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PM-PROTON

PROTON LOOKING FOR PARTNERSHIPS WITH CAR GIANTS

By: Mohd Arshi Daud

SHAH ALAM, May 8 (Bernama) -- National carmaker Proton is looking at technology exchange and other forms of partnership possibilities with auto giants, said Prime Minister Datuk Seri Dr Mahathir Mohamad tonight.

Speaking at a press conference after he unveiled the Proton Waja here, he said, "We have been talking to most of the big car companies, including Chrysler-Daimler, Ford and GM (General Motors)."

With global competition, Proton is facing major challenges, especially with the auto giants merging among themselves.

The mergers had enabled these companies to produce cars at high volumes and make large investments in new technologies which Proton was not capable of doing, Dr Mahathir said.

As such, he said Proton was looking at co-operating with them for a "win-win" situation or environment.

"But we are not about to sell Proton," he emphasised.

On attempts by some car giants to buy Korean car producer Hyundai, Dr Mahathir said he feared that this would mean that there would be a tendency to produce large volume cars, which were standardised for the world market and not cars produced for a local market with smaller volumes.

"In that scenario, we want to produce niche cars, a car that is not absolutely for mass production," he explained.

He said that in the next 15 years, he foresaw Proton being able to keep pace with the bigger car companies by following trends.

The national carmaker, he said, has the capacity to come out with its own engineering designs, even for engines.

Dr Mahathir revealed that Proton has been designing its own engine that had received favourable comments from engineers in other places.

However, the engine has yet to be mass-produced because this would mean Proton having to use the same engine for all its cars.

On the 1.6 litre Waja unveiled tonight, he said he was proud that Proton was able to design and produce them within a short time frame and more so that it was a successful effort by Malaysians.

The car is expected to be affordably priced and a target of 50,000 units has been set for its first year of sales.

As for the impact on foreign partners following Proton's ability to design its own cars, Dr Mahathir said the relationship would continue as they were investors in Proton.

"We wish to continue this relationship with Mitsubishi Motor Corporation."

He said the Japanese partner could still come out with new ideas that could benefit Proton.

Asked why Malaysia was pushing to defer its commitment to reduce tariffs on the automotive sector under the Asean Free Trade Area (Afta) despite having the capability to design its own car, he said Malaysia would still be able to compete within Afta.

"The important thing is for us to produce cars by ourselves without paying royalties and produce components overseas so that we will be able to cut costs," he said.

He said Malaysia was asking for a delay of its Afta commitments as the tariff cuts would result in higher number of locally-produced foreign cars that were not designed locally.

He added that everybody needed more time to open up their borders and

for a small country like Malaysia, it needed protection to increase the capacity of its industries.

"We are up against giants and we think a level playing field is not sufficient," he said.

Asked why Pakistan and Turkey failed in their national car projects while Proton succeeded, he said the national car manufacturer's strategy and philosophy were different as it was not aimed to be an assembler but a technology acquirer.

"Our routes are quite different, therefore we have achieved different results," the prime minister said.--BERNAMA

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