

Not anxious to merge

Proton is financially quite okay now, says Dr M

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NATIONAL carmaker Proton Holdings Bhd is not anxious to merge with rivals at the moment, its adviser Tun Dr Mahathir Mohamad said.

Automotive firm DRB-HICOM Bhd, which industry observers had viewed as a potential suitor, had said earlier this week that it was not keen to pursue a stake in Proton for now.

"Actually, we too are not very anxious to merge at the moment. Financially, Proton is quite okay now," the former prime minister said when asked to comment on the matter yesterday.

He was speaking to reporters after launching the country's first Islamic value-based financial advisory firm, First Sovereign Advisory Sdn Bhd, in Kuala Lumpur.

Proton has been on the lookout for a strategic partner for some time now, partially to help absorb the excess capacity at its plant in Tanjung Malim, Perak.

The plant is running at only 150,000 units a year, but its designed capacity is one million units. It also needs to partner a carmaker with strong technological capability in order to better compete, analysts say.



Dr Mahathir said Proton would think of forming a "simple cooperation" with other companies once it completes its ongoing restructuring process.

"After we restructure and are more able to assess the value of our assets, maybe then we will think of

some simple cooperation with other companies, if they are interested. If they are not interested, it is quite alright. There's lots of technology available in the market... even if we don't partner with a technologically superior company," he said.

Proton will be open to working

with both local and foreign companies, he added. Proton has had unsuccessful attempts at getting Germany's Volkswagen and the US' General Motors as its potential strategic partners.

Meanwhile, Dr Mahathir said the government should re-think allowing foreign carmakers to set up assembly and manufacturing plants in the country.

Malaysia doesn't benefit from such investments unless these countries reciprocated by opening up their markets, he said.

"I noticed that we cannot have access to these countries that want to invest in Malaysia as they impose a lot of restrictions ... but they can invest here," he remarked.

The Malaysian Investment Development Authority (Mida) had said on Wednesday that it was evaluating applications from five foreign carmakers keen to set up assembly plants in Malaysia to assemble cars below and above 1,800cc.

It didn't name the companies, but indicated that there was a lot of interest from carmakers in India, China, Japan and South Korea.

It is expected to decide on the carmakers' entry in the next few months, Mida director-general Datuk Jalilah Baba said.

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