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(PRIME MINISTER)

EVENT: THE OFFICIAL OPENING OF THE MALAYSIAN STRUCTURAL STEEL
ASSOCIATION CONVENTION 2000

VENUE: THE PALACE OF THE GOLDEN HORSES

DATE : 11 JUL 2000

TIME:

I wish to thank the Malaysian Structural Steel Association for inviting me to declare open the Malaysian Structural Steel Association Convention 2000 here today.

2. I understand that members of the Malaysian Structural Steel Association consist of professionals and practitioners from various Government agencies and the private sector. This convention is timely as it will be a good platform to promote the members' interest in encouraging the use of local steel products in the country.

3. Our country's economy has recovered substantially during the first quarter of this year and we look forward to sustaining it. Various organisations within the country and also abroad have predicted that our economic growth will be in the region of five to six per cent this year. And yet only a couple of years ago everybody predicted our economy would continue to plunge deeper. We were criticised for daring to be different and independent in our approach and thinking. However, due to our selective controls and economic measures we managed to come out of the slump successfully. Now the prophets of doom have also acknowledged that Malaysia's capital control has resulted in a positive turn-around and growth of the country's economy. Our recovery is also broad-based and, very importantly, we have avoided the social costs and massive indebtedness to international agencies which other countries have to deal with.

4. However, Malaysians cannot afford to be complacent. There are new challenges which must be faced. Globalisation and a borderless world will bring unprecedented competition in all sectors of the economy.

5. One reason why Malaysia has been able to overcome

the recent economic turmoil is the strong support of the people, especially the business community, for the Government. They remained calm as the Government tried to sort things out, to find its own formula for recovery and to apply the formula effectively.

6. The construction industry in Malaysia is big and contributes substantially to the growth and development of the economy. During the turmoil the industry slowed down, putting contractors, building material producers and suppliers and many others into serious difficulties. There was a huge property overhang. Unless it is got rid off, the industry could not be revived.

7. As soon as currency controls were in place the Government promoted property ownership through several sales campaigns. With lowered interest and the Government foregoing certain taxes, much of the overhang has been reduced. This enabled old construction projects to be restarted and new ones launched. The Government for its part revived or restarted projects which had been halted due to the downturn, while starting many new projects. With these measures the construction industry has become vibrant again, pulling along with it many related economic activities.

8. The Government is confident that the construction industry will continue to sustain itself for many years to come. However, we need to review our past performance and address the shortcomings.

9. Steel is one of the most important construction materials today. Its application continues to grow and to diversify. Where before buildings were of bricks and mortar today ferro-concrete is the material of choice. In other countries steel-frame buildings are preferred. Although more expensive, steel-frame buildings are faster to build. In Malaysia there are a number of steel-frame buildings but the numbers are not big enough to create demand for steel sections and boost the steel industry.

10. A steel industry used to be regarded as the measure of a country's level of development. The more sophisticated the steel industry of a nation, the higher is its level of industrialisation. Today in the Information Age an advanced steel industry is not necessarily a measure of a country's development. Nevertheless steel continues to be important for the physical development of a nation. The consumption of steel in a developed country remains high. While we focus on the K-economy we cannot neglect our steel industry.

11. As a developing country Malaysia's consumption of

steel is low. This low consumption cannot support a viable steel industry. Besides, the international market for steel is very highly competitive. Dumping of products by the big economies makes it difficult for a viable steel industry to thrive in a country like Malaysia where imports are cheap by comparison to local products. On the other hand if the local industry is protected, users of steel would be burdened with high costs. And we export a lot of products which use steel.

12. As the country gets richer consumption of steel is bound to increase. However consumption can be increased by deliberately using more steel in construction for example. Where possible steel frame buildings should be preferred. There is even a good possibility for innovations in the use of steel sections produced locally. Malaysia's lower cost and highly skilled labour can be utilised to fabricate steel products not only for the local market but for exports as well. Already Malaysians are fabricating and exporting cranes, oil rigs and modules and parts of chemical plants and oil mills. There must be a lot of other fabricated products of steel which Malaysian engineering companies can produce for the local market as well as exports.

