

RM1.8b loan for Proton assembly plant in Pakistan

BEIJING: Prime Minister Tun Dr Mahathir Mohamad yesterday witnessed an exchange of documents that will facilitate the rollout of Proton vehicles from a new assembly plant in Pakistan.

The licensing and technical agreement documents for the Proton assembly project in Pakistan was exchanged between Proton Holdings Bhd and Al-Haj Automotive.

There was also an exchange of documents between Proton and China Construction Bank for financing, which will see Proton receiving RM1.888 billion in loans for further research and development, and infrastructure expansion.

Proton chairman Datuk Seri Syed Faisal Albar said the national carmaker was confident of a turnaround with the introduction of new cars.

"Proton must continue to expand its presence internationally.

"We have our founding father with us to show his relentless support to help make this dream a reality.

"The cooperative agreement between Chinese, Malaysian, and Pakistani enterprises showcases the potential of the Belt and Road initiative."

Li Shufu, Geely Holding Group chairman, expressed his gratitude to the Malaysian government for its longstanding support and bilateral economic opportunities.

"Geely and Proton are long-term strategic partners and are committed to promoting the coordinated development of both parties."

Proton has officially announced that it will set up a new local assembly plant in Pakistan, which will be owned and operated by Al-Haj Automotive.

This comes after the national carmaker entered into an agreement with Al-Haj on Aug 29 last year.

The plant will be built at a greenfield site in Karachi with an initial investment of US\$30 million (RM121.9 million) and is expected to commence operations before the end of next year.

The first car is expected to be produced in June.

Around 2,000 direct employment opportunities will be created within the plant's first three years of operations, with a further 20,000 indirect jobs.

As part of the agreement, Al-Haj will be the sole distributor for Proton vehicles in Pakistan.

The Proton joint venture was

the centrepiece of a series of agreements signed during Dr Mahathir's visit to Pakistan last month.

Pakistani officials said the deals would total around US\$800-900 million.

With Proton aiming to sell 400,000 units yearly by 2027 as part of its "seven stars" strategy, export sales and the establishment of CKD (completely knocked down) assembly plants in overseas markets represent an important step to achieve that figure.

Transport Minister Anthony Loke, who was present at the event, said the move would help ensure Proton continued to expand, penetrate the international market and increase exports overseas.

"Pakistan is a good market to begin with.

"They will continue to develop and expand their investment in research and development."

Before the exchange ceremony, Dr Mahathir attended a dialogue session with Proton's Chinese component vendors and parties interested in finding out more about Malaysia's automotive industry's market landscape, government policies, incentives and regulations.