

# PM: No plans for non-tariff barriers for car sector in 2005

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THE Government has no plans to introduce non-tariff barriers for its automotive sector in 2005, Datuk Seri Dr Mahathir Mohamad said.

"It is just talk. It is the kind of talk that people talk. We have no such idea in mind," said the Prime Minister when asked to comment on views that such barriers would be introduced to protect the interests of its two national car projects, Proton and Perodua.

Under the Asean Free Trade Area agreement, Malaysia has to comply with market opening measures for the sector in 2005.

Speaking at a Press conference after addressing PBEC delegates in Kuala Lumpur yesterday, Dr Mahathir said the Government was confident that by 2005 Proton and Perodua would be more efficient and cost-effective.

This explained why the Government had not gradually reduced import duties under the sector.

Malaysia has been given a two-year reprieve for its automotive industry under Afta, which comes into effect next year.

Asked whether Malaysia would push for a review of the 40 per cent local content policy under Afta, Dr Mahathir said Malaysia would like to keep an open mind on trade agreements, arguing that certain problems might not have surfaced at the time the negotiations were concluded.

However, he assured that Malaysia would honour its commitment in relations to Afta although Malaysian national cars with its 90 per cent local content might not be able to compete with those assembled in other countries that have

only 40 per cent local content.

Dr Mahathir was also asked to comment on Singapore's free trade agreements with non-Asean members, to which the Prime Minister said the city state could not take advantage of its membership in the regional grouping by having separate deals with countries like the United States, New Zealand and others.

He said countries should belong to their natural groupings like East Asia and Southeast Asia.

"Once you leap into all kinds of groupings, then it will be confusing and maybe non-productive."

On Thailand's plans to build a canal at Kra Isthmus, the narrowest point of the southern Thai peninsula, Dr Mahathir said those affected by it would have to make adjustments.

"(After) they built Suez Canal, Cape Town is still there; (after) they built Panama Canal, (it did) not mean Southern America becomes redundant.

"There will be reshaping of economies because of new accessibility. We will have to find a way how to benefit from it."

On the proposed common currency for Asean, Dr Mahathir, who is also Finance Minister, said it was a good idea but cautioned that one should not expect it to materialise overnight.

"Remember it took Europe 50 years before they finally adopted a single currency, and yet not all European countries are in. The best thing for us to do is to watch and study the European experience. But this single currency will do us a lot of good."