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UCAPAN YAB DATUK HUSSEIN OMI, TIMBALAN  
PERDANA MENTERI DAN MENTERI PERDAGANGAN  
& PERINDUSTRIAN, DALAM HAJLIS HAKAN  
NALAN TAHUNAN GLEN PERSEKUTUAN PEKILANG-  
PEKILANG MALAYSIA PADA HARI ISMEN, 17HB  
DISEMBER, 1973 JAM 8.00 NALAN DI HOTEL  
HILTON, KUALA LUMPUR.

PEN. 12/23/115 (TPM)

Yang Berhormat Tan Sri Nik Ahmad Kamil,  
Presiden, Persekutuan Pekilang-pekilang  
Malaysia dan Puan Sri,

YB Menteri-menteri dan isteri,

Yang Berbahgia Datuk Bandar,  
dan Puan Sri,

Ahli-ahli Persekutuan,

Daif-daif Kehormat,

Tuan-tuan dan Puan-puan sekalian,

1. Malam ini adalah peristiwa yang istimewa bagi saya kerana inilah pertama kali saya hadir dalam Majlis Jamuan oleh satu-satu Pertubuhan yang mempunyai kaitan rapat dengan kemajuan perindustrian di negara ini. Lebih-lebih lagi jamuan ini adalah khas sebagai satu penghormatan untuk saya.

2. Sebagai Menteri Perdagangan dan Perindustrian, saya sangatlah sukacita kerana dapat peluang bertemu dengan ahli-ahli Persekutuan. Di samping itu, saya mengucapkan setinggi-tinggi terimakasih atas undangan dan penghormatan yang diberikan kepada kami berdua. Peluang seperti ini sangatlah berguna untuk saya menerima fikiran dan syor dalam usaha kita memajukan perindustrian, di samping mendengar tegoran-tegoran mengenai pelaksanaan dasar Kerajaan dan aktiviti Kementerian semasa menjalankan tugasnya.

3. Saya merasa bangga dengan kemajuan yang telah dicapai oleh Persekutuan ini seperti yang dijelaskan oleh Presiden, Persekutuan dan

saya yakin kejayaan ini adalah hasil dari kerjasama dan perpaduan di kalangan ahli-ahli. Saya inginlah mengucapkan tahniah kepada Presiden atas perlantikannya semula dan Jawatankuasa Persekutuan yang baru dilantik dan menaruh keyakinan tentang kejayaan Persekutuan di masa akan datang.

4. Di masa kebelakangan ini, kemajuan dalam bidang perindustrian sangatlah menggalakkan dan tidak syak lagi Malaysia adalah menuju ke arah menjadi sebuah negara perindustrian dalam tempoh yang singkat. Asas perindustrian di negara kita telahpun dapat disuburkan dengan jayanya dan saya yakin menerusi sumbangan Persekutuan

Pekilang-Pekilang ini negara kita akan banyak lagi mempunyai industri serta lain-lain kemajuan.

5. Dalam ucapan Presiden tadi, kita telah mendengar beberapa huraian tentang masalah yang dihadapi oleh Persekutuan serta syor untuk dilaksanakan oleh Kerajaan. Saya berjanjilah bahawa segala tegoran yang dinyatakan itu dan juga kelemahan-kelemahan yang ada dalam pentadbiran Kementerian Perdagangan akan diselidik dan diambil perhatian dan usaha bagi memperbaiki keadaan tersebut akan dijalankan tanpa berlengah-lengah lagi. Saya tahu bahawa tidak ada sesuatu yang lengkap dalam dunia ini, tetapi saya merasa syukur kerana dengan semangat kerjasama serta keazaman yang kuat, kita pasti akan mencapai cita-cita bagi kemajuan dalam bidang perindustrian.

Ladies and Gentlemen,

6. Three weeks ago, the Hon'ble the Prime Minister introduced the Mid-Term Review of the Second Malaysia Plan in Parliament. The Mid-Term Review has documented the substantial progress that has been made in achieving the objectives that we had set for ourselves under the New Economic Policy. In a number of cases, the achievements have exceeded our targets and expectations. In others, significant steps have been taken to lay the basis for substantial improvements in the future.

