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Proton had, in 2010, begin looking into manufacturing hybrid cars, and entered into a joint venture with UK firm Frazer-Nash Research Ltd, owned by Indian businessman Kamal Siddiqi, who is close to Tun Dr Mahathir Mohamad (inset).

Proton's hybrid misadventures

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LOW BRAND EQUITY: Will a RM1.5b lifeline be enough to take the struggling company forward?

Proton critically needs a strategic foreign partner to inject life into it...



WIDEANGLE
A JALLIL HAMID

WITH Proton very much in the news lately, Malaysians must be wondering about the fate of the generous public funds being disbursed to the company for the past few years to develop hybrid cars.

In 2010, Proton reportedly secured an R&D grant of RM270 million to develop hybrid cars. It is worth noting that Proton had a cash balance of RM1.2 billion as at the end of March 2011.

The Proton plan had envisaged mass production of hybrid cars to begin in 2012.

A total of 30 hybrid cars were to be delivered by the end of 2011. This was obviously not met. Media releases later said that 200 hybrid cars were scheduled to be delivered only in 2013.

For the record, Proton was in a joint venture with UK firm Frazer-Nash Research Ltd to develop the hybrid technology.

The chairman and owner of Frazer-Nash is Kamal Siddiqi, a UK-based Indian businessman who, by most accounts, is very close to Tun Dr Mahathir Mohamad.

Many industry insiders claimed that Frazer-Nash was fully paid upfront even without one electric car being delivered to Proton.

What is more startling is that Siddiqi had been recently implicated in the controversy involving jailed ex-PetroSaudi International executive Xavier Andre Justo.

According to documents sighted by the *Malay Mail*, Justo had, in his confession to Thai police, spoken to his "best friend", Christian Frampton, regarding his offer to sell the stolen PetroSaudi data he had.

The Swiss national claimed he was sure Frampton did not know or meet Sarawak Report's Clare Rewcastle-Brown and that the journalist had introduced Siddiqi "as an intermediary in subsequent WhatsApp conversations".

vehicle technologies.

About five years ago, Siddiqi boasted publicly about his long partnership with Proton.

"I believe we have come a long way, with lots of patience and perseverance. It is because of former prime minister Tun Dr Mahathir Mohamad, who believes in what we are doing."

"He (Mahathir) saw hybrids and eventually REEV (Range Extender Electric Vehicle) as the future, and we are proud of what Proton engineers have done — a brilliant job. I believe we can showcase our technology with this smart partnership."

In response to parliamentary questions on the Proton-Frazer-Nash deal, International Trade and Industry Minister Datuk Seri Mustapa Mohamed said in September 2012 that Proton would be selling electric vehicles by 2014.

He had said Proton was collaborating with UK-based Frazer-Nash to develop its own EV.

In a reply to Gombak member of parliament (Datuk Seri) Azmin Ali, the MITI minister said that Proton had allocated RM500 million for R&D in green technology and was expected to gain profits after commercialising EVs in 2014.

The PKR man had asked MITI to state the rationale of investment by Proton through Frazer-Nash, to which Mustapa replied that Proton's R&D spend was much smaller than other car manufacturers.

Allegations that Proton spent some RM270 million to test 30 cars with each costing about RM9 million were untrue, Mustapa said.

Apart from RM120 million that Proton would receive in 2013, it had already been given RM100 million in 2012. This was on top of the RM270 million in grants given in 2010.

This means a total of RM490 million in grants was given to Proton in four years.

The government on Friday approved a RM1.5 billion soft loan to cash-strapped Proton. The money will be used mainly to pay the amount outstanding to its component suppliers.

But the loan came with strings attached.

The question is, will this fresh lifeline be enough to take Proton forward?

Proton critically needs a strategic foreign partner to inject life into it, with the company at its lowest ebb in its history. The foreign partner can help transfer technology and regain domestic market share.

Some European automakers are looking at Asean as a huge market potential. Proton may offer some answers.

Proton can offer infrastructure, skilled workers and a vendor base.

What it needs to do is develop new and relevant products and build up a critical mass.

Currently, its problem is its low brand equity. After 30 years, it is still struggling to build a reputation as a maker of competitive but quality cars.

jallil@nstp.com.my

A veteran newsman, Jallil believes that a good journalist should be curious and sceptical at the same time