

26/07/2005

Mahathir-Text

FULL TEXT OF STATEMENT BY TUN DR MAHATHIR MOHAMAD

Herewith is the translation of the full text of the statement issued today by former Prime Minister Tun Dr Mahathir Mohamad entitled "Proton's Problems".

1. I want to make this clarification because the press and TV might not possibly report all the facts to the public.

2. The question over Proton is not about the different statements made by individuals or a row between a minister and a retiree. On the contrary, it is about a national industry. At a time when many car businesses went bankrupt and closed shop, such as Austin, Morris, MG-Rover and others, and giant companies like General Motors and Chrysler also went bankrupt, Proton is still alive and well, with cash of more than RM2 billion and it did not depend on the government or banks to invest more than RM2 billion in its new plant in Tanjung Malim. A small measure of this success is definitely the result of efficient management, more so in view of the impact from so many foreign-made cars imported at cheap prices.

3. The AP (Approved Permit) was first issued in the 70s, before there was Proton. At that time, the Malays were unable to get into the car business because agents such as Kah Motors (Honda), UMW (Toyota) and Cycle & Carriage (Mercedes) and the others were non-Bumiputera. They refused to give opportunities to Bumiputera traders.

4. The cars assembled in the country or imported by the official agents/dealers (distributors)/importers could not be imported by others without paying "over-riding" commissions to the official agents.

5. Therefore, APs were given to import reconditioned cars. Although many Bumiputeras sold the APs, there were some who were successful in this business. Among them is Tan Sri S. M. Nasimuddin S. M. Amin. Without the APs, it was not possible to have Bumiputera car traders before Proton was produced. When Proton was produced, many Bumiputeras became successful as agents for Proton cars.

6. The production of Proton successfully reduced the import of foreign-made cars by non-Bumiputera agents. It is obvious that more demand for Proton means more Bumiputera agents, and more sales for them.

7. In contrast, when many APs are given to a small number of Bumiputeras, and they do not make any preparation to do business, it is obvious that the number of Bumiputera car traders will not increase significantly and the sale of Proton by Proton agents, who comprise Bumiputeras, is not brisk. Furthermore, the prices of foreign cars imported with the APs are very low, which enable the cars to be given large discounts and thus enjoy brisk sales. At the same time, the number of Proton agents could not be increased.

8. It is very clear that the award of the APs only profited a certain number of Bumiputeras and is a loss to Proton agents, particularly Bumiputeras, and reduces the opportunities for other Bumiputeras to be

Proton car traders. It is not true that the issuance of numerous APs has increased the number of Bumiputeras in the car business, especially when two or three people who have no showrooms have obtained thousands of APs.

9. The previous open AP system enabled the holder to import many brands. When the franchise AP was introduced, only those who obtained the franchise could import that specific brand. Those previously allowed to import through open APs now could not import the brands any more. Those who obtained the franchise are not car traders but former ministry officials. They obtained thousands of APs although they do not have the facilities to assemble or sell cars. They only handed over (with certain payments) to parties that could assemble and sell certain brands of cars.

10. The question of Proton's quality does not arise as it has successfully penetrated sophisticated markets such as the United Kingdom and Australia. However, new car models will normally have some defects. Tens of thousands of cars of renowned brands have been withdrawn due to specific defects. These include Mitsubishi, Chevrolet, Ford and others.

11. This explanation is made for the reputation and interest of the nation and a national industry that has been successful. I have no interest in Proton. I have not received a single sen as Proton adviser. If my son gets a small number (95 APs) for Porsche cars, it is according to conditions. To sell 50 cars of this brand is not easy. Don't be like before, involving my family whenever something happens that should not happen.

12. I have to reveal everything in the interest of the national industry, not as alleged by a writer of a certain English language newspaper that it is because I did not get any AP.

13. I have received the letter of explanation from the Minister of International Trade and Industry. I found the contents of the letter as well as the appendices did not prove the minister's claims:

- (i) Approval for Naza Ria to be accorded national car status
- (ii) The number of APs released between 2004-2005
- (iii) The basis and conditions for the issuance of APs
- (iv) Types of APs issued
- (v) The names of those (company/individual) who received the APs and the number each received.

14. At the Umno General Assembly, the minister had made several claims which were not true. During TV interviews, she claimed that I might have forgotten some things. Even though I am already 80 years old, I am not senile.

15. Initially, after replying to her letter with a copy sent to the Cabinet, I had not wished to make any more statements. It was up to the Cabinet to decide what was true and what was not. However, since the minister did not make a true statement to the Umno delegates and the public, I have to explain.

16. When I was the Prime Minister, there was no decision by the government not to release the names of AP holders to the public. Maybe the present government made that decision. The question is whether the decision was made before or after the minister made the statement that the

government's policy was not to allow the release of the names of AP holders.

17. I have been the Minister of Trade and Industry. The explanation by the minister that when she took over the ministry there were many who were given APs but did not meet the conditions and she had to cancel their APs, which showed how strict the minister was at that time. Who was the Minister of Trade and Industry preceding the current minister? If not mentioned, maybe some would think that I was that person.

The Award of APs to a former civil servant

18. Although there are no official prohibitions for a newly retired officer (optional) to be given special opportunities by the government, the public is questioning why this ex-officer who did not meet the required conditions was given thousands of APs.

19. We know many of car traders, including members of the Malay Vehicle Importers and Traders Association of Malaysia (Pekema), who had asked for the APs but did not get them. They were also not told about the category of franchise from exporters which, if they had got it, would have qualified them for many APs. The introduction of franchise APs was not announced publicly to the car traders. All of a sudden, the category was introduced and certain people obtained the APs in large numbers in this category. And AP holders who had previously been able to import the franchise brands were no longer allowed to import them.

20. I am not envious of Malays who have become rich. But their wealth must be made in the right way. I have many times chided them for selling APs to get rich quickly. It is clear that the sale of APs is widespread now. It is the responsibility of a minister to monitor the situation so that there will be no abuse.

21. The details in the letters between the relevant parties will follow later to avoid any dispute.

DR MAHATHIR BIN MOHAMAD

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TM SHO/MR CTL