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SMIs urged to use incentives

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KOTA BARU, Fri. - Small- and medium-sized industries should make use of all supporting incentives, including the reduction of import duties for certain products among Asean member-countries, to expand their markets.

Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi said today that apart from taking advantage of lower import duties, they should also venture into markets with strong buying power.

"The Government, which can be regarded as a venture capitalist, will support the SMIs, but our support will only continue if they also look beyond the domestic market.

"SMI entrepreneurs must venture into the international markets which can contribute better profits," he said at the opening of a convention organised by the Kelantan Malay Chamber of Commerce and Industry.

He was representing Prime Minister Datuk Seri Dr Mahathir Mohamad at the convention which focused on the preparation of SMIs for global trade in respect of the Asean Free Trade Area by 2003.

Among Asean member-countries, Abdullah said the tariffs for 98 per cent of products traded among six members, namely Singapore, Thailand, Indonesia, Brunei, Philippines and Malaysia, have been reduced to less than five per cent.

In other Asean member-countries such as Myanmar, Kampuchea, Laos and Vietnam, the tariffs for 55 per cent of their products are less than five per cent.

"By Jan 1, 2003, the Malaysian market will be open to all products from Asean member-countries, except for vehicles, which will be delayed until 2005. The reduction of the tariffs will affect local SMIs.

"There will be competition. SMIs will not only have to compete with local companies but also those in the region. In this respect, SMIs must prepare themselves to become efficient and resilient manufacturers," he added.

To achieve this, he said SMIs should participate in the Global Supplier Programme introduced by the Government, which is aimed at enhancing the resilience and capability of companies which are supplying products to multinational corporations, both in the country and abroad.

Abdullah also said SMIs should upgrade their skills in the use of information and communication technology (ICT) to improve their productivity and efficiency.

He said the effective use of ICT would enable them to channel information about their products directly to multinational corporations and vice-versa.

"E-commerce must be utilised by SMIs to penetrate both the local and international market electronically," he added.

Abdullah said the Government had taken the necessary steps to streamline its policies to encourage trade, industries and the use of modern technology for the manufacturing sector to enhance the competitiveness of local products regionally and globally.