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Mahathir-Perwaja

PERWAJA FAILED BECAUSE OF BAD MANAGEMENT, SAYS PM

PUTRAJAYA, Oct 15 (Bernama) -- Perwaja Steel failed because the people responsible for its running did not fully understand the steel-making process and technology involved, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

Its top managers also did not go down to the ground and its cost of production was higher than the price of the product, he said in an interview with Bernama here yesterday.

The 70-minute interview was conducted by Bernama chairman Datuk Kalimullah Hassan, editor-in-chief Jaafar Hussin, and executive editors Datuk Azman Ujang and Yong Soo Heong.

In the interview, Dr Mahathir was asked to comment on the rapid strides made by certain Malaysian companies on the world market and he cited Proton as one of them.

However, he said there were some failures too as one could not guarantee success in business and cited Perwaja Steel as an example.

Dr Mahathir explained that Perwaja Steel failed not because it was a stupid idea to start heavy industries in Malaysia but because the people who were entrusted to run it did not know how to manage.

"It was not the idea which was wrong, it was the failure of management," he stressed.

Its top management was at one time running the operations from Kuala Lumpur although the steel plant was in Terengganu, the Prime Minister said.

Perwaja Steel was started in 1982 as a joint venture between the Heavy Industries Corporation of Malaysia (Hicom) and Nippon Steel Corporation of Japan.

It ran into losses and in 1996 it was taken over by Maju Holdings Sdn Bhd, a Bumiputera steel company which has proven itself on the local scene.

Asked how Perwaja Steel had lost money when the demand for steel products was at its highest then, Dr Mahathir said even if there is demand, if the cost of production exceeded the price that the product is sold, one will still lose money.

"They (Perwaja Steel) were producing steel which they couldn't sell and the plant was breaking down. That was what happened to Perwaja Steel."

But in the case of Proton, Dr Mahathir said, it initially did not do well and he had to bring in some Japanese experts to manage.

"The Japanese put it back on track and today it is doing well," he added.

Malaysia is today one of the 10 countries in the world with a car manufacturing capability and Proton, which produced its first car in 1985, has announced plans to expand to more foreign markets.

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