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Foreign firms to hold not more than 30pc stake in national car

Cheah Chor Sooi in London

WHILE the Government is prepared to part with "a fair share" of its stake in Proton to foreigners, it will still retain the majority stake, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

"We are not in negotiation yet. We are also not in a hurry to do so," he said, noting that foreign companies would not hold more than 30 per cent stake in Proton.

The idea of selling a stake in Proton came about after requests from some American companies.

Dr Mahathir was speaking to journalists after a half-day visit to the Lotus Hethel plant near Norwich, in which he unveiled Proton's new engine, codenamed SENG (Small Engine).

He stressed that Proton could not compete if it only continues to produce cars for the mass market.

"We need to have some sports or special cars to capture the niche market. We want to enter specialised market in Asia, Middle East and North Africa as these regions are not being eyed by famous sports car manufacturers.

When we started 15 years ago, the motor industry was still fragmented, but today we have seen automobile companies worldwide merging," Dr Mahathir said, adding that the move would enable Proton "to catch up" with Afta.

The Prime Minister denied rumours of Proton buying into Rover.

"We are only looking at Lotus using Rover engine. We thought about this, but do not feel that we have the capacity (to do so)".

Impressed with the development and progress in Lotus since Proton's acquisition of the British sports car maker in 1996, Dr Mahathir said: "This is my third visit to the Lotus plant; the first was to inspect the facility and the second to witness Proton's takeover.

The last time Lotus was contained in a farm house, but now there is quite a progress.

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