

12 DEC 2000  
HASSAN-PROTON  
MOHD HASSAN MARICAN APPOINTED CHAIRMAN OF PROTON

KUALA LUMPUR, Dec 12 (Bernama) -- With Tan Sri Mohd Hassan Marican at the driver's seat of Perusahaan Otomobil Nasional Bhd (Proton), the question now is what type of synergy can be derived from the national oil corporation's newly-purchased stake in the national car maker.

Both companies are already involved in developing some kind of car engine technology. This means that steps would now have to be taken to reconcile and optimise their resources and technological developments.

An analyst said that given Petronas's sizeable stake in Proton, the national oil corporation's vast financial resources could help the national car maker develop its own indigenous technology.

"Proton does have large cash reserves, but with Petronas, it can go even further," he said.

Both the national oil corporation, through its association with F1 racing team Sauber AG of Switzerland, and Proton, boosted by its ownership of sports carmaker Lotus of the United Kingdom, were developing their own automotive engineering technologies.

The potential for cooperation between Petronas and Proton was confirmed by Hassan as far back as November 1998. He had said that they would have opportunities to enhance each other's values through various cooperation and involvements, especially in the engineering aspect, and coupled with Petronas's involvement in F1 races.

Petronas has over the years entered the automotive field in a big way as it was not just content to be a supplier of automotive, aviation and bunkering fuels.

A few years ago, it teamed up with Sauber to form Sauber Petronas Engineering (SPE) to join forces for F1 engineering and develop advanced technologies in the petrochemical and automotive sectors for worldwide commercialisation.

One of the objectives of the joint venture was to allow Petronas to have a "technology window" in the petrochemical and automotive sectors.

To date, the tie-up has enabled Petronas to come up with a high performance engine oil based on a new formulation philosophy from selected baseoil and additive components.

The high performance engine oil, Petronas Synthium F1, is already used by the Sauber Petronas team in F1 races. SPE also aims to make the engine oil available to other interested racing teams.

Petronas also hopes that the technology acquired from producing the Synthium F1 oil would help it to produce better engine oils for the mass market.

To date, SPE has some 110 engineers working in Hinwil, Switzerland of which more than 30 are from Petronas.

The tie up with Sauber has enabled Petronas engineers to learn and master advanced technologies in engines, drivetrains, chassis, suspension, aerodynamics, fuel and lubricants, and drivetrains.

Petronas's foray into advanced petrochemical and automotive technologies is understandably aimed at deriving sustainable benefits over the long term when it is able to commercialise the technologies for the mass market.

To date, SPE has developed an all aluminium 2.0-litre engine (Petronas E01 engine) with emission levels designed to various stringent international standards.

In the 1999 and 2000 Malaysia GPs, several Proton official cars were powered by Petronas engines as a prelude to the eventual commercialisation of such engines.

The purchase by Petronas also means that the national oil corporation can now capitalise on Proton's linkage with Lotus, a specialist in ride and performance.

Petronas's entry into Proton is also expected to see the latter reducing its dependence on its Japanese partner, Mitsubishi Motors Corporation, which has been a key partner during Proton's formative years in the mid-Eighties.

But in view of greater competition, Proton has been working hard to make a mark for itself on its own and its latest Proton Waja is a case in point.

Another analyst held the view that the Petronas purchase of Proton was a purely corporate deal, whereby it could sell its stake to a foreign motor company such as Ford or General Motors in the future.

This is in view of the upcoming Asean Free Trade Area (Afta) as Petronas might want to sell to either of the American companies so that Proton could eventually gain a toehold of both the American and European markets.

Prime Minister Datuk Seri Dr Mahathir Mohamad said last May that Proton was looking at technology exchange and other forms of partnership possibilities with auto giants, including Chrysler-Daimler, Ford and GM.

With increasing global competition, Proton was facing major challenges, especially with the auto giants themselves merging among themselves into bigger entities. These mergers had enabled them to produce cars at high volumes and make large investments in new technologies which Proton was not capable of doing on its own.

Dr Mahathir had said that Proton was looking at cooperating with giant car companies for a "win-win" situation or environment.

But he also stressed that "we are not about to sell Proton."

In the meantime, it would be interesting to see what Petronas does with the stake in Proton. -- BERNAMA

MR/SHY/DVS SHY