‘Work to forge 1M’sia supply chain’

KUALA LUMPUR: Malaysians must work together to forge the 1Malaysia Supply Chain in order to compete globally and generate wealth and income, said Pro-Chancellor of Universiti Tun Abdul Razak, Tan Sri Andrew Sheng Len Tao. Sheng said the strategic direction under the 1Malaysia Supply Chain was to focus, simplify and integrate.

He said the supply chain was both a process and a structure that integrated different inputs seamlessly to produce an output that would meet a market demand.

"Henry Ford invented the assembly line, but the global supply chain was perfected in Asia, first by the Japanese, but improved on by the Chinese and Indians, the latter in information technology area," Sheng said.

He was speaking at the third Tun Abdul Razak Lecture entitled, “National Unity and National Development: 1Malaysia Supply Chain Approach”, organised by Universiti Tun Abdul Razak. Sheng, who is also a member of the National Economic Advisory Council, said the 1Malaysia Supply Chain contributed to overall Bumiputera development through growing the cake.

"The government has a critical role as facilitator and enabler in creating an efficient integrated 1Malaysia Supply Chain.

"Every member of the supply chain knows that if it succeeds, they prosper and if it fails, they fail," he said.

He said the 1Malaysia Supply Chain concept implied two things—work together to improve and integrate the supply chains and a need for more scale to create higher productivity to succeed.

"The less we have scale, the more likely the supply chain will be marginalised.

The vicious circle of marginal supply chains is exactly the problem faced by small and medium enterprises (SMEs).

"If they are not integrated into the larger global supply chain and if they are dependent on subsidies which cannot last forever because of the fiscal constraint, the less the chances of the SMEs succeeding in the long-run," he said.

To become an advanced nation by 2020, Sheng said, Malaysia needed to focus on productivity-led and private led-growth, growth through clusters and encourage technologically capable firms and industries.

"The country also needs to retain and attract skilled professionals and talents from all walks of life," he said.

Sheng said as stated in the New Economic Model Concluding Part, Malaysia’s economy was too small to compete directly with the larger global giants.