

Dr M driving in wrong lane with Proton rant
MalaysiaKini.com
Oct 8, 2014

A popular automotive website has countered the argument by Proton adviser Dr Mahathir Mohamad on the national car not having access to foreign markets.

In an exclusive interview with The Edge, the former prime minister lamented that while Malaysia opens its doors to foreign makes, Proton, however, is locked out from many countries.

"The policy of the government now is to please consumers, not to encourage local industries. If you go to Japan, (South) Korea, China, not a single foreign car is allowed unless they meet very stringent conditions.

"We want to sell in China (but) we cannot get a licence to sell in China. They can come in here freely, but we cannot go there.

"We cannot go to (South) Korea. If you go to (South) Korea, until now, you don't see any foreign cars. Koreans prevent foreign cars from coming in, they have a tax-free agreement, foreign cars cannot go in," Mahathir had said.

However, in an editorial published on its portal yesterday, Live Life Drive begged to differ.

It said that while there was some truth in Mahathir's statements, it did not reflect the actual situation.

Proton does not meet regulations

Proton, it pointed out, was locked out of Japan and Korea, and also in the European Union because its engines do not meet the latest exhaust emission and fuel consumption regulations.

"Volkswagen is the top import brand in Japan, as is BMW in Korea.

"Japan is a free market but apart from German luxury brands, mass-market foreign brands find it almost impossible to penetrate the Japanese market simply because of notoriously fussy Japanese customers who are simply not impressed by foreign cars - it is something that America's Big-3 (GM, Ford and Chrysler) continue to struggle to accept until this day.

"Contrary to what the nationalists would like us to think, the Japanese consumer's overwhelming support for Japanese brands has little to do with patriotism," it added.

Live Life Drive said that Mahathir was right about Korea, which until the 2000s was one of

the most protected car markets in the world.

"Between the 80s and the 90s, the Korean government even limited the size of showrooms of foreign cars, and limited the airtime of their TV commercials.

"However, as of 2011, Korea was bounded by the US-Korea Free Trade Agreement and as expected, Hyundai and Kia are seeing their market share reduced by competition from US-made Toyota cars," it added.

As for China, the portal said it was ironic that Mahathir was kicking up a fuss about market access since its policies are the same with Malaysia.

"Imported cars are levied a very high import duty. To lower a car's price, local assembly is the only option, but you can't build a factory without obtaining a manufacturing licence from the Chinese government, just like in Malaysia.

"And just like in Malaysia, car companies wishing to assemble their cars locally are expected to form a joint venture with a local conglomerate," it said.

Good cars can't be cheap

In his interview with The Edge, Mahathir cited three reasons for Proton's struggles, which included the government's policy of promoting foreign brand cars, the consumer's preference for foreign brand cars and the demand for cheaper vehicles.

He also vowed that Proton would continue to fight on, even without the benefit of government assistance.

"Now we have to compete with foreign makes. We are a small company trying to compete with the likes of Toyota or Nissan. They produce millions of cars.

"So it's very difficult for us to compete with them. They can lose money here and make money elsewhere. We cannot afford to lose money here [as] as we produce only 150,000 cars a year.

"We should be producing 300,000 cars but because of the encroachment of foreign cars, we cannot increase our volume," he had said.

Mahathir also said Malaysians should understand that while Proton is capable of producing a good car that can be sold worldwide, they cannot expect this car to be cheap.

"People have this perception that local cars are not good. So, now, we want to produce cars that can be sold worldwide.

"Of course, there is a cost there, but people do not want to pay, as they think that the Proton car must be cheap because it is not so good. But when you make it good, of course, it won't

be cheap anymore," he said.

Commenting on this, Live Life Drive also agreed that Proton cars are not overpriced, but noted that there is a "serious issue" with its brand image.

"Short of selling its cars at fire-sale prices, whatever low prices that Proton puts on its cars will seemingly still be considered as overpriced by many," it added.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source <http://www.malaysiakini.com/news/276934>