

Local content plans for vehicle parts

KUALA LUMPUR 17 SEP 1979

Tues. — The Government is formulating a local content programme to encourage the manufacture of component parts for locally assembled vehicles.

Announcing this today, Deputy Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government was encouraging the development of the automotive component parts industry, categorised as one of the priority industry groups.

Datuk Seri Dr Mahathir said new projects for the manufacture of various component parts were still eligible to be considered for various kinds of incentives.

"The rationale of our encouragement towards the establishment of a component parts industry is based on the need to achieve greater foreign exchange savings."

He added the industry would also mean that the country would acquire sophisticated technology, provide employment and help stimulate other related commercial and industrial activities.

Dispel fallacy

Speaking at the opening of the Malaysian Sheet Glass Berhad, a Malaysian-Japanese joint-venture, at Sungai Buluh near here, Datuk Seri Dr Mahathir said there were still many areas of industry for investment in the country.

Datuk Seri Dr Mahathir, who is also the Trade and Industry Minister, said there had been some remarks made from one section of the motor industry regarding difficulty in incorporating parts into locally assembled vehicles in view of the multiple number of makes and models.

"I would like to dispel this fallacy. We have adopted a moderate approach in implementing our local content policy by way of mandatory deletion and the need to comply with the guidelines which I have announced recently," he said.

He added that though the Government would embark on an accelerated programme of localization of parts, the premise would still be on a step-by-step basis, taking into consideration stability and progressive growth of the motor vehicle assembly industry in this country.

He said that it was encouraging to note that the car parts manufacturers had set up a committee on local content which would investigate ways and means of increasing the use of local components in the assembly plants.

"I have no doubt that the Malaysian Automotive Component Parts Manufacturers' Association and the Malaysian Motor Vehicles Assembly Association will have an important role to play in this area especially now that the Government has approved 120 companies to make various automotive parts," he said.

Datuk Seri Dr Mahathir added that out of the 120 companies approved, only 75 were in production.

On the mandatory CKD deletion of automotive safety glass, Datuk Seri Dr Mahathir said that there had been some confusion and discrepancy over the date of implementation.

"I would like to clarify here that automotive safety glass would be deleted from future CKD packs with a lead-time of nine months from July 23, 1979 effective from April 23, 1980," he said.

He added the mandatory CKD deletion procedure of automotive safety glass would be based on the 80 per cent Central List of 1978 and exemption might be granted to the remaining models not within the Central List.

However, the 20 per cent minority models exempted from the mandatory CKD deletion would be subjected to a spare part import duty being levied on the automotive safety glass so imported.

He said that as far as laminated windscreens were concerned, since there was no local producer as yet, they would be exempted from mandatory CKD deletion for the time being as it was felt that Malaysia should not be excluded from the future trend of greater use of laminated safety glass.

"I would like to emphasise that before I made this announcement, the Government undertook a series of consultations with the private sector and I would like to assure those concerned that for future mandatory deletion of any component parts, the Government will continue to adopt this approach."