

Proton in talks on Iran assembly plant

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PERUSAHAAN Otomobil Nasional Bhd (Proton) is in talks with several Iranian companies on setting up an assembly plant there. The plant is the first step towards the establishment of a manufacturing facility by Proton in Iran to cater to the highly lucrative West Asian market.

Proton chief executive officer Tengku Datuk Paduka Mahaleel Tengku Ariff said the move is part of Proton's efforts to continuously expand its overseas market.

"We are still looking for areas to set up our manufacturing facility. The most recent is Iran," he said in Shah Alam yesterday at the handing-over ceremony of 246 Proton cars to the Foreign Ministry to be used as official vehicles for the 27th session of the Islamic Conference of Foreign Ministers.

Tengku Mahaleel, however, declined to elaborate on the talks, saying only

PRIME Minister Datuk Seri Dr Mahathir Mohamad will launch Malaysia's first truly localised passenger car by national car manufacturer Perusahaan Otomobil Nasional Bhd (Proton) at Stadium Malawati in Shah Alam next Monday. The new car — in 1.6 litre and 1.8 litre variants — is code-named GX and comes with a Mitsubishi engine, a Proton official said. "There is a possibility that a Renault engine will be used for the 1.8-litre version in future," he said. Proton chief executive officer Tengku Datuk Paduka Mahaleel Tengku Ariff said last month that Proton planned to launch a truly localised car this year, and produce between 40,000 and 50,000 units annually.

that negotiations are still on-going.

It is understood that talks between Proton and the Iranian companies have been going on for the past two months. Should the plan materialise, the plant in Iran will be used to cater for Proton's export market in West Asia.

Proton exported 197,937 cars as at December 31 1999, of which 3,391 units went to West Asia.

A senior company official told Business Times that the proposed plant in Iran will initially be an assembling facility and will be up-

graded to a full-fledged manufacturing facility in future phases.

"Proton is currently talking with a few private companies in Iran, of which only one will be shortlisted for the project," he said.

Once finalised, the plant in Iran will be the third assembly plant for Proton outside Malaysia after the ones in the Philippines (Pangasinan) and Vietnam (Ho Chi Minh City).

It is understood that Iran has a large market for cars, estimated at 500,000 units a year.

Iran recently introduced

PROTON EXPORTS TO WEST ASIA*

Countries	Units
United Arab Emirates	619
Qatar	327
Kuwait	771
Oman	134
Saudi Arabia	270
Jordan	513
Bahrain	20
Lebanon	190
Libya	21
Egypt	526

* Shipments based as at December 31 1999
Source: Proton

a prototype of its own national car, the X7, co-designed with First Automotive, a private British vehicle engineering company based in Coventry.

The X7 is a family saloon that looks like a cross between a Vauxhall Vectra and an Audi or a Rover, and is powered by a 2000cc Peugeot engine, according to a recent report in Financial Times.

The report said Iran's national car will be manufactured by Iran Khodro, one of the country's main vehicle manufacturers, while production is scheduled to begin next year.

Iran is also said to be enhancing its car manufacturing capability to provide competition to Turkey, which is said to be the biggest car producer in West Asia.

Proton had held talks with a Turkish conglomerate, Jetpa Holdings AS, two years ago for the setting up a manufacturing plant in Turkey following the good response to Proton cars in that country.

Both parties agreed to conduct feasibility studies to assess the viability of the project.

Jetpa was reportedly planning to establish a US\$1.6 billion (US\$1 = RM3.80) plant in the south-east Anatolia project, one of the largest industrial projects being promoted by the Turkish Government in the eastern part of the country.