

13 JUL 2000

FEE-CAR DEALER

NEW HANDLING FEE FOR CAR DEALERS A WIN-WIN SITUATION

SERI KEMBANGAN, July 13 (Bernama) -- The decision to stick to abolishing the one-percent commission ruling by introducing a RM600 handling fee for car dealers could result in consumers enjoying lower interest rates, said Deputy Finance Minister Datuk Chan Kong Choy.

He said the latest arrangement, described as a win-win situation, should benefit all consumers while car dealers could no longer give excuses that the one-percent commission abolishment had affected car sales.

Bank Negara Malaysia had announced yesterday that beginning today, finance companies should pay a handling fee of up to RM600 to car dealers, subject to certain conditions.

"This was agreed by all sectors... Bank Negara, car dealers and everybody," he said when met by newsmen after opening a seminar entitled "How Banks Should Serve SMIs" here today.

When Bank Negara announced an immediate ban on the commission effective June 1, car dealers had vehemently protested.

Chan said each transaction now could result in consumers enjoying a saving of one percent and expressed the hope that the financial institutions which were engaged in car purchase agreements would lower their interest rates.

"With the cancellation of the one percent commission...the benefit should be passed back to consumers," he said.

"I expect the interest rate to go down," he said, adding that it would be applicable for new as well as used cars.

He said if previously the interest rate was at 6.9 percent but with the one percent saving, the rate should now be lowered to 5.9 percent. --

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MODENAS-BOAT ENGINE

MODENAS TO PRODUCE BOAT ENGINE

GURUN, July 13 (Bernama) -- Modenas, the manufacturer of motorcycles, plans to produce boat engines in the next two to three years before venturing into the making of motorcycle engines which is more difficult.

Modenas chief executive officer Haji Rashid Din said today the company was now training its engineers to develop the project.

"We decided to produce simple engines for boats at the moment before going into the production of high precision motorcycle engines," he told a press conference here.

Furthermore, it was not economically viable to produce motorcycle engines now as it was cheaper to import them, he explained.

"It is easier to produce a 200cc boat engine with six horsepower than a 100cc motorcycle engine with nine horse power," he said.

Modenas, which was set up five years ago, is currently producing 110cc Kriss cub motorcycle and 150cc Jaguh cruiser bike. Both use Kawasaki engines.

"In fact, the PM (Prime Minister Datuk Seri Dr Mahathir Mohamad) has

always asked us when we could produce our own motorcycle engine," Rashid said.

"We have plans to develop our own motorcycle engine but it is still a long way to go," he said. -- BERNAMA

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