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Revvng up together

FORD Motor Company's expression of interest in the Malaysian car manufacturer is no flattery. The world number two carmaker has been on an acquisition trail since the start of the last decade. From the context of globalisation, a company like Perusahaan Otomobil Malaysia (Proton) is a definite good potential. Ford Motor has quite a sizeable garage as it is, which includes Jaguar, Volvo, Mazda and Aston Martin. Daewoo would have been included but talks of an alliance had to end because the South Korean carmaker's strengths did not fit in with Ford Motor's global strategies, according to president and chief executive officer Jacques Nasser. But in Proton he could see various strengths. The Malaysian carmaker "has some aggressive export strategies," he says.

That, if you ask Proton, is a gross understatement of the company's real potential. Any foreign carmaker that enters into an alliance with the Malaysian car manufacturer knows that it would stand to gain access to the South-East Asian market, which has a combined population of 500 million. Ford Motor can do a General Motors and establish a plant in Thailand or like Honda in Malaysia, or it can do more. By forming a partnership with Proton, it will have a big advantage over the rest. Within the Association of South-East Asian Nations, Proton has no rivals apart from the imports as well as cars assembled locally, which are mainly Japanese makes. In Malaysia, Proton cars dominate the passenger car market. It was making inroads into Indonesia and the Philippines before the 1997 crisis and has remained a popular choice in Singapore, where cars are extortionately dear. Outside the region, the UK is one of its biggest markets.

Ford Motor would also benefit from Proton's technology. The Malaysian company's acquisition of Britain's Lotus Group International Ltd places it among the biggest names in automotive research and development (R and D). Already, the Lotus' plant in Norwich, England, has produced for Malaysian car industry its first Malaysian-made automotive engine, unveiled by Prime Minister Datuk Seri Dr Mahathir Mohamad during his visit earlier this month. The R and D facility in Shah Alam is one of the most sophisticated in the country and boasts of local as well as expatriate expertise in various fields related to the automotive sector. In addition, Petroliam Nasional, the country's national oil corporation, has been working with Sauber of Switzerland to produce sophisticated engines, a venture that hopes to create a pool of world-class Malaysian experts in automotive technology. Petronas and Sauber also partners in Formula One races, the next one to be held in Sepang this weekend. Petronas is finalising the purchase of a substantial stake in Proton.

So Ford Motor, or for that matter any one of the five or six big carmakers in the world, won't find Proton too small. In the context of globalisation, the Malaysian company has what it takes to pull Ford Motor ahead of the competition, at least in this region. This is especially so in view of the fact that the American company has not made the greatest of impacts in Malaysia or the region, despite its respected name. Of course, Proton's future non-Japanese partner will also benefit considerably from Malaysia's sustainable economic growth and the Government's policy of promoting foreign investment that involves technology and knowledge transfer. In Ford Motor's case, just as there are much to benefit from a partnership with Malaysia, there would be a lot it can offer this country in terms of training the workers and lifting Proton's image as a regional

player.

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