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Mahathir-BMW

BMW CHOOSES MALAYSIA FOR ITS REGIONAL CENTRE

By: Abdul Muin Abdul Majid

BERLIN, March 21 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said that renowned German car maker, Bavaria Motor Works (BMW), has chosen Malaysia to set up its operations centre for the Asian region.

He said that the centre would be one of BMW's regional centres. The two others are in Munich and the United States.

Speaking to Malaysian reporters on the outcome of his visit to Germany, the prime minister said: "We have, for example, confirmed that BMW will shift all its regional operations to Malaysia."

"It will set up its operations in Cyberjaya and the Port of Tanjung Pelepas for the entire region (Asia)," he said.

Dr Mahathir said that BMW had relayed this commitment to the Malaysian Industrial Development Authority (Mida).

"It has submitted an application...it is only awaiting my approval," he said.

BMW also intends to set up a training centre for its staff at the regional centre.

When asked whether this was an economic coup for Malaysia, the prime minister said: "I don't know, but we welcome them."

During his three-day visit to Germany beginning Monday, Dr Mahathir also visited the BMW plant in Munich. He will leave for Poland today for a two-day official visit.

"I went to BMW to look at its technology, including what it is working on now. BMW owns Rolls Royce, and they have come out with a new Rolls Royce made by BMW," he said.

Meanwhile, when met by reporters, International Trade and Industry Minister Datuk Seri Rafidah Aziz said that the car giant had asked for some fiscal and non-fiscal incentives.

"From MITI's (Ministry of International Trade and Industry) own evaluation, I've gone through the request...we can fully support it and I will be writing to the Finance Minister (Dr Mahathir) expressing our support," she said.

There was also a request for 100 per cent equity in the project which was in line with the government's own policy now, she said.

"One small exception is they want 100 per cent equity in the retail distribution domestically as well.

"But at the moment, the BMW cars are being retailed through domestic companies like Sime Darby, so they are now reaching some agreements with the local companies as to how they will deal with the distribution aspect," Rafidah said.

However, indications are that the parties concerned had worked out some formula on retail distribution vis-a-vis the region, she said.

"For us it is a very welcomed project by a foreign company as big as BMW. It shows that people are seriously looking at AFTA (Asean Free Trade Area) benefits and at the benefits of operating in Malaysia for the Asean region," she said.

She said that it would be the first big company in the automobile industry to set up its regional operations in Malaysia.

Rafidah expressed hope that this would be the forerunner of many more such regionalisation of foreign companies in Malaysia, not just in automotive but other sectors as well.

On why Malaysia was chosen by BMW, she said that Malaysia's strategic

location was one factor and the country also provided the necessary back-up and support necessary to enable them to regionalise cost-competitively in the country.

"Malaysia is significantly becoming now a regional centre for a wide range of activities, not just manufacturing but also manufacturing-related services, financial and so on," Rafidah said.

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