

07 NOV 2002

MAHATHIR-CARS

PRICE OF CARS WILL NOT COME DOWN WITH AFTA

PUTRAJAYA, Nov 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said that the price of cars will not be reduced with the implementation of the Asean Free Trade Area (AFTA) early next year.

He said that although import duties for imported cars will be reduced to 5.0 percent with the implementation of AFTA, the imported cars will also be subjected to the same domestic taxes imposed on local cars.

"Some people are waiting for the price (of imported cars) to go down but it will not happen," he said after launching two new Proton models namely Proton Arena and Proton Waja 1.8, at Putrajaya Square here today.

However, Dr Mahathir said that the government will not disregard other domestic taxes imposed on motor vehicles including imported cars with the implementation of AFTA.

"We have to recover some money. For the government, we cannot give up our tax ... otherwise how to finance development if we can't collect tax," he added.

The Prime Minister said that the same procedures will also be imposed on Proton cars if it entered the other Asean countries.

Earlier in his speech, Dr Mahathir said that when the government first set up the national car project in the 1980's its intention was merely to increase the capability of the people in engineering.

"At that time we (the government) did not think that the world would be globalised. Fortunately by the time the world globalised, we have developed quite a high engineering capability," he added.

Thus, he said that the production of the national car, had been worthwhile both in terms of profit and capability in engineering.

Dr Mahathir also explained why the government resisted selling Proton to automotive giants which had bigger and better facilities than small car manufacturer like Proton.

He said that the government fear that if Proton was sold to an automotive giant, there would be no more national car production.

Dr Mahathir urged Proton to seek ways to reduce the cost of production of cars but with improved sophistication if it wanted to remain competitive in the Asean and global markets.

He said that this was because with AFTA there would not be any tariff for cars produced in the Asean countries with 40 percent local content, whereas Proton with 90 percent local content, had to incur higher production cost.

As for the two new Proton models, Dr Mahathir said that the design of Proton Arena was attractive while Waja 1.8 had an added sophisticated feature such as drive-by-wire, variable valve timing and auto adaptive transmission.

Dr Mahathir said that he was confident that these two models would be accepted as high class standard by the people and the automotive industry.

-- BERNAMA

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