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PROTON-VENDOR

MISCONCEPTION OVER SUBSIDY IS UNFORTUNATE, SAY PROTON VENDORS

KUALA LUMPUR, July 6 (Bernama) -- Proton Vendors Association today described as unfortunate, remarks that the government's protection for the national car maker is actually a subsidy for its vendors.

"The word "subsidy" is a subjective issue and the misconception is unfortunate," said the association's president Dr Wan Mohamed W.E.

On Tuesday, Proton Advisor Tun Dr Mahathir Mohamad in a press conference had said that if Proton was not to be protected, then it should not be requested to carry the burden of sourcing parts and components from the local vendors.

"It is not a subsidy for Proton really. It is a subsidy for these vendors," the former Prime Minister said in reference to South Korean cars imported with a landed price which he believed was below manufacturing cost.

Dr Wan Mohamed, in a statement today stressed that the appointment of vendors was based on business considerations with emphasis on quality, cost and delivery (QCD).

"As a matter of fact, local vendors are required to be competitive and continue to be even more competitive in view that the various conditions such as mandatory deletion item (MDI), local manufacturing components and parts (LMCP) and related duties have been reduced significantly or removed." he said.

Noting many other misconceptions of the Malaysian local vendors, he said despite some initial shortcomings at the infancy stage of the development, the vendors have positively contributed to the growth of the national automotive manufacturing industry.

"Today the vendors have reached a level where they are ready and able to compete within the framework of free and fair trade," said Dr Wan Mohamed.

He pointed out that the association had reaffirmed its commitment to ensure that local vendors who are not prepared to improve and be competitive in areas such as quality, cost and delivery (QCD) will need to be phased out.

"It is generally accepted that the market forces have direct impact on their survival," he added.

Explaining that the automotive manufacturing industry is not solely about producing motor vehicles, he said it is a precursor to the growth of other related industries that include the resource based sectors (rubber, petrochemical and palm products) metal, plastic, avionic, electrical and electronic sector.

He disclosed that out of RM20 billion invested in developing the infrastructure of the automotive manufacturing industry, the vendors alone have invested RM13 billion.

The investments cover design, engineering, testing and production capabilities as well as enhancing human resource assets and skills.

"An automobile or a car consists of 20 to 30,000 parts and components, thus it spurs the development of other related industries, new entrepreneurs, industrialists, financiers, service providers and many others.

"There is therefore a symbiotic relationship between car manufacturers such as Proton and Perodua and the vendors. This coexistence is essential and critical to the success of the automotive manufacturing industry," he

said.

Over the years, he said the vendors have improved their technical and management capabilities and achieved higher levels of discipline and professionalism.

"Their efforts and determination have contributed to the present stature of both Proton and Perodua. This healthy relationship must be recognised as critical to the continued success of both the companies," said Dr Wan Mohamed.

Turning to the National Automotive Policy (NAP), due for announcement this September, he said the association has organised various meetings, dialogues and conferences with members and industry players.

From the outcome from such interactions and feedback, the association has submitted its recommendations to the relevant authorities.

"The association will continue to work closely with all parties to ensure the Malaysian automotive manufacturing industry will grow and compete successfully domestically and globally," he added. -- BERNAMA

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