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MAHATHIR-MAHALEEL

TENGGU MAHALEEL TO STAY ON AS PROTON CEO, SAYS DR MAHATHIR

KUALA LUMPUR, July 5 (Bernama) -- Tengku Tan Sri Mahaleel Ariff, who was reported to be in hot soup over his criticism of the government's auto policy, will stay on as Proton's chief executive officer, the advisor to the company, Tun Dr Mahathir Mohamad, said here today.

Neither has Tengku Mahaleel received any show cause letter -- as reported in the media -- for the remarks allegedly criticising the government's handling of the automotive policy, he said.

Dr Mahathir said Tengku Mahaleel was duty bound to protect the national car manufacturer against criticisms over the quality of Proton cars as it would affect sales of the national car.

There was no move to remove Tengku Mahaleel as CEO and neither was there any show cause letter to this end as widely reported in the media over the last several days, Dr Mahathir said in his usual combative style.

He said this at a packed press conference to clarify the controversy surrounding Tengku Mahaleel.

Yesterday, Dr Mahathir met Proton chairman Datuk Azlan Hashim where he got a clearer picture of developments surrounding Tengku Mahaleel. Dr Mahathir was abroad during the controversy.

The media had reported last Friday that Mahaleel was given a showcause letter for his criticism of the government's automotive policy and that he was given one week's notice to reply to the letter.

Dr Mahathir said that in his meeting with Azlan, the latter did not mention anything about Tengku Mahaleel's removal and neither did he ask about it.

On speculation that Tengku Mahaleel was asked to resign, Dr Mahathir said: "He (Tengku Mahaleel) has not told me that he has been asked neither did Azlan tell me he has asked (Tengku Mahaleel to resign)."

"As far as I know, Tengku Mahaleel has not been asked to leave," said Dr Mahathir.

Prime Minister Datuk Seri Abdullah Ahmad Badawi who last week chaired a meeting of Khazanah Nasional Bhd, the investment arm of the government which owns 42 percent of Proton, said there was no such decision to remove Tengku Mahaleel.

The controversy arose after Tengku Mahaleel in an interview with Oriental Daily, a Chinese language newspaper, said among other things that Proton was being treated unfairly by the government under a policy that was not transparent and discriminatory.

He was also angered by the criticism Proton had received from politicians and government officials.

"Policy-makers in the country should emulate China when formulating the national automobile policy. China is a late starter in the automobile industry, but its automobile policy supersedes ours...In Malaysia, the national car project is already over 20 years old, but we still don't know how to make it work. This is a serious problem," Tengku Mahaleel told the newspaper.

Asked to comment on Tengku Mahaleel's move to go to the media to criticise the government's automobile policy and poor treatment of Proton, Dr Mahathir said "it is something expected of a CEO and even the chairman of a company."

Dr Mahathir said he was not defending Tengku Mahaleel, "but in fact protecting Proton as expected of an advisor."

"My duty is to see Proton gets a fair deal," he said.

Proton sources almost 90 percent of its auto components from local vendors at a high prices, which in the process provides jobs to 20,000-25,000 people.

Answering critics including International Trade and Industry Minister Datuk Seri Rafidah Aziz that Proton had a poor export performance, the former prime minister said while it made losses when it first entered the British market, it did not under-declare as was done by South Korean cars entering Malaysia.

He said he had requested Rafidah to check on the under-declaration of South Korean cars several times from the time he was prime minister and also three months ago.

However, Dr Mahathir said the minister did not make any attempt to investigate and the cars continued to be imported at below the cost of raw materials.

He said one of the South Korean models was imported at a landed price of RM11,000 each which doesn't make sense because in 1982, the cost of manufacturing the Proton then was RM14,000.

He also said that when Proton chose to make losses in the U.K. then, it was not the intention to do it (incur losses) forever.

Dr Mahathir also questioned the ways APs were issued now whereby there were several categories of APs, including for specially-tuned up cars.

" I'm surprised that of the 67,000 APs issued last year, only 12,600 were given to 82 companies while 54,400 APs were given to 20 companies.

" This is not in the spirit of nurturing Bumiputera entrepreneurship whereby it (APs issuance) should benefit a big number of people rather than be concentrate on a few," he said.

On another note, he heard that several parties were eyeing to buy a stake in Proton, especially some of the equity held by Khazanah Nasional Bhd.

He said Khazanah Nasional had only up to the end of the year to sell down the 17 percent equity it had bought from Mitsubishi of Japan since the shares that it acquired from the Japanese car maker reached a level which triggered a mandatory general offer.

A mandatory general offer is triggered when a shareholder's equity in a company increases to more than 33 percent.

Dr Mahathir said that he at first tried to avoid making any comments on the issue, but unfortunately "my name has been dragged in by some people to justify what they did and I have a need to explain a little bit on the government process so that we will understand exactly what happened."

"Although I have been labelled a dictator by the press, but actually the mininsters are quite free to take action on their own if they think that action is justified."

For instance, he cited the decision for a car to have 40 percent local content to qualify as a national product for duty-free access into the Asean Free Trade Area (Afta).

"That decision was not taken by the Cabinet."

"The Cabinet didn't know until we were told about it (and) of course, we have to back it because it was a commitment made by a responsible minister.

"Unfortunately, our auto industry has advanced to the stage where more than 80 percent of the content are local and because of that our cost were much higher," he said.

Dr Mahathir said it was therefore not fair to compare 80 percent local content as national (in the case of Proton) to 40 percent as national (as for others).

" We have a distinctive advantage and because of that we had to request

that the application of this agreement (to liberalise car imports under Afta) be postponed by two years."

"This created a lot of problems. Our partners in Afta were not happy," he said.

"It's the same with the decision to call a car a national car. It does not need my approval. Certainly I cannot remember any approval given by me to any request that cars be considered a national car," he said in rebutting Rafidah's remarks that Naza Ria, a Korean multi-purpose vehicle assembled in Malaysia, was given national car status by Dr Mahathir when he was prime minister.

"I have been told that the local content was only 18 percent. I only learnt about this after I launched this car (Naza Ria) and then in the Cabinet I inquired and I was told that it was only 18 percent.

"Having launched it, there was no way we can withdraw (but) the only thing we can do is to request the company to very quickly to increase the local content so that it is more than 50 percent. So the car remains a national car," he said of Naza Ria which is assembled by the Naza group.

But Dr Mahathir said he believed the local content of Naza Ria had increased.

" I don't not know by how much, but it has increased quite considerably and it still remains classified as a national car," he said.

"The reason it was considered (a national car) was because it was not a passenger car. It was a multi-purpose vehicle and therefore it was not supposed to compete with the national car."

"But to say that I approved or the Cabinet approved is not quite correct as the procedure is that the minister would make the decision and the Cabinet will be told later," Dr Mahathir said. -- BERNAMA

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