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Brighter prospects for motor industry

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THINGS are definitely looking up for the motor industry.

Soon after the announcement that the Government might consider giving incentives to boost passenger car sales, the local industry received another heartwarming piece of news.

Prime Minister Datuk Seri Dr Mahathir Mohamad said that Malaysia would possibly form tie-ups with US car makers, news which was obviously well received by most quarters.

They agreed that the potential collaborations offer more good than harm.

Then, the Malaysian Motor Traders Association disclosed that the April motor sales continued its momentum since the last quarter of last year.

MMTA chairperson Aishah Ahmad noted that 23,427 vehicles were sold in April and was hopeful that the May figure - now being compiled by the association - would resume the uptrend.

Given the promising economic climate, Aishah reiterated that sales of motor vehicles this year could exceed the earlier forecast of 22 per cent increase over the 163,851 units sold in 1998. Last year's sales represented a 60 per cent decline over 1997's total volume of 303,907 units.

It was apparent that the strong sales performance since the fourth quarter of 1998 was largely attributed to various measures implemented by the Government since last September.

These include the more relaxed hire-purchase financing and lower interest rates, Aishah said in Shah Alam, adding that the return of investors confidence and public spending from the Government's measures had fuelled the situation.

Commenting on the country's intention to collaborate with US automotive companies, Aishah said the potential tie-ups offer multiple advantages to the domestic industry.

She said the partnerships would enable the interchange of expertise and technology know-how, as well as the sharing of vehicle platforms, logistics and vendors.

"Cheaper sources of parts and components could also be derived from such collaborations. At the end of the day, consumers would be able to buy cheaper vehicles," she said.

Dr Mahathir, during his visit to facilities operated by Toyota Motor Corp in Nagoya, Japan, on Tuesday, said Malaysia was now holding talks with several US automakers for possible tie-ups to boost the local automotive industry.

However, the Prime Minister did not specify which US automakers the country was keen on wooing or which local car manufacturers would be the ultimate beneficiary of the possible tie-ups.

Aishah disagreed with the view that Perusahaan Otomobil Kedua Sdn Bhd, instead of Proton or other local car manufacturers, would directly partner any of the "few American companies".

"Perodua has strong technological tie-up with Daihatsu (Motor Co Ltd) and (parent company) Toyota (Motor Company), which is a strong car manufacturer.

"Its vehicles apparently are appealing to mass consumers especially the lower income group. Although its sales was slightly affected from the economic downturn, but generally, Perodua still makes money," she said.

As for Proton, she said, although it already has relationship with

Mitsubishi Motors Corp and Citroen of France as well as having secured engineering capability from the purchase of Lotus Group, Proton could still work with other foreign parties, depending on its requirements.

"Proton can do so if it wants to produce different vehicles," Aishah said.

The MMTA also lauded the Economic Planning Unit director-general Dr Samsuddin Hitam's statement that the Government might look into the possibility of introducing incentives to boost passenger car sales.

Aishah said more incentives would subsequently make car prices more affordable to many people, adding that ultimately strong car sales would increase the Government's revenue from taxes.

"The present car market situation is favourable, but more incentives would spur the good sentiment even further," she said, suggesting that the Government also consider reducing duties related to imported parts and components.

She agreed to a suggestion that focus be given to boost sales of commercial vehicles and proposed the introduction of incentives that could make commercial vehicles cheaper.

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