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MAHATHIR-PROTON
(EMBARGO: 10.30 PM, JULY 9)
BM

KUALA LUMPUR, JULY 9¹⁴⁰ (BERNAMA) -- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD TONIGHT LAMBASTED CRITICS OF THE PROTON SAGA WHO HE SAID CLAIMED THE NATIONAL CAR VENTURE WOULD HAVE FAILED IF NOT FOR THE GOVERNMENT'S TARIFF PROTECTION.

ALL CAR ASSEMBLY VENTURES IN THE COUNTRY ENJOYED TARIFF PROTECTION ALTHOUGH THE INDUSTRY WAS MORE THAN 20 YEARS OLD, HE SAID AT A DINNER HELD TO MARK THE FIFTH ANNIVERSARY OF THE COMMERCIAL LAUNCHING OF THE PROTON SAGA, AT THE PUTRA WORLD TRADE CENTRE, HERE.

WITHOUT SUCH PROTECTION IT WOULD BE IMPOSSIBLE FOR CARS ASSEMBLED IN MALAYSIA WITH IMPORTED COMPONENTS TO COMPETE WITH IMPORTED CARS, HE SAID.

THEREFORE, HE ADDED, ALL CARS ASSEMBLED IN THE COUNTRY WERE CONTRIBUTING TO PROFITS BECAUSE NO DUTY WAS PAID. IN FACT, THE PROFIT WAS ACTUALLY THE DUTY THEY DID NOT HAVE TO PAY TO THE GOVERNMENT.

THE PRIME MINISTER SAID THE CRITICS CONTINUED WITH THEIR NIT-PICKING ALTHOUGH THE QUALITY OF THE PROTON SAGA WAS COMPARABLE TO THAT OF CARS MANUFACTURED BY DEVELOPED COUNTRIES, AND EVEN WHEN IT HAD WON PRIZES OVERSEAS. -- MORE

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MAHATHIR-PROTON 2 KUALA LUMPUR (EMBARGO)

HE SAID THE DUTY WAIVED WAS THAT ON IMPORTED PARTS AND IF PROTON WERE TO USE MORE LOCAL COMPONENTS THE DUTY EXEMPTED WOULD BE MUCH LESS.

PROTON WOULD RECORD HIGHER PROFITS IF IT IMPORTED A HIGHER PERCENTAGE OF COMPONENTS BECAUSE USING MORE LOCAL CONTENT WAS A BURDEN FOR PROTON, HE SAID. NEVERTHELESS, HE ADDED, PROTON GAVE PRIORITY TO THE NATIONAL INDUSTRIALISATION POLICY.

THE PRIME MINISTER SAID THE TOTAL DUTY WAIVED FOR A PROTON SAGA WAS ONLY \$5,000 BUT THE DIFFERENCE IN THE SELLING PRICE BETWEEN A SAGA AND OTHER CARS OF SIMILAR CAPACITY ASSEMBLED IN THE COUNTRY WAS BETWEEN \$14,000 AND \$23,000.

HE SAID IF PROTON WERE TO PAY THE \$5,000 DUTY TO THE GOVERNMENT, THE SELLING PRICE OF THE CAR WOULD STILL BE BETWEEN \$9,000 AND \$18,000 LESS THAN THAT OF THE OTHER CARS.

+IF THE PRICE OF THE SAGA IS INCREASED BY \$5,000 ITS SALE MAY NOT BE AS GOOD AS NOW BUT IT WILL BE BETTER THAN THAT OF THE OTHER CARS,+ HE SAID.

DATUK SERI DR MAHATHIR SAID IT WAS CLEAR THAT THE DUTY EXEMPTION WAS NOT SIGNIFICANT IN THE PROFITS OF PROTON. IT WAS MORE OF A SUBSIDY FOR BUYERS OF THE CAR, HE ADDED. -- MORE

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MAHATHIR-PROTON 3 KUALA LUMPUR (EMBARGO)

+IF BUYERS ARE PREPARED TO PAY \$5,000 MORE FOR THE SAGA, THE GOVERNMENT IS PREPARED TO IMPOSE FULL DUTY ON THE CAR,+ HE SAID.

DATUK SERI DR MAHATHIR SAID THE SAGA WAS SELLING WELL IN BRITAIN, THE SECOND LARGEST MARKET FOR THE CAR, BECAUSE IT WAS POPULAR. THE SALES WERE GOOD NOT BECAUSE OF THE GENERALISED SYSTEM OF PREFERENCES (GSP) BECAUSE MANY CHEAPER CARS WERE ALSO IN THE MARKET.

HE SAID THAT THIS YEAR PROTON WOULD PRODUCE 85,680 CARS AT AN ESTIMATED COST OF \$2 BILLION. HE ALSO SAID THAT THE PROFIT FOR THE 1989-90 FISCAL YEAR WAS \$159 MILLION WITH SALES OF \$1.4 BILLION.

THE PRIME MINISTER SAID PROTON WAS BUILDING AN ENGINE MANUFACTURING PLANT AT A COST OF \$100 MILLION TO PRODUCE BETWEEN 120,000 AND 150,000 CARS A YEAR.

HE SAID A COMPLETE MODEL CHANGE WOULD BE MADE IN 1994, AND RESEARCH WOULD BE DONE TO INCREASE THE NUMBER OF MODELS, RAISE ENGINE CAPACITY TO 1800CC, AND PRODUCE LEFT-HAND DRIVE CARS.

HE ALSO SAID THAT PROTON WAS STEPPING UP ITS CAPACITY IN THE ENGINEERING FIELD BY INVESTING \$100 MILLION ON A MACHINING PLANT. --

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