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PM: Maintain national identity in any tie-up (HL)

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DATUK Seri Dr Mahathir Mohamad yesterday said he is not against any collaboration between local companies and giant global corporations but cautioned that one has to be careful not to lose the national identity when doing this.

"The identity of our companies must be preserved," the Prime Minister said in Shah Alam yesterday at a ceremony to announce the Edaran Otomobil Nasional Bhd's 1,000,000th Proton car customer.

Noting that the world trend in the motor vehicle industry is moving towards mergers and amalgamations by giant global corporations, Dr Mahathir said local companies, especially Proton, must view the trend seriously and take the necessary measures to preserve the national identity.

"The world economy has changed and we have to take into consideration the current trend.

"The global giant corporations are not operating domestically anymore but are moving worldwide to expand their businesses, control the world markets and ensure adequate sources for their products.

"That is why we have seen recently the mergers or acquisitions of several car companies by giant corporations such as the Rolls-Royce, Rover and Chrysler.

"More mergers or buy-outs are expected," he said, adding that the world motor vehicle industry thinks that there should only be five giant global car corporations operating worldwide.

Dr Mahathir said if Proton does not take the necessary measures to improve and face the challenges, the company may lose the national car identity to foreign companies.

"Proton has no place in the world's motor vehicle industry. It is their (foreign companies') hope that Proton will be absorbed as part of a production unit of the giant corporations. We have to strive and compete with the giant corporations and find a niche or specific markets for our cars. We have to make sure Proton's identity as a national car be maintained and become more advanced from time to time.

"As such, we should open our minds and be willing to accept and try new technology, ... not to say No because this is not what we have been doing or what the world does. We have to try new things on our own and to be unique in that way," he added.

Later at a press conference, Dr Mahathir, when asked whether he is against the mergers between giant corporations and local firms, said: "We are not against (mergers) but we have to make sure our national interest is protected.

"They (local companies) can proceed (with the mergers with giant global corporations) if they are offered but they must make sure that they maintain the national interest ... if not, they will merely be part of the branch or a unit of the giant corporation."

On talks that US' General Motors is interested to take up shares in Proton, Dr Mahathir said: "I don't know about this. There are so many rumours, including General Motors."

Asked if Proton can actually buck the trend of the global motor vehicle industry, he said: "We jolly well will try. I do not know whether we can, they are very big."

Proton chairman Tan Sri Mohd Saleh Sulong, who was also at the press

conference, said there have been "talks of offers" from foreign companies interested in Proton, but there are no official offers yet.

Saleh said if approached, any merger with Proton must be on the basis of maintaining its identity and interests, resulting in a win-win situation.

Given the motor vehicle industry's trend towards just a few large manufacturers, Saleh said Proton may have to go for niche markets in such an environment.

Dr Mahathir also said he is confident that Proton and EON will be able to produce and sell more cars based on the current performance.

"Since EON has been able to sell its 1,000,000th Proton car within a short period of 13 years, I hope that Proton or EON would be able to produce or sell one million cars a year, preferably 900,000 units for export and 100,000 units for the domestic market," he added.

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