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Mahathir-GSP

MALAYSIA NOT AFFECTED WHEN GSP PRIVILEGES WITHDRAWN

GURUN, Oct 3 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today Malaysia will not be affected when the United States withdraws its privileges under the Generalised System of Preferences (GSP) because most of the GSP benefits are being enjoyed by American firms here.

Moreover, the local industries had been pressured much earlier to be more efficient, he told a news conference after opening the Motosikal dan Enjin Nasional Sdn Bhd (Modenas) factory and naming the national motorcycle "Kriss".

He said: "Actually, most of the GSP privileges are enjoyed by their companies (U.S) which invest here and later export the goods back to their own country.

"So those involved are their own companies although there are also local companies affected," he said.

However, Dr Mahathir said the GSP withdrawal would not affect Malaysia so much because Malaysia was not too dependent on the U.S. market.

"We do not intend to sell cars, motorcycles or electrical goods to the U.S. Our market in the east with Japan and China is growing...so if there is a withdrawal the effect is minimal," the prime minister said.

A foreign agency report from Washington yesterday quoted acting U.S. Trade Representative Charlene Barshefsky as saying that a presidential proclamation was expected to be issued next week aimed at graduating Malaysia from the GSP programme next year.

The programme allows products from designated developing countries to be imported tariff-free.

Dr Mahathir said he did not expect the American move to have a big impact on the local workers in the industry as they could move to other industries.

"The rapid development of the industrial sector in Malaysia provides numerous job opportunities and within a short period those affected will be absorbed by other employers," he said.

Dr Mahathir also said that the country must now consider other alternatives in the search for manpower and not be too dependent on foreign workers who caused social problems in the country.

"We now have over one million foreign workers and are beginning to face problems.

"For example, in a school in Sabah, 95 per cent of the students are children of foreign workers and we spend the taxpayer's money on foreigners. I think this is not right," he said.

On the national motorcycle project, he said it was an outstanding achievement in the industrial field for the country for it proved the capability of Malaysians to build a modern factory without depending too much on foreign expertise.

"We are capable of designing the most modern motorcycle factory in the world, It is a big success for us."

The project involving over RM300 million in investment is a joint venture among DRB-Hicom with 55 per cent equity, Khazanah Nasional (15 per cent) Kawasaki Heavy Industries (19 per cent) and Nissho Iwai Corporation (11 per cent).

Asked about the impact of the industry on Kedah, he said the government was distributing industries to the northern states so that they would not lag in the industrial sector.

"This move can stimulate the economic growth of these states and for Kedah, it can change the public conception that Kedah is an agricultural state," he said.

Asked about the tax revenue the government would get from the national motorcycle, he said the amount was not much because the duty on 110cc motorcycles was small.

"The government's priority is to provide a motorcycle affordable to the low-income group," he said. -- BERNAMA

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