

Import tariffs on steel to be reduced with advent of Afta

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KUALA LUMPUR: Import tariffs on steel are expected to be reduced to between 0 and 5% with the advent of the Asean Free Trade Area (Afta), Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Saying he is committed to reduce the import tariffs, Mahathir said a study on dumping by other countries in the market needs to be conducted first.

Speaking to reporters after the official opening of Megasteel Sdn Bhd yesterday, Mahathir added that "some countries have a tendency to dump. We need to study to see if they will dump steel on us."

Megasteel, the country's first and only hot-rolled coil mill, was built at a cost of RM2.5 billion which was financed through borrowings from its holding company Lion Corporation Bhd and Amsteel Corporation Bhd.

"Some sceptics question the

value of such a large investment in the steel industry in Malaysia. This type of steel will ensure that the raw material is available in Malaysia and will allow local companies to benefit from such ventures," Mahathir said.

On the possibility of a foreign partner for Megasteel, Mahathir said the decision was up to the company's management, as long as it is a minority shareholder.

He added that the steel industry assumes a pivotal role in the overall economic development, especially in the growth and development in the construction, transportation, power generation and mechanical engineering sectors.

"From January to July this year, 11 projects with investments totalling RM300 million were approved, of which domestic investment amounted to RM58.5 million or 19.5%," Mahathir said.

With Megasteel producing hot rolled coils, he added that the country will save on foreign exchange as the import of these coils totalled RM1.7 billion in 1999.