

Proton
can't
yet be
fully
local

We'll turn EON into sogoshosha, says Dr M

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By Sabry Sharif

SHAH ALAM, Fri. — The Prime Minister today announced that Edaran Otomobil Nasional, whose main business is the distribution and sale of Proton Saga cars, would be nurtured into a *sogoshosha*.

Datuk Seri Dr Mahathir Mohamad also announced that EON which had been making profits since its inception would be listed on the Kuala Lumpur Stock Exchange soon.

The Government was confident the company could be developed into a *sogoshosha* just like the Japanese multinational, Mitsubishi Corporation.

He added that EON would not in future restrict

its business to the distribution and sale of Proton cars but also venture into finance, trading, and other commercial enterprises.

However, he cautioned EON that although it had the Government's backing to be a giant trading corporation, it was best that it proceeded carefully and slowly on this course.

He was speaking to newsmen after the official ground breaking ceremony of the Proton engine parts machining and transmission assembly plant (see also Page 19).

On exports of Sagas to Britain and Europe, Dr Mahathir said EON would have to step up its efficiency and introduce new marketing strategies as by

the end of the year its General System of Preferences quota of cars would be used up.

He said that export of Sagas to Britain, which last year totalled 10,800 units, was almost close to the GSP quota.

"In the first three months of this year, we have exported 3,000 units to Britain and we expect to use up our GSP quota by the end of the year.

"To enable our car exports to continue to penetrate the British and European markets, Proton will have to step up its efficiency and think up new strategies."

The Prime Minister said he met European Economic Community officials

who were in Sarawak recently for the EEC-Asean Economic Ministers meeting and asked them for assistance to overcome this problem.

On sale of the car to the US, he said the plan was now on hold as the American company responsible for importing the cars had folded up.

"We will not appoint companies which are bankrupt or have no experience as our overseas dealers in future."

On the engine parts machining and transmission assembly plant, he said it was being funded through internally-generated re-

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venue of the corporation.

Unlike other corporations which had the "disease" of channelling all profits to shareholders, Proton had decided to divert some of its more-than-\$100 million profit for last year to the project.

On efforts to increase the local component content of the national car, he had been informed by Proton's managing director, Kenji Iwabuchi, that it would increase from 65 to 72 per cent by the end of this year.

Mr Iwabuchi was confident that this could be pushed to 80 per cent by 1992.

Asked if Proton had plans to be a 100-per cent Malaysian venture, he believed this was not possible or advisable for certain reasons, especially Proton's lack of research and development facilities. This made it dependent on Mitsubishi Motors Corporation, Proton's foreign partner, which had vast resources in the field.

He also said that the Government had asked MMC to extend the services of Mr Iwabuchi for a few years as he had shown his deep commitment to the success of Proton.

"MMC has agreed to our request."

Mr Iwabuchi's service ends this year.

On when Malaysian managers would be ready to lead the top operations of Proton, the Prime Minister said the car industry required experienced and highly-trained managers to steer a risky and capital-intensive venture.

As an example, he cited Mr Iwabuchi, who became the Proton managing director only at 67 after accumulating years of experience and training.

"Our managers are young and have yet to acquire the experience and expertise to take over Proton. They should be patient."

Proton has invited 14 Japanese car component companies to study the possibility of producing certain components through joint ventures with local firms or on their own.