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Ford confident of Proton's strength in automotive sector

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HOT on the heels of positive remarks made by Ford Motor Co president and chief executive officer Jacques Nasser on the tie-up prospect between the American carmaker and Proton, a senior Ford official said the future of Proton and its brand would be safeguarded if they were to become partners.

Market talk of Ford, the world's second largest carmaker, being the most likely strategic partner for Proton shows no signs of fading.

Ford is also confident of Proton's strength to compete in the "freer" automotive sector in the region under the auspices of the Asean Free Trade Area and World Trade Organisation.

"It's important for Ford that whatever partnership we have, we protect the safety of our partners and their brand," said Gerald Kania, president of Ford's operations in Southeast Asia.

Kania cited Ford's involvement in British luxury carmaker Jaguar and Sweden's Volvo. Despite Ford having the controlling stake in Jaguar and Volvo, it is "business as usual" for both companies.

He did not comment on any discussion between Ford and Proton, but it is known that Ford officials have made several visits to Proton's manufacturing facilities over the past two years.

"We are not going to force anybody. They have to come to Ford and Ford has to go to them," Thailand-based Kania said in an interview before the start of the Kuala Lumpur International Motor Show 2000 on Friday.

Describing Ford as a "great partner", Kania, while acknowledging that the Government had spent immensely in the national car project, said Proton and the brand "will never disappear" if Ford bought into the company.

Many industry observers believe Ford is the favourite when the Government finally decides on Proton's new strategic partner.

A local analyst said a major selling point was Ford's culture "of not meddling too much" in the affairs of its affiliates or subsidiaries.

Several other firms were also touted as potential partners with the world's largest motor company General Motors and German-American firm DaimlerChrysler among them.

Analysts said any serious discussions towards finding a new partner for Proton would be initiated only after the purchase by Petronas of a 27 per cent controlling stake in Proton was completed.

Japan's Mitsubishi Motors Corporation and parent company Mitsubishi Corporation are Proton's strategic partners the past 15 years. Together they own 16 per cent of Proton.

Prime Minister Datuk Seri Dr Mahathir Mohamad said last month the Government might sell up to 30 per cent of Proton shares to foreigners.

Nasser subsequently said Ford - which has big business exposure in the country through Ford Malaysia Sdn Bhd - was keen on forming an alliance with Proton.

Kania had good words for Proton, saying the company has done well in product development and engineering over the past 10 years and that it has not given itself enough credit for the success.

He also made a special mention of Waja, the newest model in the Proton lineup, saying the car is better than other Proton cars in the 1.6 litre and below segment.

"Proton can survive the more liberal motor industry in this region," Kania said, mindful of the strong 300-plus engineers Proton has.

"It has the economies of scale no other regional car companies have. It is also good in product development and engineering."

He painted a greater possibility of a Ford-Proton tie-up when he said Proton's capability could match Ford's plans to expand its product development and engineering exposure in Southeast Asia.

"Ford has yet to have good product development and engineering in this part of the world. Who has that in this region? Proton has," Kania said.

Kania lauded any Malaysian effort to open its motor sector sooner but agreed that a too early withdrawal of the tariff protections would seriously damage the national project.

Malaysia received a two-year reprieve, till 2005, from head-to-head competition with foreign carmakers under the Afta rules.

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