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It's up to HICOM, Petronas, says PM (HL)

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THE Government is not involved and will not interfere in Petronas' proposed acquisition of a strategic interest in national carmaker Perusahaan Otomobil Nasional Bhd (Proton), Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"They (Petronas and Hicom Bhd) are talking... I don't know (the details of the proposal)... I am not the one negotiating.

"It is up to them... it is a commercial deal," he told newsmen after launching Proton's latest models, Proton Perdana V6 and Proton Satria GTi, in Kuala Lumpur yesterday.

The Prime Minister however said he believes the move will be good for the further development of Proton and the automotive industry.

Dr Mahathir was asked to comment on Petronas' proposed acquisition of Hicom's 27.2 per cent interest in Proton.

"The national car requires a lot of funds. The Government has provided the initial capital but as you know it is currently not that able. So, maybe Petronas would have the financial capacity to push along the development of the car," he said.

On Monday, Petronas president and chief executive Tan Sri Mohd Hassan Marican confirmed that the oil company had started negotiations with HICOM.

As of June, Proton's major shareholders were Hicom (27.2 per cent), Khazanah Nasional Bhd (16.8 per cent), Mitsubishi Corp (8.03 per cent) and Mitsubishi Motors Corp (8.03 per cent).

Earlier reports had said that Petronas was also looking into acquiring Hicom's 32 per cent stake in Perusahaan Otomobil Kedua (Perodua), the manufacturer of the Kancil, the four-wheel drive Kembara, and the multi-purpose Rusa.

However, Hassan has since said the current negotiations involves only Proton.

On the progress achieved by the Malaysian automotive industry, Dr Mahathir said the Government hopes Proton will be able to produce its own engine within the next three years.

"It will take time to develop Malaysian-made engines... they have to be tested many times and for a long period, maybe thousands of miles and usually for at least three years, to make sure that the engine is reliable," he added.

Petronas has by itself also ventured into the automotive industry, including Formula One racing activities and the development of a prototype engine in collaboration with Swiss-based Sauber-Petronas Engineering.

Dr Mahathir also brushed aside suggestions that the collaboration with Lotus Group International Ltd in developing engines for Proton Perdana V6 and Proton Satria GTi means an end to its cooperation with the Japanese carmaker Mitsubishi.

"We will continue. We have to exchange information on the latest developments in car design, engineering and all kinds of things," he said.

Earlier in his speech, Dr Mahathir said except for the engine, Proton has managed to achieve nearly 100 per cent local content in the production of the national cars.

He paid tribute to the high standard of engineering achieved by Proton, adding that this has enabled Malaysians to attain competence in other engineering fields as well.

"Since the launch of the first Proton car in 1985, Proton has made much headway not only in production but also in coming up with its own designs and bodywork.

"In the early stages, Proton could only produce 13 per cent of the local components but with the strong commitment of its suppliers and vendors, local content has now almost reached 100 per cent," he said.

Dr Mahathir urged Malaysians to assist Proton by buying the national car, which in turn will help in the country's economic recovery, as the Government has eased conditions for car financing to facilitate purchases.

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