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GE-TRANSFER

GE TO TRANSFER MEDICAL SYSTEMS REGIONAL HQ TO M'SIA

By: Massita Ahmad

KUALA LUMPUR, June 24 (Bernama) -- US multinational General Electric (GE), spurred by Malaysia's economic potential, will soon transfer its South East Asian headquarters for medical systems equipment business to Malaysia.

The decision for this transfer comes a year after GE had transferred its corporate and oil & gas regional headquarters to Kuala Lumpur.

The shift to Kuala Lumpur is due to Malaysia's "very sound economic policy and good economic strategy," said Yoshiaki Fujimori, president & chief executive officer, GE Asia Pacific.

The regional HQ would eventually oversee the group's medical systems operations in South Korea, India, New Zealand and Australia, he said.

He added: "We are creating a new grouping for medical business in Asia. We will have lot of synergies, more productivity and a bigger presence in Malaysia."

The new regional HQ would provide a big impact to GE's business in South East Asia and primarily in Malaysia, he said.

"We are making a significant move to Malaysia. For us, Malaysia offers a great opportunity," he said, adding that the company is confident that Malaysia can achieve its targeted 4.0 to 5.0 percent Gross Domestic Product (GDP) growth this year.

Fujimoro said GE is also confident that Malaysia would continue to grow at the same pace over the next five to 10 years.

GE's shift to Kuala Lumpur is premised on the fact that the group will benefit from the government's economic stimulus package announced by Prime Minister Datuk Seri Dr Mahathir Mohamad recently as new overseas headquarters (OHQs) set up after the 2003 Budget will be given 100 percent income tax exemption for 10 years.

GE is likely to benefit from moves to enhance Malaysia's competitive edge by the streamlining of the income tax rate for OHQs.

GE South East Asia's president, Stuart L. Dean, said: "GE is increasing its commitment (to Malaysia). The fact that we are moving people in the regional capacity here should be viewed as a positive signal to Malaysia."

"It is a very good fit between the value that GE brings and what Malaysia is looking for (in terms of investments). We operate our business in a transparent and open manner. We want to create a win-win situation when we do business (here)," he said.

Dean said GE is also confident that the political transition in Malaysia will be smooth and there will be very good policy continuity.

"The leadership in Malaysia has done a great job (in helping the country recover from the Asian financial crisis and in ensuring political, economic and currency stability) that makes Malaysia a very attractive location to do business."

GE is a diversified technology and services company, ranging from making aircraft engines and power generation systems to financial services, and from medical imaging, television programming to plastics.

With a global annual revenue estimated at RM500 billion, it employs about 300,000 worldwide.

GE started its Malaysian operations in the 1970s. It has invested close to RM500 million and currently employs about 1,200 workers.

GE International's market development director, Shariman Zain Yusuf, said the group already has a significant presence in terms of work force in

Malaysia and is looking forward to increasing that presence, not only in the traditional industrial businesses but also in the new area of consumer finance.

Fujimori, who did not want to predict how much the consumer finance operations will be, said it depended on the size of the company that GE is going to tie up with.

"But we would like to be one of the key players," he said, adding that financial services would be GE's primary target for the rest of this year.

When asked when the consumer finance operations would be set up, he replied, "The sooner the better."

Fujimori said Malaysia is considered to be a great opportunity as it is the only country in South East Asia without the presence of GE Capital, its financial services wing.

GE Capital, which has a huge operation in South East Asia, contributes 40 percent to GE International's businesses and a significant part of it is consumer business.

Fujimori said, "We will work very hard to realise it (consumer finance operations) in Malaysia."

On another note, Fujimori said GE Malaysia's businesses had not been affected by the Iraq war as well as the Severe Acute Respiratory Syndrome (SARS) epidemic.

"The government has done a good job to control the situation. Datuk Chua Jui Meng (the health minister) has done a great job. Our business in Malaysia has not been really affected. Business is as usual," Fujimori said.

But for the rest of Asia, he said GE had suffered some impact, mainly in the airline business.

Airline flights in Asia went down significantly. "The more engines are moving, the more business we have and vice versa," he said.

Corporate passenger traffic was estimated to have dropped by more than 40 percent in the Asia Pacific during the SARS outbreak between March and April.

GE has maintained an engine service and maintenance facility for civil and military aircraft in Malaysia for almost 30 years.

Meanwhile, GE will also deliver 20 AC/AC mainline diesel electric Blue Tiger locomotives for national railway operator KTMB Bhd this year. The order, placed in 2001, is a 30-month contract period, with the first shipment expected in June 2003 and subsequent shipments running until December 2004.

It is part of a contra deal in exchange for Malaysian palm oil and palm products worth more than US\$60 million (RM228 million). -- BERNAMA

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