

26/07/2005
MAHATHIR-TEXT
FULL TEXT OF TUN DR MAHATHIR MOHAMAD

Herewith is the full translation of the text of 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 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, -- while giant companies like General Motors and Chrysler also went bankrupt, Proton was still alive and well, with a cash of more than RM2 billion and 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-Bumiputras. They refused to give opportunities to Bumiputra traders.

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

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

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

7. On the contrary, when many APs are given to a small number of Bumiputras, and they do not make any preparation to do business, it is obvious that the number of Bumiputra car traders will not increase significantly and the sale of Proton by Proton agents, who comprise Bumiputras, is not brisk. Furthermore, the price of foreign cars imported with the APs is too low, which enable the cars to be given high 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 Bumiputras and was a loss to Proton agents, particularly Bumiputras, and reduced the opportunities for other Bumiputras to be Proton car traders. It is not true that the issuance of numerous APs has increased the number of Bumiputras in the car business, especially when two or three people who have no

showrooms have got thousands of APs.

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

10. The question of Proton's quality does not arise as it has successfully penetrated sophisticated markets such as 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. This includes Mitsubishi, Chevrolet, Ford and others.

11. This explanation is made for the dignity and the 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 portion (95 AP) for Porsche cars, it fulfills conditions. To sell 50 such luxury cars is not easy. Don't be like before, involving my family whenever something that should not, happens.

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

13. I have received the explanation letter from the Minister of International Trade and Industry. I found the contents of the letter as well as the appendix 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 release of AP
- (iv) Types of AP released
- (v) The names of those (company/individual) who received the AP and the numbers received each.

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 still not senile.

15. Initially, in answering her letter and a copy sent to the Cabinet, I did not wish to make any more statements. It was up to the Cabinet to decide the 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 declare the names of AP holders to the public. Maybe, the present Government made that decision. The question was whether the decision was made before or after the Minister made the statement that the Government's policy was not allow the name of AP holders to be announced.

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 of those who were

given the AP but did not meet the conditions and she had to cancel their APs, which reflected 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 AP to a former civil servant

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

19. We know many of the car traders, including members of the Association of the Malaysian Malay Vehicles Importer and Traders (PEKEMA) who had asked for the APs but did not get them. They were also not told about the franchise category from exporters, which if they got it, qualified them for many APs. The introduction of franchise APs was not openly announced to the car traders. All of a sudden, the category was introduced and certain people got 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 this brand.

20. I am not jealous of the Malays who had become rich. But, their wealth must be through the right way. I have many times chided them for selling the APs to get rich quickly. It was clearly seen 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 about the letters between the relevant parties will follow suit later to avoid any dispute.

DR MAHATHIR BIN MOHAMAD

-- BERNAMA
TM SHO/MR