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Proton reduces production cost by 11.3pc, aims for more cuts

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PERUSAHAAN Otomobil Nasional Bhd (Proton) has reduced production cost by 11.3 per cent over the last four years in an attempt to increase its competitiveness in a fast-moving car industry.

However, executives at the country's biggest carmaker are still not satisfied with the reduction and are striving to make further cuts.

"Cost keeps changing. It's a moving target," said Proton chief executive officer Tan Sri Tengku Mahaleel Tengku Ariff at a press conference after the Prime Minister's visit to the Proton Waja manufacturing plant in Shah Alam yesterday.

Tengku Mahaleel said Proton has reduced cost in several areas, including designing the "medium volume factory" to manufacture the Proton Waja model for both the domestic and export markets.

Speaking to journalists at the press conference, Prime Minister Datuk Seri Dr Mahathir Mohamad said that Malaysia will resist attempts to sell the stake in Proton to a foreign party.

"At the moment, if we can resist selling the stake to a foreign party, we will. But if we have to at all, it will not be a 100 per cent sell-out," he said.

He emphasised that Malaysia is looking towards establishing a tie-up with a good technology partner. Currently, its major foreign partner is Japan-based Mitsubishi Corp.

Dr Mahathir noted that the car industry is now being controlled by a small number of giants.

"These are huge companies... Malaysia is trying to avoid being swallowed up," he said.

US-based General Motors Corp and Ford Motor Co are two of the world's largest carmakers. Another giant is the US-German merger entity, DaimlerChrysler AG, which has a major stake in Mitsubishi.

Earlier, the Prime Minister spent about two hours visiting the Proton Waja plant, accompanied by Proton chairman Tan Sri Mohd Hassan Marican, who is also the president of Petroliam Nasional Bhd.

Commenting on the progress made by Proton since its inception in 1985, Dr Mahathir expressed his satisfaction.

"From a car with almost 50 per cent foreign content, it is now designed, tested and produced locally. We have come to the stage where we can build our own engine," he said.

The new plant to produce Proton Waja, Proton's latest car which it expects to sell 60,000 units this year, can produce as many cars in one year.

To date, 39,300 units of the car have been delivered to customers from the plant with a monthly capacity of 5,000 units.

Currently, a 1.6-litre variant has been in production since last September. A 1.8-litre variant is planned for production in the first quarter of 2002.

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