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SIME DARBY-BMW

BMW ONLY WANTS TO TAKE BACK WHOLESALE RIGHTS IN MALAYSIA

KUALA LUMPUR, May 28 (Bernama) -- Bavaria Motor Works (BMW) AG is only interested to take back Sime Darby Bhd's wholesale rights to distribute its cars in Malaysia, Sime Darby's group chief executive, Tan Sri Nik Mohamed Yaacob said.

This means that Sime Darby, which currently also holds the rights in retailing and assembling of BMW cars, will continue with these activities.

"The issue today is really about the Malaysian franchise, where BMW has indicated that it wants to take back the wholesale rights of that franchise," he told a press conference here today.

Nik Mohamed said that discussions between Sime Darby and BMW were still on-going so that both parties could achieve a "win-win" situation.

He said that BMW has given the assurance that it would not acquire Sime Darby's franchise rights in Singapore, Hong Kong and China.

"No mention has been made about acquiring the Singapore, Hong Kong or the China franchise," he said.

Nik Mohamed said that by losing the wholesale rights, it would cause a significant reduction to Sime Darby's margin in Malaysia.

Asked why BMW wanted to acquire Sime Darby's rights in Malaysia only, Nik Mohamed said that he believed BMW viewed Malaysia favourably as a growth area.

"Malaysia is a growth market. Our car registration is one of the highest in the region and is still growing. Growth is something which most people want and Malaysia is always recognised as a growth area," he said.

Nik Mohamed also said that Singapore and Hong Kong were considered as mature markets and vehicles growth could be limited.

In March this year, Prime Minister Datuk Seri Dr Mahathir Mohamad announced in Berlin that BMW has decided to set up its Asian regional office in Malaysia.

The decision sent a signal that BMW may want to play a bigger role in the car distribution of its cars in Malaysia at Sime Darby's expense.

Sime Darby is the parent company of Tractors Malaysia Bhd, which owns Auto Bavaria Bhd, the holder of the local franchise for BMW cars. --

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