

Newspaper	NEW STRAITS TIMES
Date	18 JUNE 2017

RM1.5 BILLION SOFT LOAN

'DR M'S ALLEGATION IS BASELESS'

NST- 18/6/2017 Pg. 6

The govt disbursed RM1.25b to Proton to settle outstanding payments to vendors, says minister

BEATRICE NITA JAY
KUALA LUMPUR
news@nst.com.my

AN allegation that the government did not disburse its RM1.5 billion soft loan to Proton Holdings is baseless, International Trade and Industry Minister Datuk Seri Mustapa Mohamed said.

In refuting another claim by former prime minister Tun Dr Mahathir Mohamad, who is also the chief critic of Proton's partnership with Chinese car giant Geely, Mustapa said RM1.25 billion had been given out since April last year.

"Without the RM1.5 billion soft loan by the government in April 2016, Proton's future would have been challenging. The welfare of its total direct and indirect 350 vendors and 60,000 employees would have been at stake.

"The allegation that the government has not disbursed the funds promised to Proton is baseless.

"From the soft loan of RM1.5 billion, the government has disbursed RM1.25 billion to Proton, which was largely used to settle the outstanding payments to its vendors. The balance of RM250 million will be disbursed in about

a week," Mustapa said yesterday.

He said, as announced by Second Finance Minister Datuk Seri Johari Abdul Ghani, the government would reimburse Proton its research grant worth RM1.1 billion upon the inking of the final agreement with Geely next month.

Mustapa said critics must realise that Proton must be able to stand on its own feet and should not be dependent on the government.

He also reminded them that Proton was required to collaborate with a strategic partner, as part of the conditions to receive the soft loan.

"While this assistance (the soft loan and grant reimbursement) is unprecedented in an open market economy, it was a responsible move by the government in ensuring all viable options are explored to secure a better future for Proton.

"However, the government cannot keep helping Proton each time it faces financial difficulties.

"For this reason, the RM1.5 billion soft loan was made conditional upon Proton securing a foreign strategic partner."

Expressing regret over Dr Mahathir's labelling of the Proton-Geely partnership as an "act of vengeance", Mustapa said the government would always protect the best interests of the nation, and that decisions made were not based on "personal vendettas and the need to settle scores".

"It is unfortunate that the government's sincere intention and unwavering commitment in wanting Proton to succeed were labelled by Tun Dr Mahathir as

an act of vengeance.

"The new reality is that the automotive industry has become very global and inter-connected.

"Joint ventures have become a norm as not many carmakers can stand on their own feet, with examples such as Nissan-Renault and Cherry-Jaguar Land Rover.

"What is the point of maintaining 'national pride' as claimed by Tun Dr Mahathir if it means letting the company to continue bleeding cash and jeopardising the welfare of its

workers?"

Mustapa also said repeating allegations that the "national pride" had been sacrificed would not hold water, since joint ventures had long taken place in



International Trade and Industry Minister Datuk Seri Mustapa Mohamed

Malaysia, as evidenced by the Perodua-Daihatsu partnership and Malaysian companies owning major stakes overseas.

In the case of Proton, the interest of vendors, management and staff must be prioritised above "and beyond pride as well as nostalgia".

"Either let Proton restructure its business with the help of a foreign partner, or we turn a blind eye to the problems that the company is facing. Logic and common sense must prevail against emotions at any turn, if we are to succeed in this rapidly changing global landscape.

"To the critics of the Proton-Geely partnership, I say enough is enough. Proton will have a foreign strategic partner moving forward, but Malaysia still retains majority control.

"Proton is known globally as a Malaysian brand and nothing can take that away from Proton."