7. One aspect of concern to us has been the rather sluggish growth of private investment during the first two years of the Plan. Fixed private investment recorded an average annual rate of growth of 8.2% during the three years. In real terms, however, private investment actually declined by 1% per year over the period. This low growth of private investment shows how sensitive private investment is to the general export performance of the Malaysian economy, as well as the significant cost increases that have occurred recently. Reflecting the decline in export earnings in 1971 and 1972, investment in machinery and equipment in industries supplying the domestic market was slack, particularly in Sabah and

● Sarawak, where earnings from timber and rubber exports were extremely low. The positive developments which helped to offset to some extent this negative impact, have been in building and construction of all types, as well as investments in a large number of new industrial projects, catering mainly for the export market.

8. The year 1973 has, of course, been a buoyant year. We expect private investment to increase by over 20% this year. With the current commodity boom, which shows every sign of continuing well into 1974, we expect the private sector to provide the lead in the expansion of the economy in the remaining years of the Plan.

We have every confidence that opportunities abound for such investment and that the resources available and the initiative of the private sector will enable us to fully achieve the private investment growth target of nearly 9% for the Plan period as a whole.

9. The year 1973 has, of course, been a buoyant year. We expect private investment to increase by over 20% this year. With the current commodity boom, which shows every sign of continuing well into 1974, we expect the private sector to provide the lead in the expansion of the economy in the remaining two years of the Plan. We have every confidence that opportunities abound for such private investment and that the resources available and the resourcefulness of the private sector will enable us to fully achieve the private investment growth target of nearly 9% for the Plan period as a whole.

Ladies and Gentlemen,

10. I know that, while these are hopeful signs, there are some mixed feelings within the private sector regarding the possible depressive impact of the energy crisis that now envelops the world. There is some fear that shortages of fuel in the advanced countries, as well as the strong measures being taken to combat inflation in those countries, could lead to substantial declines in the demand for many commodities that Malaysia exports. There is also a possibility that, while inflationary pressures may decline, difficulties of transport and shipping could lead to increases in the prices of our imports.

11. I know that these are problems of concern, but let us look at these carefully to see what the opportunities are for Malaysia. We are fortunate that we ourselves are one of the countries that have been accorded favourable treatment in the supply of oil from the Arab countries. As the major countries of the world adopt more realistic postures and actions concerning the Middle-East problems, there is some reason to hope that the political issues underlying Arab action on oil supplies can at least be discussed in a positive frame of mind.

12. In any case, it is clear that the advanced countries of the West and Japan, our major trading partners, will themselves take

● the necessary steps to ensure that their levels of economic activity are not unduly reduced, so as to avoid problems of excessive unemployment. There are already indications that steps will be taken to assure adequate energy supplies to industrial producers. These are the positive signs, signs which should lead industries to maintaining reasonably high levels of production, although not necessarily the extremely buoyant levels of 1973.

13. We already produce more oil than we consume and we can look forward to an increasing flow of oil and gas from our recent off-shore strikes.

This, together with the assurance of Middle-East supplies, should provide positive encouragement and stimulus to our own industries and investors. We will ensure, in the best possible way, that our industries and services have adequate supplies of fuel to sustain high levels of production.

14. As the saying goes, there is a silver lining in every cloud. Shortages of oil and increased supply prices have already begun to pose serious problems for the synthetic rubber industry in the advanced countries. We have always maintained that there is no reason for the advanced countries to expand the production

of synthetic rubber, in view of the ready supplies of natural rubber on the world market and the dramatic improvements that have been made in the marketing of natural rubber. There is every assurance to the consumers in the advanced countries that natural rubber can be supplied to them on a steady basis and at highly competitive prices. The developments on the oil front, which now affect the prospects for synthetic rubber, will, I hope, help drive this point home. In the meanwhile, the demand for natural rubber should increase strongly. We already have evidence of this in the present exceptionally high prices of natural rubber, prices which we had not heard of for nearly two

decades. Malaysian production is also steadily expanding and earnings from this source should therefore be substantial in the period ahead.

