

14 MAY 1996

MANILA TO EXTEND INCENTIVES TO MALAYSIAN PROTON SUBCONTRACTORS

MANILA, May 14 (Bernama) -- The Philippines will extend incentives to subcontractors of Malaysian car, Proton Wira, wanting to relocate here, officials said today.

The Board of Investments (BOI) made the assurance in response to a query from Proton Pilipinas Corp (PPC), the Philippines assembler of the Malaysian car.

PPC, established in 1994, is a joint venture between the Kuala Lumpur-based Perusahaan Otomobil Nasional Bhd and Manila's Autocorp.

BOI officials told Bernama, PPC plans to bring in some proton parts suppliers from Malaysia this year and wants to know what government incentives can be extended them.

The suppliers include those producing instrument clusters, control cables, alarm and remote systems, window screen rubber, central locking devices and other auto parts.

PPC, through its Malaysian parent firm, will initially relocate 15 proton parts suppliers and increase the number to 60 when it goes into full assembly operations.

It expects to complete this year the construction of its 2.0 billion pesos (RM200 million) manufacturing and assembly plant in Alaminos, Pangasinan, 200 km north of Manila.

The plant, launched in 1994 by visiting Prime Minister Datuk Seri Dr Mahathir Mohamad, will assemble 11,000 Proton Wira units a year for the Philippines and export markets.

BOI officials said producers of auto parts were entitled to "pioneer incentives," provided they bring in new technology.

They range from a six-year income tax holiday to only a three percent duty on import of capital equipment, in addition to other fiscal and non-fiscal incentives.

If the projects are "non-pioneering," the suppliers are still eligible for incentives such as a four-year income tax holiday on top of other concessions.

Meanwhile, the BOI has allowed PPC to assemble other luxury vehicles for the domestic and export markets.

PPC plans to assemble the 2.6 litre and 2.8 litre Audi cars it will import in semi and completely knocked down packs from Germany's Volkswagen Group.

The company has earmarked 65 million pesos to finance the putting up of its Audi assembly line and other related facilities at its Alaminos plant.

It will assemble 210 Audi units this year and raise the volume to 750 units by the year 2000. The cars will have V6 engines, anti-lock brake systems and passenger airbags.

The BOI, however, has required PPC to generate its own foreign exchange needs to fund its imports of the German-made Audi cars. -- BERNAMA

AJL FR