

Why Saga is cheaper than other cars

Mahathir
Car project

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THE Proton Saga is cheap not because it is inferior, as has been maliciously rumoured, but because it has been exempted from taxes, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

He was replying to Enik Mamat Ghazalee Abdul Rahman (BN-Ulu Nerus) who had asked whether the Government was aware of allegations that the national car was cheap due "to inferior quality."

Dr Mahathir said the price of the Saga was very competitive as the Government would not let the project fail because it had invested heavily in it. Many workers and supporting industries also depended on it.

The Proton Saga, as had been announced earlier, is exempted from the 40 per cent import duty normally levied on completely knocked down packs. It also enjoys a 50 per cent reduction in excise duties.

In replying to Mr Lee Lam Thye (DAP-Kuala Lumpur Bandar), Dr Mahathir said apart from the United Kingdom and China, a score of other countries had also stated their interest in the car.

"But we are not quite ready to meet such demand because selling a car overseas is not a just matter of shipping it out.

"We have to ensure that the country receiving the car is also provided with back-up and follow-up services to attend to problems promptly. Otherwise we will not be able to safeguard our reputation.

"Before we are ready it is not necessary to start overseas promotion. If we promote but cannot deliver, then we will look bad."

He said Proton was formulating a marketing strategy to enter foreign markets in order to identify locations where it could meet the standards and specifications.

The Prime Minister said the domestic demand for the Proton Saga had surpassed all projections.

"The factory has capacity to produce 80,000 cars a year and if necessary, this can be increased to 120,000 units by investing another marginal amount."

He said it was more economical to produce one model in large numbers than to make more models in smaller quantities.