

17/02/2001

Gear up to face Afta challenges, Prime Minister tells Proton

NATIONAL car manufacturer Proton cannot expect protection beyond Malaysian borders once the Asean Free Trade Area (Afta) is implemented, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Proton must take measures to ensure it is able to withstand the effects of global competition as trade barriers continue to fall, especially when it affects the automotive industry.

"Proton must prepare itself well to face future competition when the agreements under Afta take effect," the Prime Minister said.

He was speaking at a dinner he hosted at Seri Perdana for Petronas EON Racing Team (Pert) in appreciation of the team's victory at the Asia-Pacific Rally Championship 2000.

Also present were Dr Mahathir's wife, Datuk Seri Dr Siti Hasmah Mohd Ali; Culture, Arts and Tourism Minister Datuk Abdul Kadir Sheikh Fadzir; Youth and Sports Minister Datuk Hishammuddin Hussein; Edaran Otomobil Nasional chairman Tan Sri Mohd Salleh Sulong and EON managing director Datuk Adzmi Abdul Wahab.

The Pert team, led by Malaysian rally champion Karamjit Singh and his navigator Allen Oh, were overall champions in two of the five rallies for the Group N category.

Dr Mahathir said with the implementation of Afta, imported cars would be cheaper as they would no longer be subjected to very high import duties.

"When Afta comes in, cars from other Asean countries would not be subjected to high duties and would be sold at lower prices.

"So you have to learn to compete with them.

"We cannot protect you (Proton) anymore."

Dr Mahathir said there was a pressing need for changes to face these challenges and remain competitive.

"We must learn how to reduce our production costs while at the same time come out with good quality automobiles."

Dr Mahathir said Proton should take the cue from Korean car manufacturers whose production costs were one-third of theirs (Proton).

"Yet their cars sell very well and are able to penetrate the international market.

"I think we can do the same as the Koreans if we learn how," he said.

The Prime Minister expressed confidence that Proton would be able to stave off these challenges, especially since it had become a symbol of national pride.

"Whatever it is, I'm sure Proton will ensure that our national car will remain the national car," he said.

Dr Mahathir also congratulated the Pert team for their victories, and said that the Government would try to provide them with assistance and back up for future competitions.

(END)