

08/06/2005

MAHATHIR-PROTON

DUMPING IMPORTED CARS AFFECTING PROTON'S COMPETITIVENESS: DR MAHATHIR

By: Soraya Jamal

PETALING JAYA, June 8 (Bernama) -- Proton adviser Tun Dr Mahathir Mohamad claims that the dumping of foreign completely-built-up (CBU) cars into the country at below cost are affecting the national car maker's competitiveness.

"I don't know how far it is true -- (but) CBU cars are being imported at below cost and sometimes even less than the cost of raw materials," he said.

Against such a scenario, he said "a lot of people said Proton is protected, but we sometimes dispute it."

As such, "there should be a level playing field when competing," he said when asked to comment on Proton's sales and export performance and the reasons why he wanted the list of recipients of Approved Permits (APs) to be made public.

He said this to reporters after visiting The Otomotif College of Malaysia here.

"We can't understand this (cars sold at below cost). That is why we ask the list of APs be made public, then we will know whether the foreign-made cars are being protected or Proton is being protected," he said.

"I don't like people to make accusations against the government, that is why I want the list to be made public but that's just my opinion, its all right if that is not the policy," said the former prime minister.

He also said while the government said recently the names of AP holders would not be publicised, Dr Mahathir questioned why his son's name was mentioned as the AP holder of Porsche cars.

Asked why he asked for the AP list to be divulged when it was not done during his tenure as premier, he said:

"When I was accused of cronyism, I revealed all the recipients of the contracts to silence the critics. It turned out that those who made accusations against the government of practicing cronyism were the ones who benefitted from the contracts."

Dr Mahathir said the AP system was in force even before he became prime minister.

"When I came there I cut down the numbers of APs because they were selling the APs and there was going to be a demonstration and great deal of anger," he said.

"The AP system is a good system but you cannot give too lavishly without consideration of the local market," he said..

"The foreign cars are also protected because if they come in with a very low landed price, in a way it is protected," he said.

He admitted Proton would not be protected forever.

When asked whether Proton asked more concessions such as tax rebates since the government was expected to unveil the new tax structure sometime this month, he said; "As far as I know, we are not asking for anything more. We only asked for what is available at the moment."

He said every country has its own industry to protect which "disabled" Proton to enter some countries because they have regulations, some kind of import permits, etc.

"If other countries imposed the same against us we should reciprocate the same way. That is fair. But other countries can dump (their cars), basically its dumping. If in US you can get into trouble for dumping. But here apparently there's no investigation about the charges that the foreign

cars were coming in being underquoted than the original price," he said.

He said there were those who found loopholes so that they are not affected by import duties.

Asked on criticism over Proton's poor performance in export markets, he said it was not so easy to explain.

"Initially, we wanted to introduce Proton to foreign markets, and we were prepared to lose money. We want to see whether Proton can compete in a foreign market, so it was sold at a low price and successfully entered Europe and other markets."

He said; "We can't go on selling cars at below cost because as the market grew, and Proton's name and capability is already known, we wanted to make money and (therefore) no longer priced it as a low cost car. Naturally, there was a dip in sales."

"On the other hand, we are losing less as we are no longer selling at below costs as our objectives are different now.

He said that it was far better than losing a lot of money with a big figure of exports.

"But compared with other Malaysian branded products, I think Proton actually has done much better.

"We produce 25,000 cars a year initially in the beginning, but now we are producing more than 200,000 units, you cannot say we are not making money," he said.

"Although percentage wise, it (sales) may have gone down but volume wise it has never gone down," he said. -- BERNAMA

SOR MAD/MR