

NOW FOR SMALL CARS

Malaysia eyes joint venture with Japanese firm

By Zulkifli Talib

SHAH ALAM, Tues. — Malaysia may go into joint venture with Japanese manufacturer Daihatsu to produce cars with engine capacities of 1,000cc and below.

Datuk Seri Dr Mahathir Mohamad said today that Daihatsu was studying the viability of producing such cars in the country.

The Prime Minister said that although Malaysia was producing cars with engine capacities of 1,300cc and 1,500cc, "we feel there is a market for smaller and more economical cars in the country, such as those with 600cc and 700cc engines.

"We have asked Daihatsu to study whether it is viable to make the cars here at acceptable costs and competitive prices," he told reporters after officiating at the roll-out of the 300,000th Proton Saga and opening of Proton's engine and transmission plant here.

Dr Mahathir said the request to Daihatsu was not prompted by the rising price of the Sagas but because the Government wanted more people from the lower income group to also own cars.

"Also the emphasis is on building smaller and cheaper cars which can be used as second cars and conveniently driven in cities and other urban areas."

He said the Government did not have any intention for Daihatsu to compete with Proton as Proton would concentrate on cars with engine capacities above 1,300cc.

Dr Mahathir said the decision on the proposed joint venture would depend on the result of Daihatsu's study.

"The Government has, on its part, given Daihatsu guidelines for its study and the main guideline is that it must be reasonably priced."

Asked why Proton was not asked to build the smaller cars instead, Dr Mahathir said such a project would involve major expansion and financial outlay.

To a question on the recent increase in prices of the Proton Saga, Dr Mahathir said the national car was still priced lower than other cars of the same class.

In his speech earlier, Dr Mahathir said the Government made the right move to establish an automobile industry without first establishing support industries.

"In the space of five years, locally made components for the Proton Saga have risen from 18 per cent to more than 70 per cent as the result of the growth in the support industries.

"Many had claimed that the automobile industry could not be established without support industries.

"In this classic case of the chicken and the egg, we chose the chicken first and it has proven to be the right decision," he said.

Dr Mahathir said Malaysia could be proud of the success of the national car, particularly as the automobile industry was

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Dr M happy with Proton's growth

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launched when the country faced an economic slowdown.

On the opening of the engine assembly and transmission plant, he said it signalled the move towards the production of an important component which required efficiency

and high technology as well as high capital.

"With the introduction of this branch of the industry, the country will be able to master another skill in the industrialisation process.

"From here we will be able to be skilled in the area of casting and forging — two basic processes

which will complete the field of production and engineering," he said, adding that the two would require large investments to be viable.

Dr Mahathir expressed satisfaction with Proton's growth and development especially with encouraging foreign investment, which he said would en-

sure transfer of technology.

He said that Malaysia must acquire the ability to compete in the manufacturing industry not only for domestic markets but also export markets.

He also urged the private sector to play a part in ensuring the success of the automobile industry.