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SMI-MERGE

FMM CHIEF: LOCAL SMIS SHOULD MERGE TO COMPETE BETTER IN GLOBAL MARKET

KUALA LUMPUR, Jan 20 (Bernama) -- Small and medium-sized industries (SMIs) should merge and consolidate to compete better globally rather than fight for the relatively small market in Malaysia, the president of the Federation of Malaysian Manufacturers (FMM), Datuk Mustafa Mansur, said today.

Speaking at the "Meet the Banker" session jointly organised by FMM and Affin Merchant Bank Bhd here, he said SMIs should adopt the banking industry's strategy of merging and getting stronger in the quest for gaining access to Asian and global markets.

Mustafa said SMIs should not expect the government to show them the way all the time.

"They have to consolidate. FMM is willing to matchmake (SMIs) locally and with foreign ones for the purpose of merging," he said.

He said SMIs involved in the food and beverage businesses were likely to be the kind of businesses that should merge.

The majority of SMIs, which made up about 88 percent of the manufacturing industry in Malaysia, were concentrated in the traditional sectors of food and beverages, fabricated metal products, wood and wood products and basic metal.

"To withstand competition from (other parts of) Asia, we must strengthen our SMIs," said Mustafa.

The FMM chief also touched on complaints from SMIs that they had difficulties in obtaining loans from financial institutions due to the latter's lack of confidence towards their ability to repay.

"We can't put pressure on banks but we urge the banks to help those SMIs that really need financing. But SMIs don't need to depend on commercial banks alone as there are other sources for funds," he said.

Affin Merchant has taken the lead to offer SMIs financial advice on how to plan and build their businesses after the recent call from Prime Minister Datuk Seri Dr Mahathir Mohamad to local banks to be more sympathetic to SMIs.

Affin Merchant's president and chief executive, Datin Zuraidah Atan, said Affin Merchant's businesses largely comprised government-based businesses and SMIs.

"We see SMIs as very profitable and so we teach them how to fish rather than giving them the fish," she said.

She said SMIs, the backbone of Malaysia's manufacturing industry, were a fundamental part of the country's economic growth.

"SMIs are expected to complement the activities of large scale industries through the provision of essential inputs and components that will form the critical linkage between industries," she said. -- BERNAMA

PK/WNA SHY