

Dr M's subsidy remarks unfortunate, say vendors

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THE Proton Vendors Association yesterday 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 association president Dr Wan Mohamed W.E.

On Tuesday, Proton adviser Tun Dr Mahathir Mohamad said in a press conference that if Proton was not to be protected, 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.

Dr Wan Mohamed said in a statement the appointment of vendors was based on business considerations with emphasis on quality, cost and delivery.

"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, local manufacturing components and parts and related duties have been reduced significantly or removed." he said.

He said despite some initial shortcomings at the infancy stage of the development, the vendors had 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 said the association had reaffirmed its commitment to ensure that local vendors that were not prepared to improve and be competitive in areas such as quality, cost and delivery would need to be phased out.

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

He said out of RM20bil invested in developing the infrastructure of the automotive man-

ufacturing industry, RM13bil had come from the vendors alone.

"An automobile consists of 20,000 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 co-existence is essential and critical to the success of the automotive manufacturing industry," he said.

Over the years, he said the vendors had 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. — Bernama