

**SPEECH BY  
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI  
AT THE INDUSTRY EXCELLENCE AWARD 2002  
AT MANDARIN ORIENTAL HOTEL  
17 FEBRUARY 2003**

-----

Terlebih dahulu, saya ingin mengucapkan terima kasih kepada Kementerian Perdagangan Antarabangsa dan Industri, selaku penganjur Majlis Anugerah Kecemerlangan Industri 2002, kerana sudi mengundang saya untuk menyampaikan anugerah pada malam ini.

Saya difahamkan bahawa Majlis ini merupakan kali yang ke-12 penyampaian Anugerah Kecemerlangan diadakan. Pada hemat saya, Anugerah ini sungguh bererti kerana pihak Kerajaan dan swasta berganding bahu bagi memberi pengiktirafan dan penghormatan kepada syarikat-syarikat yang berjaya mencapai kecemerlangan dalam bidang industri dan perdagangan.

3. Kepada semua syarikat yang telah mengambil bahagian, saya mengucapkan syabas kerana berani tampil ke hadapan untuk menguji dan menanda aras sejauh mana tahap pencapaian masing-masing.

4. Tonight is a special occasion for the recipients of the Industry Excellence Award. The companies that are being honoured are those that have achieved distinction in technological innovation, product design, brand development, quality management and export performance.

5. The success of these companies is a reflection of their commitment towards excellence. Indeed, the continuous pursuit of excellence is a national priority. It is necessarily the result of conscious efforts and initiatives by every functionary in an organisation. The culture of excellence must permeate to every level, from the CEO down to the worker on the shop floor. Management and the workforce must be able to work together to ensure that a high level of productivity performance is constantly maintained. This is particularly critical in the context of present global economic uncertainties.

6. Since the mid 1980s, the manufacturing sector has been the engine of growth for the Malaysian economy. This is a position it continues to occupy, in light of the fact that it contributed about 30% to GDP in 2002. However, many of the competitive advantages that Malaysia harnessed so successfully are being eroded. We can no longer rely solely on cost competitiveness to succeed. We cannot continue to position ourselves as a low-cost, low-tech producer going forward.

7. Under the twin pressures of trade liberalisation and globalisation, companies must continuously improve product quality and process innovation in order to remain relevant. The marketability of Malaysian goods in the global market will be immensely enhanced by the ability of local companies to meet international standards and requirements.

8. In order to do so effectively, companies must move up the manufacturing value chain by investing in higher value added activities. Examples include design and prototyping, quality and productivity improvement, and intensifying export

promotion and marketing activities. Much of this can only be achieved if the requisite investment is made in research and development work.

9. Presently, Malaysia spends only 0.4 per cent of GDP on R&D, compared to developed countries, which spend between 2 - 3 per cent of their GDP. This statistic betrays a glaring inadequacy - Malaysia needs to do more to enhance its innovative capabilities and the quality of its output, especially in the face of intensifying global competition.

10. The Government, on its part, has provided various incentives, such as the allocation of research funds under the Intensification of Research in Priority Areas (IRPA), provision of grants such as the Industry Grant Scheme (IGS) and the Commercialisation of R&D Funds (CRDF). For Small and Medium Enterprises (SMEs), the Grant for Upgrading Engineering Design Capabilities has been provided to enable SMEs to develop their own design in-house.

11. I therefore urge companies to invest in R&D and avail themselves to these facilities, in their drive towards maintaining competitiveness and achieving excellence.

12. Enhancing competitiveness, especially in the areas of trade and industry should be looked upon as a challenge. The impact of China on Malaysia has often been seen as a threat to our ability to attract foreign direct investment and our ability to export our goods and services. In my view, this is a situation to which we must adapt and do so quickly. When a market with the size and scope of China joins the mainstream global economy, it is bound to cause profound change.

13. It is therefore incumbent upon us to cope with this change by improving our processes and changing our mindset. In fact, I would advocate that instead of being driven to inaction by fear and pessimism, China should not be looked upon as a threat, but rather as an opportunity for Malaysian companies. I am confident that Malaysian firms have the ability and know-how to penetrate in the large Chinese market and perhaps collaborate with Chinese firms to supply globally.

14. Dealing with China should be part of a broader agenda. Companies must also be able to sustain their competitiveness within a more liberalised trading environment, such as under the AFTA and WTO regime. The full implementation of AFTA since January this year, offers both opportunities and challenges for local companies. The ASEAN population of 500 million provides a larger market for Malaysian products and services. However, access to this market is only possible, if companies are able to fulfil the customers' needs, in terms of quality, cost, time to market and after-sales service.

15. In creating a conducive and attractive business environment, the Government is fully committed in its efforts to improve the efficiency of the government delivery system. This will contribute immensely towards reducing the cost of doing business in this country and enhancing competitiveness. In this regard, through the deliberations in the Cabinet Committee on National Competitiveness, the Government will undertake various measures to improve the public sector delivery system at all levels.

16. However, the Government can only assume a facilitative role in meeting these challenges. It is industry that must lead and be able to leverage on the

Government's efforts. It is the business community that must assume the mantle as the engine of economic growth. After all, this is the formula of Malaysia, Inc. In the quest for excellence, let us work together to develop an economy that is self-reliant, outward looking, sustained by exemplary work ethics and quality consciousness.

17. Sekali lagi saya ingin mengambil kesempatan ini untuk memberi setinggi-tinggi tahniah kepada pemenang anugerah dan semua peserta yang telah mengambil bahagian. Saya berharap semua pihak akan meneruskan usaha mencapai kecemerlangan, bukan hanya untuk meraih keuntungan semata-mata, tetapi juga untuk menyumbang kepada pertumbuhan ekonomi negara.

Terima Kasih dan Selamat Maju Jaya.