

Perkasa: Proton must continue serving Bumiputera interests

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Perkasa president Ibrahim Ali says Putrajaya shouldn't protect Proton if company doesn't serve its purpose in protecting Bumiputera, Malaysian interests.

PETALING JAYA: Malay rights group Perkasa says the government must ensure Proton continues to protect the nation's interests and serve the needs of Bumiputera vendors, following the sale of a 49.9% stake in the company to Chinese automaker Zhejiang Geely.

Perkasa president Ibrahim Ali warned that despite Proton holding a majority stake of 50.1%, Geely would undoubtedly play a huge role in the company's future.

"We understand that Proton needs a foreign strategic partner to survive, but the government must ensure that Malaysian and Bumiputera interests are protected.

"There are many Bumiputera workers and vendors. We cannot simply get rid of them. Proton must continue to build up the capacities and skills of Bumiputera vendors and workers," he told FMT.

Ibrahim said although Proton is a private company, it still benefits from the government's protection through excise duties on imported vehicles of between 60% and 105%, which makes local cars inexpensive by comparison.

"So, why should the government continue to protect Proton, if the company does not serve its purpose in protecting Bumiputera and Malaysian interests?"

Proton, which was established in 1983 as Malaysia's first automobile company, has been struggling in recent years despite decades of government support and bailouts.

In 2001, the once-dominant Proton had a market share of 53%, but this figure dwindled last year to a mere 14%.

Over the years, there have been plans for Proton to form a long-term partnership with a foreign car maker. However, discussions with potential suitors, including Volkswagen and, more recently, Suzuki and Renault, all fell through.

Earlier today, it was reported that DRB-Hicom would sell a 49.9% stake in Proton to Geely, which also owns Sweden's Volvo Car Group.

Months ago, Geely was reportedly leading the race to partner Proton, until the company announced in March that it wouldn't go ahead with the move, citing Proton's "indecisiveness".

It was subsequently reported that Geely was seeking a 51% stake in Proton, leading to fears among Malaysian social media users about the quality of Chinese cars and the so-called "Chinese invasion".

Fears over a "Chinese invasion" had been sparked by a slew of Chinese investments in the country, including in property and infrastructure projects.

But the Institute for Democracy and Economic Affairs (IDEAS) said then that a partnership between Proton and Geely would benefit the national car maker as it could lead to capital injection, force reforms, bring about changes to manufacturing processes, technology transfers and change Proton's mindset and attitude.

Geely, which only produced its first car in 1998, has undergone massive changes over the years, purchasing Volvo Cars from Ford in 2010 as well as the London Taxi Company.

According to a report in Carlist.my, Volvo, under Geely, has made the largest hiring of engineers in recent times, contributing to the development of the new Volvo XC90, S90 and V90 models.

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