15. As rubber constitutes about a third of our exports, this augurs well in terms of export earnings and the domestic demand that can be generated within the Malaysian economy. There is also good prospect for some increased demand arising from the likely switch from the use of plastics such as in containers to tin. This should considerably offset possible declines in the prices of other Malaysian export commodities, though these, too, appear to be performing well at this time. Expansions of petroleum and gas production, as well as earnings

from copper exports which may be realised within the next two years, should provide a further strengthening of domestic demand. These, again, are positive signs, signs which should induce Malaysian producers to be more expansionary rather than pessimistic.

Ladies and Gentlemen,

16. Another aspect of the energy crisis that holds signs of promise for Malaysia is the possibility for Malaysia to enter into substantial production of petro-chemicals. With the resources we have and increased production of petroleum from our own sources, there are dramatic possibilities for fairly

large investments in the petro-chemical industries, including spin-offs for the agricultural sector in terms of imports such as fertilisers and pesticides. The Government is already examining this prospect and has already initiated discussions with the private sector to bring this about. In fact, the teams are already on the ground conducting feasibility studies with a view to selecting a suitable site along the East Coast. It should be possible for us to initiate concrete projects in this regard within the next few years. I am confident that the overall investment climate for Malaysia will be considerably enhanced with the increased

production of oil and gas in the coming years. This should provide broad scope for the establishment of a wide range of industries in Malaysia.

17. I have gone into a rather extended discussion of this matter, as I know that there is concern among all of you regarding this. I would like to see a more balanced appraisal of the energy crisis on the Malaysian economy, rather than the picture of gloom that the international scene presents on this matter at this stage.

18. As in the case of the petroleum and petro-chemical industries, there is a great scope for a more productive partnership

between the private and public sectors of the economy in promoting the progress of the nation.

19. The productive partnership that has evolved over the years between the public and private sectors of the Malaysian economy is mutually beneficial and a very satisfying one indeed. Out of this partnership has emerged the fame of Malaysia as a leading primary producer - of rubber, tin, timber, palm oil and pepper. Underlying this, of course, has been joint programmes of research, extension, development and marketing, programmes which had led to far-reaching innovations and breakthroughs, particularly in rubber and oil palm.

The private sector has aggressively seized the opportunities opened up and quickly adopted research results and innovative techniques. The growth of productivity in our primary industries, as a result, has benefited producers, workers and the nation as a whole. We have, of course, had our problems - of sharp fluctuations in prices, problems of re-afforestation, of extending these dramatic advances to the smallest producers, and so forth. But, by and large, the partnership between the Government and the private sector in primary production has been a fruitful one, a productive one.

20. In my view, this cooperation and partnership in the primary sector can be

developed in the manufacturing sector as well.

I am equally confident that such cooperation can be as productive and as beneficial all round.

21. We already have in Malaysia an economy and society in transformation. It is no longer true to say that Malaysia is all rubber and tin. Besides the new range of primary exports, we are beginning to develop a strong base of manufacturing activities. Our manufactured exports are becoming an increasingly important component of our total exports. The manufacturing sector has become, in recent years, the growth leader of the economy, both in terms of its contribution to total output as well as to new job creation. Output growth

in the sector during 1971-73 exceeded 16% per year, as compared to about 10% for agriculture, while employment growth average 9.5% compared to agriculture's 1.8% per year. Overall, manufacturing contributed almost 30% of the new jobs created in the country and about 15% of the increase in GDP during the three years. These are remarkable achievements, considering the fact that the sector is a relatively new one and is still small in comparison to agriculture.

