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#### Council draws up plan to boost car industry (HL)

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THE Industrial Coordination Council (ICC) is drawing up a long-term plan to boost the country's motor vehicle sector, now facing intense global challenges and will also soon have to compete in a tariff-free regional environment.

The two-year-old council tasked with the responsibility of fine-tuning the Second Industrial Master Plan (IMP2, 1996-2005), is expected to come up with a long-term plan for the rubber-based products industry as well. International Trade and Industry Datuk Seri Rafidah Aziz asked for the two plans to be drawn up at a meeting of the ICC in Kuala Lumpur yesterday. The meeting discussed working papers submitted by the two industries.

Rafidah said the long-term plan for the motor vehicle sector will focus on the issue of competitiveness in view of the commitment to reduce tariffs under the Asean Free Trade Area (Afta).

Under Afta, tariffs on intra-Asean trade are to come down to between 5 and zero per cent on selected items from the year 2003.

At present, certain parts and components of the motor vehicle sector are placed in the exclusion list of the Common Effective Preferential Tariff scheme, the implementing arm of the Afta.

"We have to study the costs for industries when they have to compete with others," she told reporters.

"At the moment, where we have duties (which) are quite high, they can compete in their own domestic market but once duties are rationalised in the Association of South-East Asian Nations and there are no disparities and duties, then our people will have to be ready to compete internationally ... this is where the long-term strategy comes in."

The ICC meeting reviewed the performance of the motor vehicle industry in terms of production and sales. The sector experienced its worst year in 1998 but things appear to be looking up now.

Rafidah said a problem faced by vehicle assemblers is the result of the exchange rate where this year's production is based on the dollar-ringgit peg at which the completely-knocked-down (CKD) units were brought in.

In the past, the CKD peg was RM2.85 and now it is RM3.80, she added.

Asked about potential technology tie-ups with US carmakers to boost the motor vehicle industry, she said any technology which can enhance the industry is welcomed but no US partner has been identified.

Prime Minister Datuk Seri Dr Mahathir Mohamad said in Japan earlier this week that Malaysia will be looking at the US for technology inputs to boost its motor vehicle sector, whose participants are currently mainly Japanese, British and French. Ford Motor Co subsequently confirmed that it was talking with national car manufacturer Proton.

For the rubber-based products industry, she said the plan will address issues of diversification and promotion of potential products. Automotive and rubber-based products are among 22 industry clusters identified under the IMP2 for stepped-up development into export-intensive activities.

The long-term plans will be discussed at subsequent ICC meetings, Rafidah said, adding that the council meets almost every month.

Recommended strategies will then be forwarded to the Cabinet for consideration. To date, the task force has come up with short-term operational strategies and the meeting felt that given the heightened competition, it was timely for long-term plans to be formulated.

Members of the ICC include representatives from both the public and private sectors. Among the ministries involved are Finance, Energy, Communications and Multimedia, Human Resources, and Science, Technology and the Environment.

Also represented in the ICC are the Malaysian Industrial Development Authority and the Federation of Malaysian Manufacturers.

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