technology industries.

"That is why the government is pushing our universities to train our people to become knowledge workers.

"Of course, this does not mean China cannot produce knowledge workers, but at least among 1.3 billion Chinese, some of them will be very capable, but we think we have an edge," he said.

However, he said that China needed a lot of things which it could not produce by itself, such as paper.

"Even if the 1.3 billion people in China go paperless, they would still need a huge quantity of paper and they would have to get it out of China (and) that is why China is looking for Malaysia to source paper.

"There are things that China cannot produce but which we can produce and process. You have to find these areas or type of industries that we can supply China with its needs," he said.

Dr Mahathir said that China was going to be a huge market and it may want to keep the market for itself but once it enters the WTO, it has to open up and that would be a huge market of 1.3 billion people from which Malaysia could benefit.

"It is for us to watch the trend and make an analysis and decide in which direction we should go and what areas we should try to penetrate," he said.

The Prime Minister said: "I think Malaysia has the necessary skills and capacity to compete in these areas."

For instance, Hainan has a tropical climate and if the Chinese there want to go to the nearest tropical country or if they want to eat durians, Malaysia is an ideal choice, he said.

Of course there are other things in Malaysia which are also attractive to them, he said.

With this in view, Malaysia is "not going to suffer so much," he said.

Malaysia has already accepted that China is going to be a great economic power and as a great economic power, it will become a world power, he said.

He said that Malaysia has also been "nice" to China and that it would

exploit the opportunities to take advantage of China's growth. He added that there were many Chinese in Malaysia who could form the bridge towards that. -- BERNAMA

MK MR SD