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BMW picks Malaysia as regional centre for operations in Asia

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GERMAN automaker and distributor Bavaria Motor Works (BMW) has chosen Malaysia as the regional centre for its operations in Asia, Datuk Seri Dr Mahathir Mohamad said.

The company is expected to operate from Cyberjaya and the Port of Tanjung Pelepas in Johor, a move that will further bolster Malaysia's position as a regional hub for trade and business.

"I can confirm that BMW will shift all regional operations to Cyberjaya and also Port of Tanjung Pelepas for spare parts," Dr Mahathir said on Wednesday night.

The Prime Minister was speaking to Malaysian journalists at the end of his three-day official visit to Germany. Besides the proposed regional office in Malaysia, BMW's other regional centres are in Munich and in the United States.

On when the move would be made, Dr Mahathir said the company had submitted its application to the Malaysian Industrial Development Authority.

"It is just waiting for my approval."

On whether BMW's move to locate its operations in Malaysia could be considered an economic coup of sorts for Malaysia, the Prime Minister replied: "I don't know about any economic coup but we welcome them."

On his talks with German leaders and businessmen, Dr Mahathir said there were opportunities for Malaysia to explain its stand on several matters.

"They are interested to know our stand on terrorism, Afghanistan, Muslim perceptions, Japan, the Middle East, China and Indonesia. They want to know our views and analysis."

Dr Mahathir said he explained Malaysia's stand on terrorism, highlighting the action taken by the Government in curbing militant activities and the urgent need for the international community to look at the roots of terrorism and find solutions.

The Prime Minister said he told German leaders that Malaysia supported the Palestine peace proposal initiated by Saudi Arabia.

On the agreement to enhance co-operation in education between both countries, he said Malaysia was interested as there were no German universities in Malaysia.

"They can either have twinning programmes with Malaysian universities or set up branch campuses."

Dr Mahathir said various benefits could be gained from co-operation in education with the Germans such as vocational training, a field in which the capabilities of the Germans was well known.

He said Chancellor Gerhard Schroeder, in their meeting earlier in the morning, had suggested that the technical expertise of German companies operating in Malaysia be used to train Malaysians.

However, Dr Mahathir said he was informed by Schroeder that in certain matters like education, the power rested with State authorities instead of the Federal Government.

The Prime Minister was also asked about whether the Government had any plans to review its policy to allow foreign control of companies involved in strategic industries.

Although there were no plans to review the policy now, Dr Mahathir said the Government was prepared to study any request on a case-to-case basis.

He said some exemptions had been made in the past like for companies

operating in the Multimedia Super Corridor as it was considered a new industry.

On tourism, Dr Mahathir said efforts to attract more Germans to visit Malaysia would be carried out.

The Government was also interested to have an agreement on cultural exchange between both countries as one way to attract more tourists.

Later, International Trade and Industry Minister Datuk Seri Rafidah Aziz said BMW's decision was a recognition of Malaysia's enhanced position as a regional hub. It also showed that foreign companies were serious about seizing opportunities from the implementation of the Asean Free Trade Area where tariffs would be removed or reduced between zero and five per cent beginning next year.

For the automotive sector, the agreement will come into force in 2005.

Rafidah said BMW had requested fiscal and non-fiscal incentives for the regional centre, including equity control in the company to be set up.

"We have no problem with that as it is in line with our policy. The only problem is that they also want 100 per cent equity for the retail side but they already have a local distributor, the Sime Darby Group."

Rafidah said she was told BMW and Sime Darby were now engaged in talks to finalise the matter.

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