

Proton in bid for Indonesia's passenger market
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Malaysia's struggling national carmaker Proton said Monday it will open 10 sales and service centres in Indonesia as part of a bid to win a share of the country's passenger vehicle market.

"We will open a total of 10 sales and service centres in Indonesia in one year. Two will belong to Proton and the other eight will be opened by dealers," Proton spokeswoman Faridah Idris told AFP.

The first three Proton outlets were opened in Jakarta on Saturday, she said.

Proton officially launched two models in the Indonesian capital last week in its first foray into the market there, hoping to boost sales of its cars amid sluggish sales at home.

"Over the next three years, we plan to achieve between 5 percent to 10 percent of the Indonesian passenger car market," Proton said in a statement released at the launch.

Proton's share of the Malaysian market has declined sharply in the face of competition from foreign as well as local carmakers.

The carmaker in February posted its third consecutive quarter of losses of RM281.45 million in the three months to December compared with a net profit of RM86.51 million a year earlier.

The Malaysian government, as the single largest shareholder, is under intense pressure to find a strategic partner for Proton.

VW deal close

Talks with French car giant PSA Peugeot-Citroen collapsed two weeks ago but the government is still hopeful of securing a foreign partner in Germany's Volkswagen AG.

VW's head of international sales told the Financial Times in an interview Monday that it was close to reaching a deal to take over Proton's manufacturing unit.

Second Finance Minister Nor Mohamed Yakcop said last week that a partner for Proton will be named by the end of March.

He also said local auto concerns DRB-Hicom and the Naza Group had expressed interest in tying up with Proton.

In a report over the weekend, The Edge financial weekly cited unnamed sources as saying the government had decided to secure a local partner for Proton, since the prospect of securing a foreign partner was dimming.

Certain factions of the government are pushing for DRB-Hicom to acquire a 32 percent stake in Proton, it said.

Proton's Faridah would not comment on the report.

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