

MAHATHIR - MOTORCYCLES

KUALA LUMPUR, MAY 27 (BERNAMA) — MOTORCYCLES ASSEMBLED LOCALLY MUST HAVE UPTO 60 PER CENT LOCALLY-MADE PARTS BY 1985 UNDER THE LOCAL CONTENT POLICY (LCP) (TO BE IMPLEMENTED IN FOUR STAGES FROM NEXT YEAR, DATUK SERI DR MAHATHIR MOHAMAD ANNOUNCED HERE TODAY.

UNDER PHASE ONE OF THE POLICY (FROM JAN 1, TO DEC. 31, 1981,) LOCALLY ASSEMBLED MOTORCYCLES SHOULD HAVE 15 PER CENT LOCAL CONTENT, CUMULATIVE BY VALUE.

PHASE TWO (1982 TO 1983), 30 PER CENT CUMULATIVE BY VALUE; PHASE THREE (1984), 45 PER CENT CUMULATIVE BY VALUE AND PHASE FOUR (1985), 60 PER CENT CUMULATIVE BY VALUE.

THE DEPUTY PRIME MINISTER TOLD A PRESS CONFERENCE HERE THAT THE LCP WAS ONLY APPLICABLE TO THE TWO-WHEELER VEHICLE INDUSTRY, EXCLUDING THE SCOOTER INDUSTRY.

+THE SCOOTER INDUSTRY HAVING ONLY A MINOR AND NEGLIGIBLE SHARE OF THE MALAYSIAN MARKET IS, THEREFORE, EXEMPTED FROM THE LCP.

+HOWEVER, THE ASSEMBLER OF SCOOTERS WILL GIVEN THE OPTION TO DRAW UP A SEPARATE LCP, + HE SAID. — BERNAMA MORE 1712/YF

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DATUK SERI DR. MAHATHIR ALSO RELEASED THE FULL LIST OF COMPONENTS AND PARTS THAT WERE TO BE PROGRESSIVELY INCORPORATED INTO MOTORCYCLES ASSEMBLED LOCALLY IN THE FOUR PHASES.

HE SAID THE GOVERNMENT FELT THAT IT NOW MADE ECONOMIC SENSE TO INTRODUCE A LCP FOR THE TWO-WHEELER INDUSTRY FOLLOWING A CAREFUL AND INTENSIVE STUDY OF BOTH THE MOTORISED FOUR-WHEELER AND TWO-WHEELER INDUSTRY IN THE COUNTRY.

THIS WAS BECAUSE OF ITS LIMITED NUMBER OF ONLY FOUR MAKES AND 16 MODELS AND SUFFICIENTLY LARGE VOLUME OF 113,900 UNITS ASSEMBLED LAST YEAR APART FROM THE FACT THAT THESE MOTORCYCLES CONSTITUTED MORE THAN 90 PER CENT OF THE DOMESTIC MARKET.

HE SAID THE ITEMS IDENTIFIED FOR INCORPORATION INTO THE LOCALLY ASSEMBLED MOTORCYCLES NEED NOT BE IMPLEMENTED STRICTLY WITHIN THE PHASES STATED.

+WHEREVER PRACTICABLE AND VIABLE, EACH ITEM COULD BE INCORPORATED INTO ANY OF THE PHASES, WITH THE PROVISIO THAT AT THE END OF EACH PHASE THE PERCENTAGE DESIGNATED IS ACHIEVED, + HE ADDED. — BERNAMA MORE 1713/YF

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HE ALSO EMPHASISED THAT THE ITEMS IN THE PROGRAMME WERE ONLY SOME OF THE ITEMS WHICH HAD BEEN IDENTIFIED UP TO THE MOMENT, AND THE PRIVATE SECTOR WAS WELCOMED TO ADD ONTO THE LIST OTHER NEW ITEMS WHICH WERE VIABLE TO BE PROMOTED AND MANUFACTURED.

DATUK SERI DR MAHATHIR, WHO IS ALSO TRADE AND INDUSTRY MINISTER, WARNED THAT +FOR NON-COMPLIANCE OF THE LOCAL CONTENT PERCENTAGE TARGET IN THE VARIOUS PHASES OF IMPLEMENTATION, THE GOVERNMENT WILL IMPOSE PENALTY ON THE ASSEMBLER CONCERNED BY WAY OF A REDUCTION IN THE NET SELLING PRICE OF THE MODEL ASSEMBLED.+

ON THE OTHER HAND, THE EX-FACTORY PRICE OF A LOCAL COMPONENT SHOULD NOT EXCEED 20 PER CENT OF THE PRICE OF SIMILAR IMPORTED COMPONENT STATED IN ITEM PRICE LIST OF CKD PACK AS SUBMITTED BY PRINCIPAL COMPANY FROM TIME TO TIME.