13. Malaysian industrialists and their engineers must look around for more products which they can fabricate for local use and for exports. Some of the steel may not be available in Malaysia and it will be necessary to import. But when the consumption is big enough we can go into local production.

14. Innovation in the use of steel for construction is very important. Malaysians are very conservative and lack confidence in themselves. They will not try anything that has not been approved by the experts they look up to i.e. the foreign experts. Their standards are foreign standards and when these standards differ they find themselves unable to handle the problem. Thus if they are used to British Standards and Measurements, they seem unable to switch to the Metric system even when the costs are lower and vice versa.

15. Malaysians must be more adventurous in devising new applications and methods and testing them. After all in the steel world practically every week new ways of using steel are being invented and patented. It is probable that we have thought of these things before but were not confident enough to try and to test them and to seek patent rights. As a result we have to pay for the patents registered by others.

16. Research and development in the usage of steel must be carried out in this country. The Government will support such activities as it will be able to

contribute to our economy. There should be no lowering of standards of course but surely this most versatile metal will lend itself to newer uses all the time.

17. The Malaysian construction industry has made a lot of progress in the use of structural steel. Where before workers had to manually bend the rods and tie up the formed rods with wires, today such work at the worksites is no longer to be seen. Apparently the steel rods are made into the necessary shapes elsewhere and brought to the site ready for installation. Considering that the requirement for the formed structural steel rods is high because of intensity of construction in Malaysia, and because we are short of local labour and are dependent on foreign labour the elimination of manual steel bending is very important for Malaysia's economy. With robots and automation and off-site factory production it is hoped that manual labour can be reduced if not eliminated completely. The people in the construction industry must adopt new methods of handling construction steel or devise their own methods of reducing manual labour through off-site factory-produced steel elements in construction. It would be neater and the work-site will not be so cluttered and obstruct traffic and other activities.

18. Building and road construction has reached a high degree of sophistication and competence in Malaysia. It was only slightly more than twenty years ago that foreign contractors had to be given the job of building Malaysian highways. One example was the Federal Highway through Petaling Jaya. Today Malaysian highways with complex graded interchanges constructed with different and varied methods are built completely by Malaysian companies using Malaysian expertise. Malaysia may claim to have the best and the most extensive system of expressways in Southeast Asia all built by Malaysians.

19. Numerous methods of building the graceful flyovers can be seen during the construction of a single expressway system especially in and around Kuala Lumpur. Generally Malaysian highways cost less than those in many other countries at the same developmental level as Malaysia.

20. I am told by visitors to Malaysia how impressed they are with Malaysian roads. And not a few of them are keen to have Malaysian road builders build their roads. Jamaica on the other side of the world has requested me to identify a Malaysian contractor to build a highway for them. I cannot identify a contractor of course but interested parties can enquire about this project.

21. I think it is about time that Malaysian contractors venture abroad. There was a time when

Korean construction companies were building roads, dams, bridges and buildings all over the world. Korea's early growth was partly based on foreign construction contracts. Malaysia, looking East, can emulate Korea. Many countries in the south are keen to have Malaysian constructors build their infrastructure. As you know one of the most prestigious exhibition centres in London is being built with Malaysian participation and Malaysian fast track methods. There is no reason why Malaysians cannot bid for construction work even in the developed countries. We have the capability and we can achieve world standards.

22. Malaysian businessmen are too comfortable at home where everything is familiar and a sympathetic Government is ever ready to help. Our businessmen must learn to work under less congenial conditions. No matter what form globalisation takes, it is important that Malaysians learn to compete, both at home and abroad. The Government will not be able to protect you forever. So you have to learn to be on your own. And venturing abroad would help you manage and compete without any kind of protection or help even.

23. The benefit to the country of Malaysians undertaking construction contracts in foreign countries is enormous. Remittances back of earnings and profits could help towards achieving Vision 2020. In the petroleum industry our engineers and workers are already active world wide, including countries like Sudan, Chad and Algeria. There is no reason why construction companies should not follow them. The important thing apart from delivering quality work, is to team up with locals and to be prepared to transfer your skills and technology.

