

B E468 AAE
MAHATHIR-PROTON SAGA

-85 (P)
TANAH MERAH, MARCH 28 (BERNAMA) -- PERUSAHAAN OTOMOBIL NASIONAL SDN BHD (PROTON) IS EXPECTED TO LOSE AT LEAST \$35,000 ON EACH UNIT OF THE MALAYSIAN CAR, PROTON SAGA, SOLD TO THE PUBLIC IN ITS FIRST YEAR OF PRODUCTION, PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY.

THIS WAS BECAUSE THE COMPANY, WHICH HAD CAPACITY TO PRODUCE 120,000 UNITS, WOULD ONLY BE PRODUCING 5,000 UNITS THIS YEAR, HE TOLD REPORTERS AFTER OPENING THE \$1.2 MILLION BUILDING OF THE TANAH MERAH UMNO DIVISION.

+THE COMPANY HAS INVESTED A LOT OF MONEY. OF COURSE WE ACCEPT THE FACT THAT WE WILL LOSE MONEY INITIALLY,+ HE SAID.

HE SAID THAT DESPITE THIS, THE PROTON SAGA WOULD BE SOLD AT A COMPETITIVE PRICE WITH OTHER MAKES OF THE SAME CAPACITY.

ON THE LOCAL CONTENT OF THE CAR, HE SAID THAT AT PRESENT 38 PERCENT OF THE COMPONENTS WERE MANUFACTURED LOCALLY WHILE THE OTHER 62 PERCENT WERE IMPORTED FROM JAPAN IN CKD (COMPLETELY KNOCKED DOWN) PACKS. -- MORE

D884

B E472 AAE
MAHATHIR-PROTON SAGA 2 TANAH MERAH

HE SAID THE LOCAL CONTENT OF THE CAR WOULD BE INCREASED GRADUALLY TO REACH 80 PERCENT.

HE SAID IT WOULD BE IMPOSSIBLE TO USE 100 PERCENT LOCAL COMPONENTS BECAUSE EVEN IN JAPAN CERTAIN GADGETS FOR THE CARS WERE OBTAINED FROM ABROAD

DATUK SERI DR MAHATHIR SAID IT WOULD COST MORE TO MANUFACTURE COMPONENTS LOCALLY THAN TO BUY THEM FROM JAPAN BECAUSE THE VOLUME TO BE PRODUCED WAS NOT BIG ENOUGH AND AS SUCH OVERHEAD COSTS WOULD BE ADDED TO THE COST OF THE LOCAL COMPONENTS.

AT THE SAME TIME THE DELETION ALLOWANCE GIVEN BY THE SUPPLIERS FROM JAPAN WOULD NOT BE ENOUGH TO COVER THE COST OF THE LOCALLY PRODUCED COMPONENTS.

+THIS IS THE PRICE WE WILL HAVE TO PAY BUT WE WILL ENSURE THAT WE PAY ONLY A MINIMAL PRICE,+ HE SAID. -- MORE

D908

B E482 AAE
MAHATHIR-PROTON SAGA 3 TANAH MERAH

IN ANSWER TO A QUESTION, HE SAID IT WOULD PROBABLY BE CHEAPER TO BUY ALL THE COMPONENTS FROM ABROAD +BUT THEN WE WOULD FOREVER BE EXPORTING MONEY ... WE WILL NEVER LEARN TO DO ANYTHING.+

+IN JAPAN YOU CAN GET FOR \$8,000 TO \$9,000 A CAR WHICH WOULD COST ABOUT \$20,000 HERE BUT THE PRICES OF OTHER THINGS SUCH AS FOOD ARE VERY HIGH.+

HE SAID THE PRICE OF CARS IN MALAYSIA WAS HIGH DUE TO TAXATION BUT IF THE PRICES WERE LOWERED THE PEOPLE WOULD GO ON A BUYING SPREE AND THE COUNTRY WOULD BE DRAINED OF FOREIGN EXCHANGE.

HE SAID THAT IF THE PROTON SAGA WERE TO BE EXPORTED, ITS PRICE WOULD BE HALF THE PRICE HERE TO COMPETE WITH THE PRODUCTS OF OTHER COUNTRIES.

INITIALLY THE TWO CLASSES OF ENGINE CAPACITY TO BE PRODUCED ARE THE 1,300CC AND 1,500CC AND PROTON PLANS TO PRODUCE THE 1,600CC ENGINE LATER.

PROTON PLANS TO PRODUCE 40,250 UNITS NEXT YEAR, 67,600 (1987), 84,400 (1988), 95,200 (1989), 100,200 (1990) AND 105,100 (1991).--
BERNAMA