22. The manufacturing sector occupies a strategic position in the nation's objectives under the New Economic Policy to eradicate poverty and re-structure Malaysian society. This is clearly apparent in the 20-year Perspective Plan framework that has been outlined in the Mid-Term

Review of the Second Malaysia Plan. This perspective framework for the New Economic Policy translates the objectives of the Policy into targets and programme guidelines for the 20-year period. This framework envisages that in twenty years, or during the life span of one generation, we shall achieve:-

- (i) Full employment of the labour force at high levels of productivity and income for all Malaysians;
- (ii) The re-structuring of society whereby employment in the various sectors reflects fully the racial composition of the labour force; and Malays and other indigenous

people own and manage at least 30% of the total of all commercial and industrial activities; and

- (iii) Malaysians together assume majority control of the assets of the country, with the foreign sector playing a valuable role in the provision of capital and know-how.

23. This outline Perspective Plan of the Malaysian economy up to 1990 has been presented in order to assist the various communities, groups and interests in Malaysia to identify their roles and to assure all of them that there is an important place for all in the new Malaysian society that we seek to create.

24. The manufacturing sector has, in this scheme of policy and prospects, a pre-eminent place. We expect the sector to continue as the growth leader in the twenty-year period. With a potential for growth of over 12% per year over the period, the sector should replace agriculture as the largest sector in the economy by 1990. The sector will continue to be predominantly private sector-oriented, as in the case of other major sectors in the economy.

25. Under such a transformation, what kind of a role is the private sector expected to play? I envisage a two-fold role. First, the private sector should play a more dynamic role in the promotion of new and larger volume of manufactured

exports. This is essential if we are to sustain the long-term growth of the economy and the viability of our industrialisation programme. Dependence on the domestic market alone will only limit the growth of the manufacturing sector to about half that expected of it in the 20-year period.

26. There have been in recent years significant breakthroughs made in our export of manufactured goods. Manufactured exports have risen from a mere 8% of total exports in 1960 to nearly 23% in 1973. Much of this export growth has come about only in very recent years - a manufacturing activity in the 1960's concentrated on substituting for imports.

As incomes in the rural sector grow rapidly, as indeed we think they will, and as overall incomes of Malaysians expand, there will be scope for more of such import replacing industries. But, these cannot form the mainstay or provide the motive power for the expansion of manufacturing or the economy as a whole.

27. Another aspect of the issue is that a good part of manufactured exports has comprised processed agricultural products. In fact, about 45% of total manufactured exports in 1973 was made up of sawn timber, plywood, particle board, furniture and other wood products. While the big push we have made in the processing of our vast primary exports is a step in the right

direction, providing added employment and income for our people, it is necessary that much more headway be made in other manufactured products - rubber based goods, petro-chemicals and plastics, textiles, metallic products and, importantly, capital and intermediate goods. The opportunities for many of these industries in Malaysia are immense. The forward and backward linkages that such industries provide will be of great benefit to the nation and industry itself, in terms of the highly productive jobs they can offer and the economies they generate for industrial enterprises.

28. The Government, for its part, will continue to provide all the necessary incentives,

infrastructure and other support in the export promotion drive. The Government is also conscious of the need to work together with other nations in the Southeast Asian region in bringing about cooperative arrangements among the countries in the production and marketing of a wide range of products. ASEAN Governments are already working towards a framework for manufacturers to take advantage of regional rather than the narrow national markets in each of the countries. We will see that ground rules are laid in this regard which enable a fair and equitable distribution of the costs and benefits of such cooperative arrangements among participating countries.

29. In the final analysis, however,  
success in introducing one's products overseas  
and winning handsome export orders, depends  
largely on private industries themselves.  
The extent of success that we can achieve  
will depend on the efficiency with which our  
manufacturers are able to produce the products  
to be exported and the standard and quality  
that they achieve in these products. It will  
also depend on the extent to which the private  
sector perceives the almost unlimited  
opportunities that are open to them and how  
aggressively and effectively they can promote  
their products in foreign markets.

30. In the ASEAN context, while the Governments proceed with their discussions on the complementarity and customs arrangements for cooperation, manufacturers must prepare themselves and lay the groundwork for concrete projects that can be implemented. The opportunities for these, as noted in the United Nations Report to ASEAN, are wide. Malaysian manufacturers have participated in the ASEAN Chambers of Commerce discussions on this matter, and I would like to see them make concrete moves in the near future.

