

**Volkswagen close to a deal with Proton**  
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Volkswagen, Europe's leading car maker, is close to reaching a deal to take over the manufacturing unit of ailing Malaysian car maker Proton, VW's head of international sales told the Financial Times in an interview today.

VW was "very close" to striking a deal that would give the German giant a large slice of southeast Asia's biggest passenger car market, sales chief Kevin Rose told the newspaper.

A final deal could be inked as early as next week, he said.

The Malaysian government wants to sell a 50-percent stake in Proton and transfer management to a western group in order to help shore up the company, which reported a loss of 80 million dollars (60 million euros) in the last three months of 2006.

Proton's passenger car sales fell by 11 percent to 490,000 units last year and its market share fell to 32 percent from 40 percent.

Aside from VW, General Motors and PSA Peugeot had also originally expressed an interest in the group, but the French auto maker has since pulled out of the race.

Buying Proton would complement VW's plants in China and its Skoda factory in India. The German giant sees the fast-growing southeast Asian region as a big hole in its expansive Asian strategy, FT said.

Rose told the newspaper that VW intended to build a new small sedan and other models targeted at the Asia-Pacific region at Proton plants if it won the deal.

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