

Dr Mahathir: Malaysia needs to go big, add more value on exports

The country needs to find other ways to develop its economy since other countries are now offering cheaper labour and better incentives

by ANIS HAZIM

MALAYSIA is unable to attract foreign direct investment (FDI) as well as before, said former Prime Minister (PM) Tun Dr Mahathir Mohamad.

"We missed the opportunity to become the biggest producer of other rubber products in the world — we made tires for motor vehicles, but we supply only a small number.

"We also produce palm oil, but largely we export the oil raw. It is time that we add value to our palm oil exports," he said.

Therefore, he wants Malaysia to go into big industries and dominate the market with locally

owned or majority locally owned corporations.

"It is not necessary that we go big only when we have the raw materials. We can import the raw materials or the parts and components and re-export them as finished products. We can still cater for FDI but we will not be dependent on them for the growth of our industries and economy," he added.

He said that Malaysia was previously among the first to become rapidly industrialised through FDI as foreigners did not control the Malaysian economy due to its policy.

"Seeing this, many other countries followed suit. Today there is a struggle to attract FDI, and Malaysia is unable to attract FDI as well as before when we were able to offer relatively cheap labour and tax incentives," Dr Mahathir said in his blog (serambichedet.com) last Friday.

He said Malaysia needs to find other ways to develop its economy



Pic by Muhd Amin Naharul

I want Malaysia to dominate the market with locally owned or majority locally owned corporations, says the former PM

since other countries are now offering cheaper labour and better incentives.

The nation's fourth and seven PM noted that some developing countries like Japan, Korea and

China also promoted FDI but they are less dependent on it.

"Instead, we see them going into industries that were monopolised by the developed countries.

"They dared to do this because they felt that the advantage they had should be exploited by themselves," he said.

Among the advantages was a big domestic market where the countries controlled their imports to protect the domestic industry in the country.

"They could sell even the early, low-quality products in the domestic market. Over time, their products improved and they could enter the international market to compete with foreign products.

"They went into the manufacture of 'white' goods for the kitchen. Today, they have ousted European and American products in this field," he noted.

Moreover, Dr Mahathir said they also had an abundance of low-cost

labour that resulted in cheaper products and were able to compete with costly imports and international markets.

"Their governments were supportive, legislating needed laws to protect local products. Additionally, cheap loans were made available, even land was made available," he said.

Due to a lack of technology, they send their nationals abroad to learn and train with foreigners — which gradually acquired technology.

On top of that, they received support from the banks and the government which enabled the industries to grow.

"The Korean car, for example, was not of international standards. But supported by the local market, the industry grew and became able to be mass-produced. With the advantage of cheap labour, the cars achieved good quality acceptable to the international market," he added.