31. The second role I see for the private sector is in the field of social development.

The traditional role of the private sector, as one of pure profit maximisation, does not hold good any longer. We accept that any business venture needs to be rewarded with reasonable returns for its shareholders and for survival and expansion. However, it is imperative that they also fulfil their wider role of helping to meet the goals of society itself. It makes good sense, and good business sense, to ensure that business helps to promote the welfare and aspirations of the people in society at large.

32. In this role, it does not merely mean that private industry must promote the spread of managerial and technological know-how and skills, or that large amounts of funds must be

spent on research into process and product improvement, or even that good public relations efforts need to be mounted.

33. The Government's concept of the social responsibility of business extends to the active involvement and assistance by industry in the achievement of the overall development goals of society. It involves, in the Malaysian context, the sponsoring of genuine measures by industry to promote a truly racially balanced labour force at all levels and to provide opportunities for Malays and other indigenous people to participate, on a par, in the production and distribution of goods.

34. This is a critical aspect of Government policy and one that calls for close cooperation between the private sector and the Government. You as manufacturers have the capability and the opportunity to play a positive role. The Government would like to see a much greater appreciation among members of your Federation of the importance of the need to initiate appropriate actions to promote Bumiputra participation in production and distribution. Your President has stated that you will be taking appropriate action. I hope that we will see concrete evidence and results of such action soon.

Ladies and Gentlemen,

35. As you all know, we have established a Bumiputra Participation Unit, in my Ministry, which will oversee the implementation of this aspect of the New Economic Policy in trade and industry. This Unit also stands ready to assist you in any way it can. I hope that your Federation will establish quick rapport with this Unit. I myself intend to follow closely the progress being made in the various programmes in this field.

36. Yet another dimension to this social responsibility is the action of manufacturers in the battle against inflation. Are you guided by short-term considerations of quick profits in the way you do business? Genuine contributions that manufacturers can make in

this regard are in measures you take to expand production, rather than restrict it in the hope of obtaining scarcity prices; in the extent to which production efficiency and quality are promoted; and, in the way in which your products are marketed. A key question that manufacturers need to ask themselves in this time of rising prices is: How good and how broad based is your marketing system? Is it designed or does it have the effect of unduly restricting distribution channels, so that exorbitant profits are made, often through your own subsidiaries or agents, at the expense of consumers?

37. In the attack on rising prices, both the Government and industry need to go into these questions. In the long run, it must be clear that it is expanded production and greater efficiency in production and distribution that will give industries strong and steady shares of the market, and not monopolistic positions. There must come a time when the wrath of both the consumers and the Government will descend on those who have not genuinely examined these questions and taken appropriate steps. On the Government's part,

- we have already announced that tariff walls and quotas will be brought down wherever necessary and expedient.

- we have already decided that we will approve additional capacity in the production of goods which for various reasons appear to be in short supply.
- we have taken action in some cases to ensure that materials supplies are available to the fast growing domestic industries, particularly construction. The Minister of Finance has in his Budget recently announced a 5% export duty on key construction materials. I hope that manufacturers and distributors will see the importance of such measures and the need to keep our domestic industries supplied, rather

than seek to starve them through various means.

- we have already determined that we will review periodically the incentives and tariff protection granted to industries, so that the nation really benefits from the industries esblished.<sup>to</sup>
- we have established a Consumers' Protection Advisory Council with wide representation and broad terms of reference.
- we will also investigate malpractices of the relative strength of our currency are passed on to our consumers, both household and industrial.

38. The same considerations apply in respect to labour-management relations and the contributions that private industry make to the maintenance of a clean and wholesome work and living environment. Practices which are not based on social justice and the common good, but on short-term exploitative considerations, cannot in the longer run endear the industry to the workers or the nation.

39. It is through the performance of roles such as these that private industry can forge closer links with the society and the Government in achieving the economic and social objectives of the nation. It is through these also that industry can obtain a stable and profitable stake for itself in the economy in the longer run.

