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UCAPAN PERDANA MENTERI DI MAJLIS
JAMUAN MAKAN MALAM TAHUNAN PERSE-
KUTUAN PEKILANG-PEKILANG MALAYSIA DI
HOTEL HILTON, KUALA LUMPUR PADA 3HB
DISEMBER, 1975

Yang Mulia Tunku Tan Sri Muhamad bin Tunku Besar
Burhanuddin; Presiden Persekutuan Pekilang-pekilang Malaysia,
Did-dif yang terhormat, Saudara-saudara sekalian.

Saya ucapkan berbanyak terima kasih kepada saudara-saudara yang telah sudi menjemput saya dan isteri ke majlis Makan Malam Tahunan Persekutuan ini pada malam ini. Kali terakhir saya bertemu muka dengan saudara-saudara ialah tiga tahun dahulu. Sudah tentu semenjak itu, berbagai perubahan telah berlaku dan saya sukacita perubahan-perubahan ini adalah selaras dengan kehendak dan maksud Dasar Ekonomi Baru Negara. Dalam hubungan tersebut, bidang perkilangan juga telah memainkan peranan yang sangat memuaskan.

Saudara-saudara sekalian,

The Federation of Malaysian manufacturers represents, at least in part, the Malaysian manufacturing community which we all recognise as a key sector within the context of Malaysia's economic plans and priorities.

The manufacturing sector which is one of the growth leaders of the economy has an important role to play in the diversification and expansion of the Malaysian economy and in the achievement of the objectives of the New Economic Policy. The fact that the Government expects the manufacturing sector to play an increasing role in generating economic growth and the fact that by 1990 the manufacturing sector is expected to be the leading economic sector in the Malaysian economy places a great responsibility on all businessmen who are already in the manufacturing sector and who have the potential to become industrialists.

Talking of industrialisation, I would like to take this opportunity to mention two areas of priority where I feel existing manufacturers can contribute towards the attainment of our aims and objectives in industrial development. These are in the areas of dispersal of industries and the establishment of agro-based industries.

Since I spoke to you last, there has been some progress in the dispersal of industries to the less developed areas away from the traditional urban centres. This has been largely due to the promotion efforts of the Federal Industrial Development Authority (FIDA) and the co-operation of the relevant State Development Corporations in getting new investors to set up manufacturing projects, significantly export oriented industries, in these areas.

I hope this process will not only be sustained but will further be intensified with the Government providing very attractive fiscal incentives and assistance for the establishment of projects in the less developed areas. Whilst it may be difficult to persuade new foreign investors who are unfamiliar with this country to set up joint-venture projects in the less developed areas of Malaysia, existing manufacturers who already have their manufacturing bases in developed urban areas should look into the possibility of setting up joint-venture projects in these less developed areas. You, better than anyone else, are aware of the conditions that exist and I can assure you that Government will give every possible assistance to ensure that projects established in such less developed areas succeed.

The agro-based sector is yet another sector that requires considerable knowledge of local conditions. Here again, the existing manufacturer with his extensive knowledge of Malaysian geography and local contacts could persuade foreign investors who have the know-how and capability of launching large scale agro-based industrial projects to investigate the potential that Malaysia offers.

In this context, I am referring both to the cultivation and processing or manufacturing of agro-based products. The Government has set up various institutions which stand ready to assist the potential investor in every way possible to ensure the success of our drive for agro-based industries.

Ladies and Gentlemen,

There is yet another area in which manufacturers can play an important role and that is in helping Government to contain inflation at home. Happily for us, inflation today does not arouse the same heated emotions it did in early last year. The consumer price index is estimated to increase by 7% for the whole of 1975 as compared with 17.4% for last year. This has been largely due to the Government's anti-inflationary efforts, like the success achieved in its Anti-Hoarding campaigns and other measures to prevent trade malpractices, and, of course, to some extent the slow-down in inflation rates abroad.

We cannot, however, afford to be complacent and should endeavour to further reduce the rate of increase in the consumer price index. We should also seek to reduce our dependence on most imports by having them manufactured locally. And to further achieve this, preference ought to be given to the use of local products. Although there has been some prejudice against local products, manufacturers can, through very close co-operation with the Standards Institute of Malaysia, establish such standards and quality of their products, that will instil confidence in the purchasers.

On the question of trade and trade promotion, like all other free market economies, our economy is dependent on foreign trade and as such we too are not spared from the ill-effects of the world-wide recession. I must say, however, that we are fortunate that the adverse effects of the recession are far less severe than those experienced by many other countries, including the major industrialised countries.

Although Malaysia's GNP for 1975 is estimated to grow by 1% to 2% only in real terms, it is encouraging to note that this low rate of economic growth is better than those achieved by most industrialised countries, some of which are expected to experience negative growth rates for 1975.

