

PM: Misconception over prices of car

CONFUSION over the tariff structure under the Asean Free Trade Area (Afta) agreement caused consumers to speculate that car prices would fall this year, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

He said that the media was partly to blame for giving the public the wrong impression. Recent news reports on local car sales had it that buyers were adopting a wait-and-see attitude ahead of the implementation of Afta.

"I don't understand why the consumers think that by 2003, car prices will come down," Dr Mahathir told reporters after opening the Honda plant in Pegoh, Malacca, yesterday.

He believed Proton would reach a level of competency by 2005 and be able to compete within Afta. The deferment of the open market policy from 2003 to 2005 is aimed at protecting the national car project.

"If we open the market now, we will have problems with our own national car. We have our own car and ours is a high-cost project as we undertook our own research and development," he said.

The government has asked for a two-year extension for the local automotive sector to comply with Afta as local automotive industry players, who were adversely affected by the 1997/98 Asian financial crisis, needed more time.

On US investments in Malaysia, Dr Mahathir said Malaysia could not expect foreign direct investment (FDI) from the United States as its investors were currently "not even investing in their own country".

"We have to depend on domestic investors and this is what we encourage them to do," he said.

Earlier, in his speech, Dr Mahathir said Honda should turn Malaysia into

one of its main component manufacturing hubs for its other assembly plants worldwide.

He welcomed the group's further investment in parts and components

production as well as in the setting up of training facilities for Honda mechanics in Malaysia.

"I asked the same favour from Boon Siew Honda 20 years, but Honda investment in Malaysia then was very small," he said.

According to him, the proposed plant could produce components such as small engines, generators, outboard motors and motors for Honda cars.

"If it (additional investment) is not for the whole production (of cars), at least the investment is for some of the components to be manufactured in Malaysia," he said.

Dr Mahathir said he would like to see Honda's manufacturing operations in Malaysia become the engine of growth for the country's exports. And on the domestic front, the Honda brand name would help sell locally-made Honda products.

At present, the new Honda plant produces drive shafts, which have been exported to Thailand since November last year.

Dr Mahathir added that he would like to see more of such production being exported to Honda factories in Japan, Belgium and the US later on.