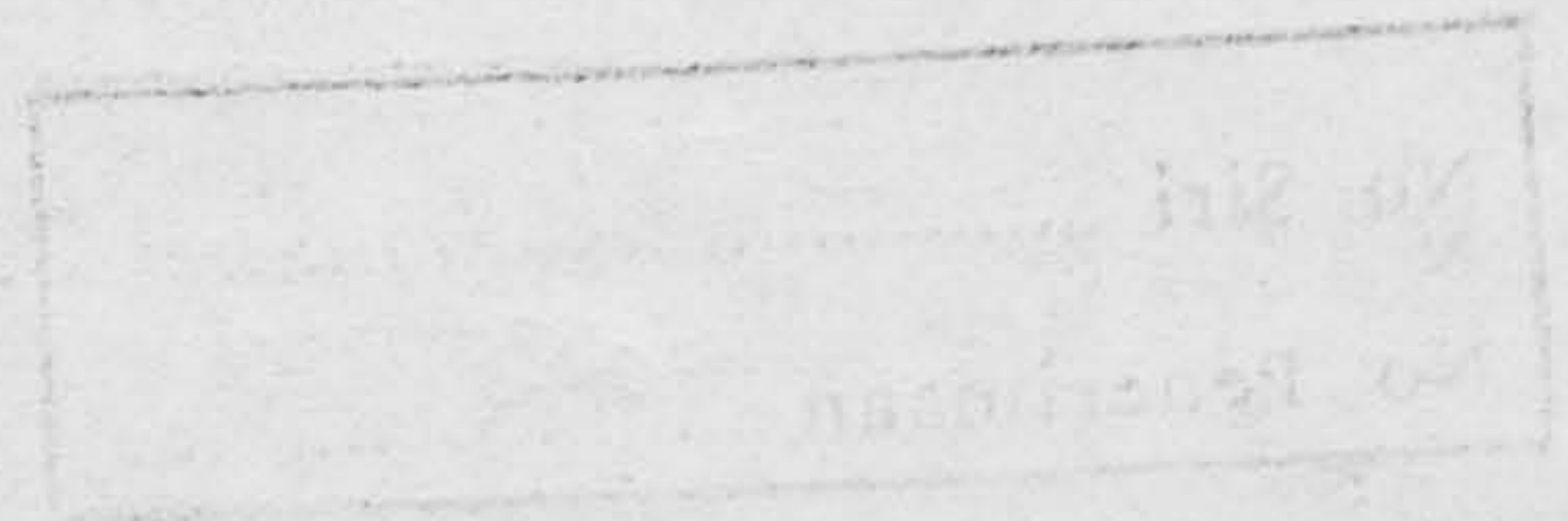
40. I welcome the initiative taken by your President to suggest that appropriate machinery be set up for representatives of industry and Government to meet together to consider issues such as these. I will be inviting your Federation to discuss this suggestion further, so that we can work out the form, functions and working method of such a machinery. You will, I am sure, agree with me that we need to ensure that the machinery set up proves effective and that the consultations we have cover the broad and big issues involved in a positive and fruitful manner.

Tuan-tuan dan Puan-puan,

41. Saya telah bercakap dengan panjang lebar mengenai kedudukan perindustrian di negeri ini. Saya rasa dengan munculnya tahun baru yang akan datang, Kerajaan dengan kerjasama Pihak Swasta akan dapat menjalankan tugas kewajipan bagi menuju kepada perkembangan perindustrian dan memberikan kedudukan yang istimewa bagi penduduk-penduduk negara ini. Saya merasa bangga dengan ikrar sokongan dan kerjasama Persekutuan kepada Kerajaan itu.
42. Akhir kata, saya sekali lagi mengucapkan setinggi-tinggi terimakasih kepada Persekutuan ini khasnya kepada Y.B. Tan Sri Nik Ahmad Kamil

yang telah mengundang saya dan Datin hadir dalam Majlis Makan Malam yang istimewa ini dan sesungguhnya kami merasa sangat bahagia dengan rasa muhibbah dan semangat yang ditunjukkan oleh tuan-tuan dalam majlis ini.

Terimakasih.





No Siri ..... 579 .....  
No Penerimaan ..... 89/79 .....