

Proton must remain a Malaysia entity: Mahathir
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Malaysia must choose a domestic partner over a foreign company for ailing carmaker Proton to preserve its status as a national company, former prime minister Dr Mahathir Mohamad said today.

The ailing carmaker has seen a steady decline in sales in recent years, and the government is under pressure to find it a partner of which Germany's Volkswagen AG and US auto giant General Motors have been touted.

Three domestic automotive firms have also expressed interest in buying a stake in the loss-making firm.

"If you sell to a foreign company, it will no longer be a national car. They have to sell to a local company," Mahathir, who is Proton adviser told reporters.

Malaysia has so far missed two self-imposed deadlines to announce a partner for Proton, with analysts partly attributing the wrangling to a government reluctance to cede control of a national company to foreign hands.

Mahathir oversaw the creation of the ailing carmaker in 1983 under his tenure as premier, and still remains advisor to the company.

But in recent years Mahathir has singled out Prime Minister Abdullah Ahmad Badawi and his administration for badly managing the company.

Auto policy blamed

Mahathir today laid the blame for Proton's loss-making performance on the government's auto policy introduced a year ago, which aims to boost competitiveness in the domestic auto sector and cuts taxes on car imports.

"Everything it does for the automotive industry would kill Proton," he said.

Proton posted a third consecutive quarterly loss of RM281.45 million in the three months to December compared with a net profit of RM86.51 million a year earlier.

"It was such a profitable company and people wanted to marry Proton," Mahathir said.

"Today, it loses money all the time and the management can't stop the slide," he said.

In January this year it lost its top dog status after nearly a quarter-century as Malaysia's biggest-selling carmaker to another homegrown manufacturer, Perodua.

Japanese small-car maker Daihatsu Motor, a subsidiary of Toyota, owns a 51 percent stake in Perodua which has produced a series of attractive models well suited to the Malaysian market.

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