

06 MAR 1996

Mahathir-Perodua

PM URGES PERODUA TO HELP CHECK TRADE DEFICIT

KUALA LUMPUR, March 6 (Bernama) -- Datuk Seri Dr Mahathir Mohamad tonight outlined three measures which Perusahaan Otomobil Kedua Bhd (Perodua) can take to help reduce the country's trade deficit, especially with Japan.

The Prime Minister said it should ensure that component imports were at the minimum level, speed up planning to replace components imported from Japan and export as many Kancil and Rusa vehicles as possible.

If these efforts were planned and implemented properly, a balance could be struck between imports and exports to reduce the deficit, he said when launching Rusa, a multi-utility van produced by Perodua, the manufacturer of the second national car Kancil.

Perodua's import of parts and capital goods had contributed to the deficit, which totalled RM9,900 million as at last November, he said.

"Perodua has a duty to take measures to curb Malaysia's trade deficit since it has been accorded certain protection by the government," he said.

If careful studies were conducted, many of the imported components could be sourced locally, he said.

Dr Mahathir said all parts and equipment of a car should be studied to identify the imported components and child parts, and every effort should be made to produce them locally.

The number of cars made by Malaysia had reached the required number for the components industry to have economies of scale, he said.

He said although Kancil was now exported to Brunei, efforts should be made to widen its export market.

This included producing left hand-drive Kancil with an engine capacity of 850cc to cater for certain markets, he said.

"The manufacture of engines in Malaysia should be implemented now," he said.

He said although Perodua already had plans to produce main components of engine like cylinder heads, camshafts, crankshafts and cylinder blocks, it should also make other parts like the fuel injection system and fuel pumps to prove the country's capability to manufacture engines.

Dr Mahathir also suggested that Perodua consider producing automatic transmission system, at least some of its parts, in view of the high demand for the automatic Kancil although it was powered by only 660cc engines.

Perodua should also have facilities to test components individually, including those imported from Japan, to ensure the vehicles produced can maintain their high quality, he said.

This way, standardisation could be achieved and scientific comparisons made between the products made in Japan and by other parties, he said.

He said Perodua had increased its planned production for 1995 from 20,000 to 40,000 units but this was still insufficient as there was a waiting list of 10,000 buyers for Kancil.

He urged Perodua to increase its production capacity as soon as possible.

Dr Mahathir said motor vehicle sales in the country jumped by more than 40 percent in 1995 compared to the previous year and this was an astonishing development by all accounts.

The success of the industry in coping with the challenges posed by this big demand would measure the level of maturity of the country's automobile industry management, he said.

He said the supporting industry or vendors producing components should also overcome this challenge by drawing up production programmes to meet the demand and practise the "just in time" system.

The local motor industry was forecast to experience rapid growth in the coming years and, in fact, the vehicle market in Malaysia might even reach the maximum level of 500,000 units a year, he said.

However, only time and economic performance would determine whether this could be achieved, he said.

He said it was important for Proton, the producer of the first national car, and Perodua to reduce production costs in order to compete outside the country where they did not enjoy government protection. -- Bernama

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