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Positive signs of economic recovery

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THE Malaysian automotive sector's improving performance is an indication of a general improvement in the economy, Minister of International Trade and Industry Datuk Seri Rafidah Aziz said yesterday.

Speaking at the official launch of the Inokom Permas van in Kuala Lumpur, Rafidah said that when the automotive industry improves, it is an indicator that the economy is also getting better.

"We see more positive signs now. The production of motor vehicles including commercial vehicles increased by 19.1 per cent to 458,291 units in 1997 from 384,673 units in 1996.

The production of these vehicles until September 1998 was 112,821 units.

"From January to September 1998, some 102,668 units of passenger cars and 10,153 units of commercial vehicles were produced," Rafidah said.

She added that the total production for August 1998 was 15,188 and for September 1998 was 14,977 units.

"These two months' production figures were comparatively higher (by at least 50 per cent) than those of earlier months of 1998, indicating that the industry is picking up," she said.

Rafidah, who represented Prime Minister Datuk Seri Dr Mahathir Mohamad at the event, added that sales of motor vehicles including commercial vehicles increased by 11 per cent to 404,937 units in 1997 from 364,788 units in 1996.

Sales of these vehicles from January to September 1998 was 104,593 units, of which 90,181 units were passenger cars while 14,412 units were commercial vehicles.

In 1996, 275,615 units of passenger cars and 69,444 units of commercial vehicles were sold. In 1997, 307,907 units of passenger cars and 70,334 units of commercial vehicles were sold.

"The total sales of motor vehicles for October 1998 was 16,638 units registering an increase of 14 per cent over the September 1998 sales (14,308 units)," Rafidah said.

She added that the overall gross local content for passenger vehicles is between 65 to 70 per cent. The gross local content for Proton is 80 per cent and the Perodua, 70 per cent. The gross local content for Permas van is 25 per cent.

The net local content for Proton is 55 per cent and for Perodua, 40 per cent.

Rafidah added that exports of motor vehicles for the transport of persons increased from January to September 1998 to RM592.2 million compared with 1997's RM566.7 million and 1996's RM479.0 million.

Meanwhile, exports of motor vehicles for the transport of goods and special purpose motor vehicles in 1998 (January to September) is RM154.7 million, compared with RM30.6 million (1997) and RM18.5 million (1996).

Imports, meanwhile, have decreased rather significantly, reflecting the economic downturn faced by the country.

"The automotive industry in Malaysia is slowly becoming an important manufacturing industry and is no longer just an assembling industry. This happens when various integrated processes is done in the country, such as research and development in design and components," she said.

She added that the entry of foreign technology must be considered as a catalyst and not as a dependency.

"It is the combination of foreign and local technology, and Malaysian

innovation and expertise that has given rise to products such as Inokom Permas," she said.

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