

06 MAY 2002

Mahathir-AFTA

PM: M'SIA WILL NOT INTRODUCE NON-TARIFF BARRIERS TO PROTECT AUTO SECTOR

KUALA LUMPUR, May 6 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that Malaysia will not introduce non-tariff barriers for its automotive industry in 2005 when it must comply with market opening measures under the Asean Free Trade Area (AFTA) for the sector.

Refuting talk that such trade barriers would be introduced, he said: "It is (just) talk. It is the kind of talk that people tell. We have no such ideas in mind."

Dr Mahathir was fielding questions at a news conference after his keynote address at the 35th International General Meeting of the Pacific Basin Economic Council (PBEC) here.

Asked why Malaysia has not gradually reduced its import duty in the automotive sector despite the 2005 deadline just being two years away, Dr Mahathir said that by that time, Malaysia should be more efficient and cost-effective.

Malaysia has been given a two-year reprieve for its automotive industry for its commitment to cut duties under AFTA which comes into effect in 2003.

Dr Mahathir said that the two-year deferment was an example of why some of the initially agreed conditions under the AFTA pact needed to be relooked at again.

He said that under AFTA, Malaysian national cars would be less competitive as it has 90 per cent local content compared with the 40 per cent local content policy under AFTA.

"We should not be afraid to admit that sometimes when we make agreements, we make mistakes," he said.

However, Dr Mahathir was quick to add that Malaysia subscribed to AFTA and would honour its commitment.

Asked whether Malaysia would ask for a review of the 40 per cent local content policy, Dr Mahathir said that Malaysia remained committed to the 40 per cent clause.

-- BERNAMA

MAD MKO MR RM