

‘Success of the national car  
has proven the critics wrong’

# Move into heavy industries was right, says PM

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By K.P. Waran

SHAH ALAM, Tues. — The success of the Proton Saga has proven that the Government's policy to venture into heavy industries was correct, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said almost all heavy industry projects suffered losses in the first few years before experiencing a turnaround once the weaknesses had been identified and rectified.

a developed country.

Also present at the ceremony were International Trade and Industry Minister Datuk Seri Rafidah Aziz, Minister in the Prime Minister's Department Syed Hamid Albar and Selangor Menteri Besar Tan Sri Muhammad Haji Muhammad Taib. They later toured the engine and transmission factory.

Dr Mahathir also advised local companies to venture into the high-technology field and encourage the pro-

Government felt that there was a market for smaller cars which were more economical.

He did not discount the possibility of a joint venture with Daihatsu, adding that a new Malaysian company might be formed.

“We want to know whether these cars can be produced economically before we venture into it. We want those in the lower income bracket to also own cars.

“There is also demand for smaller cars to be used as a

Dr Mahathir said the Proton project was no different, especially since the national car went into production at a time when the country faced severe economic problems.

Speaking at the roll-out of the 300,000th Proton Saga and the official opening of its engine and transmission factory here, the Prime Minister said: "Contrary to the arguments put forth by critics before, the national car has achieved encouraging success."

He said that in projects involving foreign investors, there should be transfer of necessary technology from developed countries to Malaysia.

This, he said, would ensure that Malaysia achieved a high competitive edge in the manufacturing industry, enable Malaysian products to face stiff competition in external markets, and achieve the objectives of Vision 2020 to make Malaysia

duction of value added goods with emphasis on research and development.

He said the Government would continue to provide assistance through various trade missions, bilateral trade agreements and creation of more business opportunities.

He later told reporters that Malaysia was considering producing cars with a capacity of between 600cc and 700cc in collaboration with Daihatsu Motor Company of Japan.

He said Daihatsu was carrying out a feasibility study on manufacturing the cars locally after Malaysia had submitted a set of guidelines for the study.

"We want to know whether the cars could be produced at a reasonable cost here. The study is still not finalised," he said.

Dr Mahathir said although Proton was involved in manufacturing cars of between 1300cc and 1600cc, the

second car and for use within towns," he said.

Dr Mahathir said a new plant might be set up as Daihatsu would not be able to produce the cars at the Proton plant. This is because Proton is involved with Mitsubishi.

He said although Proton could produce smaller capacity cars under the Proton Saga label, this would involve extensive changes to the present plant, including fitting a new range of machinery.

"It is feasible but it involves a lot of money and manpower. Anyway, Proton has its own future projects to concentrate on," he said.

Daihatsu president Jiro Ohsuga said recently in Japan that his company would pursue the project depending on the outcome of the study. The company produces, among others, a pop-

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## PM tells... why duty on Proton raised

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ular 660cc model car in Japan.

When asked about the Government's decision to increase excise duties of Proton Sagas, Dr Mahathir said this was because the Government wanted to increase its revenue and also because the national car was quite cheap compared with other models of the same capacity.

He said the success of the Malaysian-made car was further proof of Malaysian management and workers' capability in the field of engineering.

He said although the Proton Saga used mainly local components, the price of these components were higher than imported ones because the foreign manufacturers of components carried out high volume production.

He said the cost of producing these parts locally would, in time, be reasonable.