

SPEECH BY: DATO' SERI DR. MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: THE OFFICIAL OPENING OF PIONEER TECHNOLOGY (M) SDN. BHD.

VENUE: TANJUNG AGAS, MUAR, JOHOR

DATE: 09 JUN 1994

TIME:

Saya mengucapkan terima kasih kepada pihak pengurusan dan kakitangan Pioneer Technology (Malaysia) Sdn. Bhd. kerana menjemput saya untuk merasmikan pembukaan kilang ini. Penubuhan Pioneer Technology (Malaysia) Sdn. Bhd. menunjukkan keyakinan Pioneer Electronic Corporation dari Jepun terhadap Malaysia sebagai pusat pelaburan yang menguntungkan. Tahniah dan terima kasih saya ucapkan kepada Pioneer Electronic Corporation kerana mengambil keputusan untuk melabur di Malaysia.

2. Syarikat Pioneer Electronic Corporation bukanlah syarikat tunggal yang mempercayai bahawa Malaysia adalah salah satu negara yang cemerlang bagi kegiatan perniagaan dan pelaburan. Lebih daripada 3,500 syarikat yang turut berkongsi keyakinan ini telah menubuhkan operasi mereka di negara ini.

3. Malaysia is proud to say that between 1991 and April 1994, a total of RM77.7 billion worth of investments has been approved for the manufacturing sector. Of this total, foreign investors accounted for RM42.8 billion or 55.1 per cent of total investments.

4. In our efforts to realise our objective of becoming a fully industrialised nation, great emphasis has been placed on the manufacturing sector, which is expected to be the major source of growth for the next three decades or so. Within the manufacturing sector, the electronics sub-sector continues to be a strong driving force, registering a remarkable output growth rate of 29.6 per cent per annum between 1988 and 1993. It also recorded annual average growth rates of 30.4 per cent and 24.4 per cent respectively in terms of export and employment for the same period.

5. Japanese investment in the manufacturing sector, especially in the electrical and electronics sub-sector, has always been significant. Between 1980 and April 1994, a total of 452 projects with investments totalling RM6.9 billion was granted approval in this sub-sector, accounting for 36.5 per cent of total Japanese investment in the manufacturing sector during this period. Not only that, the bulk of the industry's output is also exported. In 1993,

total exports of electronics products was valued at RM 46.7 billion, of which RM5.4 billion or 11.6 per cent was made up of audio products.

6. Recognising the important contribution of the electronics industry to the economy, the Government has always provided support and encouragement in terms of ensuring the prevalence of the appropriate investment climate for its growth. The basic thrust of the Government policy will be to diversify the industry, not only to enable the production of a wider range of electronic products but also to create more effective forward and backward linkages.

7. Currently two crucial issues facing the industry that are of concern to us are the low-level Malaysian participation and the lack of linkages between the electronics industry and the local supporting industries. Therefore, the Government has decided that among the conditions for the granting of tax incentives will be the requirement of local content and the development of linkages with local industries.

8. It is also the Government's intention that more local entrepreneurs, particularly Bumiputera entrepreneurs, should venture into supporting industries. Investors should actually welcome these conditions as they would:-
(i) enjoy the convenience of component suppliers located nearby, coupled with prompt delivery and good technical services, and;
(ii) counter the rising cost of components from Japan following the appreciation of the Yen which has led to the need to find cheaper sources without compromising quality.

9. This is where the small and medium industries (SMIs) can play an important role as suppliers of parts and components to the large companies engaged in the production of final products. The Government has established a special Vendor Development Programme to facilitate the advancement of the SMIs in the country. In 1992, the Government introduced the 'Electrical and Electronics Components Scheme' in the consumer electronics sub-sector for this purpose.

10. Technology is the key to development. It is our hope that with the enhancement of sub-contracting relationships with major consumer electronics firms, the Malaysian firms may gain substantially through the transfer of technology, especially in respect of the manufacturing and sub-assembly process, quality assurance techniques as well as the operations management know-how.

11. In order to enable this transfer of technology, it is important that manpower training be stepped up. In this regard I am glad to note Pioneer Technology (Malaysia) Sdn. Bhd's commitment to manpower training. I have been made to

understand that despite being only 10 months old, the company has, to-date, spent over RM1 million on management, engineering and technical skills training. This, I believe, reflects the sincerity of the company in enhancing skills development and in facilitating the transfer of technology to Malaysians.

12. Research and Development (R & D) plays an important role in the process of our development. Thus, new elements that are being introduced into the fiscal incentive structures to encourage R & D activities reflect our commitment to this. It is hoped that foreign companies, such as Pioneer Technology, will avail themselves of these incentives and will eventually set up their own R & D centres in the country.

13. Sekali lagi saya mengucapkan terima kasih kepada Pioneer Technology (Malaysia) Sdn. Bhd. kerana menjemput saya ke majlis ini. Dengan harapan Syarikat ini akan mencapai kejayaan, saya dengan sukacitanya merasmikan pembukaan Kilang Pioneer Technology (Malaysia) Sdn. Bhd.