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Proof of national car project's success

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PRIME Minister Datuk Seri Dr Mahathir Mohamad said Edaran Otomobil Nasional Bhd (EON)'s 1,000,000th customer proved the success of the national car project despite the economic problems faced by the country.

Speaking at the presentation of the key to EON's 1,000,000th customer in Shah Alam yesterday, Dr Mahathir said when Proton cars were first produced, the country was also experiencing an economic recession.

"At that time, some people said we were too ambitious and was making a wrong move in manufacturing a national car. At that time, the country was also facing economic problems and recession whereby not many people can afford to buy the cars.

"But Proton and EON managed to sell 25,000 units a year ... not a large volume but it was considered a success, especially when the country's economy was slowing down," he said.

Dr Mahathir said the economic problems faced by the country had taught Proton to venture into the export market since the company was unable to register high sales domestically.

"The situation today is almost the same ... the domestic market is currently weak and Proton has to reduce production but we believe the company can increase exports.

"We have to give serious attention to this because if we do not achieve high exports of Proton cars, then we have to reduce production and this will increase cost," he added.

Later, Dr Mahathir presented the car key to EON's 1,000,000th customer Mr Yeoh Eng Keat. He was also given a cheque for RM10,000 by EON.

EON, today a part of the DRB-HICOM group, was established on May 16 1984 as the then sole distributor of Proton cars.

On September 1 1985, it sold its first Proton Saga and has since been growing at an average of 18.7 per cent a year. EON chairman Tan Sri Saleh Sulong said he believed sales can be improved if the Government extends its relaxation of car hire purchases to cars priced RM60,000 and below.

Earlier this year, the Government relaxed the terms for cars priced RM40,000 and below by increasing the loan amounts to 80 per cent of the purchase price from 70 per cent and the repayment loan from five to seven years.

Faced with an expected downturn of over 60 per cent this year in the Malaysian motor industry, EON sold 21,000 units while Proton's other distributor, USPD, sold 4,400 units in the first five months of 1998.

The export of Proton cars, components and spare parts totalled RM89 million last year and for the first quarter of 1998, a total export volume of RM268 million was recorded.

Saleh said the DRB-HICOM group - of which Proton, EON and USPD are part of - is confident of increasing exports to more than RM1 billion this year.

During the first five months of this year, EON has sold 21,000 units and increased its market share from 45 per cent in 1997 to 54 per cent in 1998.

In 1997, the EON group of companies registered RM7.4 billion in sales and RM669.7 million in pre-tax profits, making it the fifth largest corporate entity in Malaysia in terms of turnover.

Between 1985 and 1997, total revenue of the EON Group amounted to RM37.3 billion.

Its total assets also expanded from RM101 million in 1986 to RM12.87 billion by the end of the 1997 financial year.

The national car project has, to date, contributed RM7.6 billion to the Treasury in the form of excise duties, sales tax, road tax and corporate tax, making it one of the largest tax contributors in Malaysian history.

In line with the aspirations of the New Economic Policy, the project has also created business and employment opportunities for Malaysians as well as greater participation for Bumiputeras in the motor vehicle industry.

Today, there are 87 Bumiputera vendors, 89 non-Bumiputera vendors, 72 Bumiputera franchised sales dealerships, 42 non-Bumiputera franchised dealerships, 77 Bumiputera franchised service dealerships and 62 non-Bumiputera franchised service dealerships.

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