24. Malaysia is a relatively small country and its market cannot support an integrated steel mill. If we can keep our local costs low we will be in a position to supply construction and other steel products to the rest of the world. Our construction companies working abroad will help to introduce Malaysian steel. Eventually we can have a big enough demand to support a full-scale steel making industry.

25. If I may I would like at this point to relate the story of my life. As a boy in primary school I won a Mickey Mouse book as prize for something or other. The words in the book which struck me was the advice given to Mickey. It read:-

"Go West young man
Was a good advice
So Mickey thought it would be nice
To try his luck both far and near
And be a plucky pioneer"

26. Well, these are not the words of a great sage or philosopher but I was quite inspired by it. We should always venture into the unknown and try new things. Malaysians have an inferiority complex which they cannot seem to get rid off. We still think we are second rate. There are many firsts now in Malaysia. The Petronas Twin Towers are the highest buildings in the world. Very soon somebody will build a taller building. But we will still have the tallest twin towers in the world. And there are many other firsts. We should be more confident of ourselves and be prepared to do things that are different from what we use to do, to be pioneers, plucky pioneers, to be less orthodox.

27. If we had stuck to our old ways we would never have progressed this far. We had broken away from our past orthodoxy and pioneered new ways of dealing with our development. And so the people in the construction industry and the people who produce and who use structural steel must pioneer new ways of using or producing steel, of improving its qualities, enhancing its strength and enlarging its application in construction.

28. We are now in the computer and Information Age. The skills that we need are no longer those of steel bending and form works. Programming computers with the necessary information has taken the place of brawn. We and our workers must learn how to programme computers to do our work. This require retraining.

29. Today we are too dependent on manual labour still. As work expands productivity must expand along with it. If it had not been for Ford's innovative mass production methods we would not be able to serve the needs of mass consumption. It is time that the steel construction industry use the computers and information technology extensively in order to cut down on labour and costs. This is the direction that structural steel in construction should take. I hope that the Malaysian structural steel industry will be able to meet this challenge of the Computer and Information Age.

30. With all the requirements for a steel construction industry in place, I certainly do not foresee any reason why steel could not be used much more in our construction industry.

31. The Government is very concerned of the effects of development on our environment. We must ensure that whatever projects are carried out, they should not have detrimental effects on the environment.

32. One particular environmental issue we face is that constituents of concrete, which are cement, sand and aggregate are extracted from hills and rivers. We

cannot afford to keep on depending on these materials. We must also find alternative building materials.

33. If more steel is used the demand for sand, aggregates and cement would be reduced. Our hills and rivers would then be able to stay intact and our environment saved. There will be a cost to this of course but it would be worthwhile for the sake of a better quality of life. Malaysians must learn to pay more for the better things in life.

34. I have urged earlier for the parties involved in the construction industry to be more open and receptive in using new construction materials. The low demand for steel is said to be the result of a lack of awareness amongst architects, consultants and contractors.

35. The relevant parties involved in the structural steel industry should not only promote but also educate the end users on the good values of this material. I must congratulate the MSSA and its council members for their efforts to provide the relevant training and education to the end-users.

36. The local universities must also play a proactive role in ensuring that our graduates are well versed in the areas related to structural steel. Related research and development on steel should also be emphasised more in the universities.

37. The role played by the MSSA is of the utmost importance in terms of providing impetus for the growth of our local steel construction industry. However, MSSA alone cannot be relied upon to take the lead in advocating the use of structural steel. All the players involved in the industry must realise the need to have an improved construction industry in our country.

38. The Government through its various agencies, from the policymakers to its implementors, must also play an important role in shaping the construction industry. They must look at steel afresh. They should be willing to change the way things are done in their various capacities. All the relevant parties concerned, be it in the Government or private sector must be willing to undertake this change. We must take advantage of the benefits offered by using more steel in our construction industry.

39. I sincerely hope that this convention will be a catalyst for all the relevant parties in the construction industry to formulate strategies that will see structural steel being used more prominently in our country.

40. On this note, I have great pleasure in declaring this convention officially open.

