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PM: Malaysia seeks delay in opening up auto sector

MALAYSIA had "second thoughts" about opening up its auto sector under the Asean Free Trade Area after seeing how non-Asean countries had taken advantage of the situation.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia wanted to delay it "a bit" as it would put Proton at a disadvantage.

He said he has noted how non-Asean countries had moved into Asean countries and set up plants to produce cars which they then deem as products of that country.

"They will have the privilege of exporting to other Asean countries by paying very little tax and compete with car manufacturers like Proton," he said in response to a question from the floor at the Europe-Asia Business Summit 2000.

Dr Mahathir said as Proton produced Malaysian cars, and not some other country's products under its brandname, its cost would naturally be higher because it had to acquire technology and components.

Afta is scheduled to come into force in 2003 but on May 1, Asean trade ministers agreed to Malaysia's request to extend the deadline to 2005 for tariff cuts on cars and certain other imports.

He, however, said a solution could be found, suggesting a division of labour which meant that different countries produced different things.

To another question on Europe's role in improving business ties with Asia, Dr Mahathir said Europe could do a lot more to support Asia instead of giving the impression that it was "ganging up" with the rest of the world against Asia.

He said many were suspicious about "Fortress Europe" and felt Europe should be more open, more willing to transfer technology and open its markets.

He said Europe should not keep raising standards which effectively kept Asian goods out of its markets.

"Why not have several markets? It's not everybody who wants the highest quality of goods," he said, adding that they had to buy state-of-the-art goods even if they did not want it. He said there may be poor people in Europe who did not mind having goods which met earlier and less stringent standards.

Dr Mahathir also said Europe should be more sensitive rather than backing things which had hurt Asia badly like the insistence of floating exchange rates.

He also urged European broadcasting stations to be truthful in reporting the situation in Malaysia following the Sipadan hostage crisis instead of making Malaysia out to be a dangerous place.

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