

PM: Weaker pound can affect Saga sales

By LEE KAR YEAN

PETALING JAYA: Prime Minister Datuk Seri Dr Mahathir Mohamad is concerned that the depreciation of the pound sterling can affect the export of Proton Saga to Britain.

He said he raised the matter in his meeting with his British counterpart John Major during a private visit to England.

"I have informed him (Major) the depreciation of the pound will affect our exports, especially the Proton Saga which will become more expensive compared to British-made cars.

"Imported Japanese cars are still more expensive in Britain than our cars," he told reporters at the Kuala Lumpur International Airport in Subang on his return from Britain.

The Prime Minister was in Britain after an official visit to Ireland.

Dr Mahathir noted the price of British-made cars or Japanese cars manufactured in Britain would be cheaper than the Proton Saga.

The Proton Saga recorded an average sale of 1,300 units a month last year in Britain.

It is priced at £7,000 (£1

= M\$4.4) for the basic model and £10,000 for a model equivalent to the 1.5i in Malaysia.

Dr Mahathir also said the depreciation of the British currency has its positive effect in terms of goods bought from Britain, including aviation equipment, which would be cheaper.

"We will profit provided we pay for the goods now instead of waiting for the pound to go up again."

He described the outcome of his trip to Ireland as being very useful with both the Irish and Malaysian governments wanting to have closer rela-

tionships and co-operation in trade and airport management.

The Irish Government had also agreed to give more places in the universities for Malaysian students, he said.

On the current economic crisis in Europe, Dr Mahathir said it might be difficult for them to recover from the crisis if the countries continued to adopt the life of luxury they could ill-afford.

"In some places the unemployment rate is 22 per cent and those who are employed are being paid too high a salary resulting in investors losing inter-

est."

A vicious cycle is created whereby lesser investment would result in higher unemployment and a higher price to pay for unemployment benefits.

"In a recession, their governments will not have enough money to pay the unemployment benefits and therefore they have to continually operate under a budget deficit," he said.

However, Malaysia would stand to benefit in this situation because it would be able to compete better with the European countries, Dr Mahathir said.