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PM-Car Market

PROTON SHOULD GO FOR NICHE MARKET, SAYS PM

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LONDON, Oct 6 (Bernama) -- Perusahaan Otomobil Nasional (Proton) should aim for the niche market rather than compete with the big manufacturers for worldwide sale, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

He said that when Proton started business 15 years ago, the world car market was very much fragmented where cars were manufactured strictly for certain market sectors.

Dr Mahathir added that today we see these countries are actually merging into very big and very powerful automobile conglomerates. It's very difficult for us to compete.

"For example, the Americans made cars just for Americans, Europeans manufacture for Europe and so on. We can go into specialized markets to sell good, affordable cars in Asia, Middle East, North Africa and some parts of Asia," he said.

"These are not very sophisticated cars but they will still be world class," he said at a press conference before ending his visit to Lotus Engineering plant in Hethel near Norwich, 190 km from here.

Earlier in a short after-lunch speech hosted by Lotus, he said to loud laughter from the audience: "I came here because I'd like to see for myself all the stories that I've heard from Tengku Mahaleel (CEO of Proton). Fortunately for him, he has not been telling fibs."

He went on to say that he was very pleased with developments here at Lotus which has changed from a "farmhouse" four years ago here in Hethel into more of a world class automobile manufacturer.

Dr Mahathir was referring to his two previous visits to Lotus, the first in 1996 and the second in 1997 when the current facility in Hethel was suffering from under-investment.

Subsequently, Proton came to Lotus's rescue in October 1996 when it bought an 80 per cent controlling stake of the renowned British luxury sportscar manufacturer.

Earlier during his visit, Dr Mahathir unveiled the new Small Engine (S-ENG), jointly developed by Proton and Lotus.

The engine, which is designed for the 1.3 to 1.6 cubic-centimetres (cc) range of cars, is expected to go into full-fledged production in the year 2002, enabling Proton to have a 100 per cent Malaysian-made engine.

Asked if the S-ENG engine would mark the end of the long standing Proton-Mitsubishi collaboration, Dr Mahathir said that it would still continue in other areas such as mass production, engineering, technological platforms and so on.

Dr Mahathir also confirmed that Proton is considering selling not more than 30 per cent stake of its shares to foreign buyers.

He said without elaborating, that they have been approached by some major American companies.

He added that Malaysia also had no interest in buying the ailing British car manufacturer, Rover, as rumoured, and that "we also do not have the capacity to invest in it".

Rover used to have collaborations with Lotus with regard to engine development.

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