

CNS1553

U GE 26-01 00211 EF813

aae

Rpt replacing word in third graf

Mahathir-motor

PRODUCTION OF MOTOR EQUIPMENT NOW AN INCENTIVE ACTIVITY, SAYS MAHATHIR

bm

SHAH ALAM, Jan 26<sup>92</sup> (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today the government has gazetted the production of motor components and equipment as an incentive activity eligible to be granted tax incentives like pioneer status or investment tax allowances.

The Prime Minister said that motor components may be produced for supply to Proton or other vehicles or for export.

Motor component and equipment import figures showed that there was a wide scope for increased production, he said when opening the PHN Industry Sdn Bhd plant which produces some of the motor parts and components for Proton.

Dr Mahathir said that between January and November last year, the import volume of motor components and equipment amounted to RM2,100 million.

There are now more than 200 companies producing automotive components and more than 70 of them produce the components for the original equipment market.

"With the local composition scheme policy for assembled passenger and commercial vehicles in the country, we hope to assist in the expansion of the market for motor components," he said. -- more

▼26/01/14-55MST

CNS1572

U GE 26-01 00187 EF814

aae

Mahathir-motor 2 Shah Alam

Dr Mahathir said that in view of the limited market in the country, the government hoped that the motor component and equipment industry could compete in the international market.

Local producers of motor components could take advantage of the Asean market through the Asean industrial joint-venture (AIJV) scheme and the "brand-to-brand" complementation scheme in the automotive industry.

"Lately, the government and the other Asean governments are implementing the common effective preferential tariff (CEPT) scheme and through this scheme we hope that an Asean free trade area will be created to provide continued incentive to the automotive component industry," he said.

The Prime Minister said that the government made a controversial move in 1982 to develop an integrated motor vehicle industry by setting up the Perusahaan Otomobil Nasional Bhd (Proton) and launching the national car project with the hope that it would become a catalyst for the component and engineering industry in Malaysia.

The strategy had succeeded gradually in systematically upgrading the production of more sophisticated and high-quality components. -- more

▼26/01/15-19MST

CNS1589

U GE 26-01 00184 EF815

aae

Mahathir-motor 3 Shah Alam

The government had always encouraged investment in the industry based on local and foreign resources because it felt that joint ventures in the field would further upgrade the rate of growth and use of technology besides providing international marketing opportunities through the marketing network of the foreign producers.

The projects carried out on a joint-venture basis encouraged by the government are production of critical components like engines and transmission equipment, intermediate materials like raw castings for engine and transmission, forged parts and small components used in the assembly of large components.

Others are production of the components for export and the setting up of engineering support service industry like tool/mould and die making.

Dr Mahathir also stressed that emphasis should be placed on research and development (R&D) in the manufacturing field in the country to contribute to the further growth of the industrial sector.

At present, the country's R&D activities, which were carried out by the public sector, were focussed on agro-based industries, he added. -- more

CNS1606

U GE 26-01 00208 EF816

aae

Mahathir-motor 4 Shah Alam

He said that in Britain, only 10 per cent of the cost of the R&D sector in that country was financed by the public sector and 96 per cent was funded by the manufacturing sector.

The Prime Minister said the government realised that there were obstacles in R&D efforts in the country but added that they should be regarded as challenges.

"I hope the joint-venture partners in our projects will continue to provide support and cooperation towards this effort and at the same time Malaysians should equip themselves to respond to this challenge as we are confident that the people on the country have the capability," he said.

He added that the people in the country should be sensitive and always keep abreast with practices among the manufacturers like the need for skilled labour and in the respect develop a quality workforce that would attract investors.

Dr Mahathir said that the transfer of technology in the country was proceeding slowly through joint-venture projects with advanced countries and the success of the process largely depended on the determination, capability and commitment of the individuals involved directly with the particular industry. -- more

▼26/01/16-03MST

CNS1623

U GE 26-01 00187 EF817

aae

Mahathir-motor 5 (last) Shah Alam

He said that after acquiring a certain technology, they should be bold enough to improve and make innovations as those who confined themselves to old ways would not progress and would always depend on others for technology.

"The future of the country's manufacturing sector is bright but the important issue is the transfer of technology with high value-added so that we can focus on the comprehensive operations of product manufacturing," said Dr Mahathir.

The Prime Minister commended the setting up of the PHN Industry joint venture which produces automotive metal-stamped components. Proton Bhd has 35 per cent equity in PHN, Hicom Bhd (42.5 per cent), Nagoya Oak Industries (20 per cent) and Mitsubishi Corporation Ltd of Japan (2.5 per cent).

He hoped that PHN Industry would not only be the original equipment supplier for Proton but also embark in the market for motor spare parts.

Dr Mahathir also hoped that PHN industry would make a great contribution to the development of the local mould and die industry. --  
Bernama

▼26/01/16-23MST