HE, HOWEVER, ADDED THAT INCREASES IN EX-FACTORY PRICE OF THE COMPONENTS AND PARTS, WOULD BE CONSIDERED BY THE TRADE AND INDUSTRY MINISTRY ITEM BY ITEM. -- DERNAME 1723/YF

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DE DATUK SERI DR MAHATHIR SAID FOR A LOCAL COMPONENT ACCREDITED AS AN APPROVED LOCAL COMPONENT, THE FOLLOWING QUALIFYING CRITERIA NEED TO BE COMPLIED WITH:

+ THE LOCAL CONTENT OF A COMPONENT ITSELF, INCLUSIVE OF VALUE ADDED SHOULD NOT BE LESS THAN 50 PER CENT;

+ THE EX-FACTORY PRICE OF A LOCAL COMPONENT SHOULD NOT EXCEED 20 PER CENT OF THE PRICE OF SIMILAR IMPORTED COMPONENT;

+ EXPORT OF APPROVED LOCAL COMPONENTS ACCREDITED IN THE LOCAL CONTENT PERCENTAGE SHOULD BE BASED ON THE NET FOREIGN EXCHANGE EARNINGS SUBJECT TO A MAXIMUM OF 50 PER CENT OF THE STIPULATED PERCENTAGE TARGET FOR THE PERIOD;

+ AND, EXPORTS OF APPROVED LOCAL COMPONENTS FOR LOCAL CONTENT PERCENTAGE ACCREDITATION COULD BE ALLOWED TO THE ASSEMBLERS IN THE LOCAL MARKET.

DATUK SERI DR MAHATHIR STRESSED THAT THE GOVERNMENT WOULD LIKE TO SEE THE MANUFACTURE OF MORE OF THE MOTORCYCLES COMPONENTS AND PARTS TO BE UNDERTAKEN BY A GREATER NUMBER OF INDEPENDENT MANUFACTURERS WHO WERE ABLE TO SUPPLY THEIR PRODUCTS TO THE VARIOUS MOTORCYCLES ASSEMBLERS ON A HORIZONTAL BASIS.

THE MANUFACTURERS OF THE IDENTIFIED COMPONENTS AND PARTS WOULD BE REQUIRED TO COMPLY WITH THE GOVERNMENT'S GUIDELINES FOR MANDATORY CKD DELETION IN ORDER FOR THEIR PRODUCTS TO BE DELETED FROM THE CKD PACKS OF MOTORCYCLES AND, CORRESPONDINGLY, FOR THEIR PRODUCTS TO BE GIVEN RECOGNITION AS ORIGINAL EQUIPMENT ITEMS.

DATUK SERI DR MAHATHIR SAID THE PROPOSED PENALTY PER VEHICLE WOULD BE BASED ON THE UNDER-COMPLIANCE OF THE PERCENTAGE TARGET SET FOR THE PRESCRIBED TIME PHASE. — BERNAMA MORE 1735/YF

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+THE DEGREE OF PENALTY COULD BE CALCULATED ANNUALLY AT THE END OF EACH PHASE YEAR.

+SIMILARLY, FOR THE ASSEMBLER WHO OVER-COMPLIED WITH THE STIPULATED LEVEL OF LOCAL CONTENT DURING THE PERIOD, THE DEGREE OF OVER-COMPLIANCE COULD BE USED TO OFF-SET CERTAIN MODELS (WITHIN THE SAME MAKE) WHICH HE MAY NOT BE ABLE TO COMPLY, + HE ADDED.

DATUK SERI DR MAHATHIR WARNED THAT IF THE PENALTY PROVED INEFFECTIVE, THE GOVERNMENT RESERVED THE RIGHT TO IMPOSE MORE EFFECTIVE MEASURES.

HE SAID HOWEVER THAT THE GOVERNMENT WAS OF THE VIEW THAT THE FIRST PHASE OF 15 PER CENT LOCAL CONTENT BY 1981 SHOULD BE RELATIVELY EASY TO ACHIEVE AS THE TWO-WHEELER INDUSTRY HAD ALREADY INCORPORATED ABOUT 10 PER CENT LOCAL COMPONENTS IN THE FORMS OF TYRES AND TUBES AND SO ON.

+AS FOR THE REMAINING ITEMS IN THE SECOND AND THIRD PHASES, THERE ARE ALREADY EXISTING MANUFACTURERS AND OTHER PROJECTS WHICH HAVE BEEN APPROVED BUT HAVE YET TO BE IMPLEMENTED OR ARE IN VARIOUS STAGES OF IMPLEMENTATION.

SOME OF THE ITEMS IN THE FOURTH PHASE HAVE ALSO BEEN APPROVED FOR MANUFACTURING, + HE ADDED. — BERNAMA 1740/YF