The strong and resilient Malaysian economy, together with proper economic management, has been able to ride out the storms of the severe recession. There are real indications to suggest that the worst is over, although as pointed out by the Finance Minister.

in his recent Budget Speech, there is still some uncertainty as to how long it will take the industrialised countries and consequently our own economy to fully recover from the recession.

As you may be aware, even the recently concluded Six Nation Economic Summit in France has not been able to predict with any degree of certainty as to when the recession will finally come to an end beyond merely stating that the urgent task of the leaders to the summit is the achievement of "stable and durable growth which will re-establish business and consumer confidence".

The manufacturing sector which had achieved high rates of growth and made remarkable progress in the expansion of its exports in the past suffered a serious set-back recently as a result of the downturn in world economic and business activities. The growth rate of exports in 1975 is estimated to increase by 12%, a rate far below that of the impressive increases achieved in 1973 and 1974.

Nevertheless, the Government has and will continue to implement measures to facilitate and stimulate economic upturn and restore business confidence which was severely affected by the uncertain world economic conditions and depressed markets overseas. The 1976 Budget is in fact geared to fulfil an expansionary role to promote economic growth and employment.

I would, therefore, like to call upon all manufacturers and exporters to gear themselves so that they will be able to take advantage of the expansion of the world trade that would arise with the upturn of economic activities in the major industrialised countries. The state is about to be set for greater acceleration in economic activity. I can assert with confidence that given the improving world economic conditions, the Government's expansionary fiscal and monetary measures, the private sectors entrepreneurial efforts and wise management, the manufacturing sector would be able to lift itself out of the present doldrums and re-establish itself as one of the growth leaders of the Malaysian economy. With economic recovery, we should be in a position to exploit our potential comparative advantages and to benefit from export-led growth.

In the light of the difficult trading conditions everywhere, there is a tendency for countries to resort to protectionist trade measures. This is a serious problem and it would be necessary for countries to resist all pressure for a return to trade protectionism. In this connection, a speed-up in the Multilateral Trade Negotiations would be necessary. As you all are aware, Malaysia is an active participant in the Multilateral Trade Negotiations. I am informed that as a first step, action has been taken to submit Malaysia's list of products for tariff and non-tariff liberalization to the various participating developed countries. I am glad to note that this list was drawn up in consultation with and co-operation of the private sector.

I am also informed that various developed countries have unilaterally imposed a number of protectionist measures in the form of quotas and other imports restraints, which has affected the exports of some of our major manufactured products. In response to this, the Malaysian Government has initiated consultations on a bilateral basis to persuade such countries to either remove or reduce these trade restrictions.

In view of the growing importance of foreign trade to the Malaysian economy, in particular the export sector, deliberate and concrete measures have been undertaken by the Government to step-up the export promotion drive in order to find new markets as well as to consolidate existing markets for the wide range and volume of Malaysian manufactured products. The Government has to date sent trade missions overseas to select countries in West Asia, Eastern Europe and the E E C countries. These trade missions as you may be aware, have achieved encouraging results. Plans are currently under study to send more trade missions next year.

Apart from trade missions, the Government has also organised participation in several international trade fairs overseas. Such fairs represent one of the most tangible forms of export promotion and their appeal lies in the fact that they provide Malaysian exporters with opportunities to meet potential importers and establish contacts, to find new representation and distribution channels, and study at first hand marketing and trading conditions.

I would like to reiterate here, particularly in the light of the need for the exporters to redouble their efforts in the coming year, that such export promotion measures undertaken by the Government are specifically designed to provide the assistance and

facilities to the manufacturers to raise their level of exports. The co-operation from the manufacturing sector is vital for the success of such actions and measures.

Besides sending trade missions overseas, it is also the policy of the Government to invite leading trade officials and businessmen from our major markets to visit Malaysia with a view to acquainting them with the vast array of products available for export. In this connection, I am glad to note that a group of officials of leading Chambers of Commerce from Iran, Bahrain, Oatar and Iraq have just visited Malaysia. I believe appropriate follow-up action on this visit is being taken.

Saudara-saudara sekalian,

Hanya setakat inilah pesanan dan huraian yang dapat saya berikan kepada saudara-saudara dalam majlis yang permai dan meriah ini. Saya harap Persekutuan ini akan terus berkembang dan mencapai kejayaan yang lebih cemerlang lagi.

Sebagai kata akhir, sekali lagi saya ucapkan berbanyak terima-kasih kepada saudara-saudara sekalian yang telah sudi menjemput saya dan isteri ke majlis ini dan saya berdoa agar segala usaha Persekutuan ini akan mencapai sepenuh kejayaan.



Y.A.B. Tun Haji Abdul Razak bin Hussein sewaktu berucap di jamuan Makan Malam Tahunan Anjuran Persekutuan Pengilang-pengilang Malaysia di Hotel Hilton, Kuala Lumpur pada 3hb Disember, 1975