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Proton to lose protection in 2005, says Mahathir

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KUALA LUMPUR: The national car Proton will no longer be given any protection as soon as the Asean Free Trade Agreement (Afta) agreement is fully implemented in 2005 for the car industry.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Proton must be able to compete with imported cars in its own right by being able to reduce cost and have its own design, engine and transmission.

"I am confident that Proton will be able to compete (with foreign makes) and our exports will grow to give us the necessary volume," he said on Friday at the Petronas-Eon Racing Team APRC 2000 Group N victory dinner hosted by him.

Mahathir said Proton is very attractive to foreigners and many foreign companies have expressed their interest to buy the national car-maker.

"We want Proton to be a little car of our own. We do not want to sell all of Proton but we would like to co-operate with some (foreign) companies," he said, adding that Proton will remain the national car.

He said the government had to protect Proton cars by imposing high tariffs on imported brands because Proton does not have economies of scale, compared to its competitors which are producing up to 10 million cars a year.

Cars imported into Malaysia are imposed tariffs as high as 300%.