

Dr M outlines 'own car' plan

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DATUK Seri Dr Mahathir Mohamad said that Malaysia wants to build its own car because it considers the capacity to produce vehicles a necessary component of its industrial structure.

In creating this component, the country must be prepared to bear the cost of promoting the industry, the Prime Minister said.

He told *Business Times* that, according to the government's calculations, the cost is something that the country can bear at this juncture.

While acknowledging that a Malaysian automobile industry is not likely to enjoy the economies of scale, it will nevertheless bring profit to the manufacturer. It will also generate considerable spin-off effects.

The Prime Minister argued that Malaysia will never be able to build its own car, and therefore will not acquire the technology, if a decision to do

so is based solely on economic considerations.

He cited the introduction of import duty on CKD (completely knocked down) packs and the raising of the duty on CBUs (completely built-up units) as re-

asons for the decline of cars sold in 1986 to be national cars. The market in that year is expected to range between 100,000 and 120,000 units.

At the very least, he said, market growth of other cars will be retarded. Perhaps some

one can vouch for the quality of the cars, saying that they would be built to the highest engineering standards.

He added that as the proposed manufacturing plant will be 30 per cent owned by a reputable Japanese partner, the engineering quality is assured.

The Prime Minister declined to reveal the identity of the Japanese company, saying that it would not be right for him to do so as the joint venture agreement was yet to be signed. Malaysia will be represented by Heavy Industries Corporation (Hicom) in the project.

It is widely speculated that the Japanese partner would be Mitsubishi Motors, one of the leading Japanese automakers.

The Prime Minister said that although the first Malaysian car will be distinctly Malaysian, principally in appearance, it will be

THE second part of the interview with the Prime Minister will appear on Thursday, and the full text on Friday.

reflecting the first instalment of the cost that the nation has to pay.

But the Prime Minister does not think the cost to the nation will be very much higher. He pointed out that motor cars in Malaysia are still the cheapest in the region because the rate of taxation is comparatively low.

He added that the locally produced car will have to compete with imports in the market. He expects a high proportion

of imported cars will not find a market in Malaysia.

Dr Mahathir gave the assurance that the government had studied the project very carefully and in the process examined the experience of other developing countries in building their own cars.

He said one should not expect the Malaysian-made car to be cheaper or even comparable in price to imports. But Dr Mahathir is willing to

several years before the bulk of the components is manufactured locally.

"The design will be Malaysian and it will be exclusive to the Malaysian car. It will not be a reproduction of some other cars. In that sense it will be uniquely Malaysian," said Dr Mahathir.

He said that a number of Malaysians are involved in designing the car with the cooperation of the prospective partner, adding that Malaysia has access to the designing facilities of the company in Japan.

"Our involvement will not be 100 per cent because we have to admit that we still do not have experience in designing a car," he said.

In the early stages, said Dr Mahathir, the whole engine and the transmission will have to be imported. But as time goes on, the share of local components and design will be increased.

On the proposed Asean car project, the Prime Minister said Malaysia is still willing to cooperate with other Asean countries, adding that they could even contribute to the national car project as not all the parts will be produced within Malaysia. Likewise, this country could supply components for cars produced elsewhere in Asean.