

CHAPTER 1

INTRODUCTION

1.1 Purpose of this Study

It is said that steel is the rice of industry. Even though alternative materials like aluminum and plastic may substitute for steel in many areas, steel is still an essential material for most industries.

I have worked in a steel area in Korea since 1984. Especially, I had an opportunity to stay in Malaysia from 1993 to 1998. During my stay in Malaysia, I had a concern about the Malaysian steel industry because I noticed that the Malaysian steel industry was not well developed, compared to Japan, Korea, and Taiwan. As a man who have worked in steel area for a long time, I desired to analyze the Malaysian steel industry and to suggest a way for it to go.

I prepared two questions for this research: The first question is regarding the Vision of the Malaysian steel industry: "What do you think should be the vision for the Malaysian steel industry?"

The objectives of this question are:

- 1) to explore expert opinions on the general vision of the Malaysian steel industry
- 2) to investigate the appropriateness of the upstream policy.

The second question is regarding the competitiveness of the Malaysian steel industry : "How can the Malaysian steel industry ensure its competitiveness in the global market?"

The objectives of this question are:

- 1) to find out the factors which impacts the competitiveness of the Malaysian steel industry.
- 2) to find out the success in keeping the competitiveness of Malaysian steel industry.

1.2 Uses of Steel

The quantity and the kinds of steel used for each country vary according to its level of industrialization. In undeveloped countries, the usage of steel is limited and the quantity used is quite small. The developed county requires a variety of steel for many areas of industries. For example, in 1997, Vietnam consumed 1,532,478 tons of steel which is mostly for construction, while Japan used 82,728,640 tons in the same period (South East Asia Iron & Steel Institute,

1998). Japan uses steel not only for construction but also for car, vessel, electronic and electrical industries.

Steel, a basic material for industry, is a crucial material for producing intermediary materials for major manufacturing industries such as automobile, electrical, electronic as well as for non - manufacturing industries such as the construction industry.

1.3 Organization of this Study

This research paper are composed of six chapters:

Chapter 1 is regarding introduction. Chapter 2 tells how the global steel industry is. Chapter 3 tells how the Malaysian steel industry has been developed. In chapter 4, the Malaysian steel industry will be analyzed by Porter's 5 forces. In chapter 5, research questions will be analyzed. Finally in chapter 6, conclusion and recommendation will be provided.