

Johari: Geely has saved Proton from ending up like Perwaja
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The second finance minister says China's Zhejiang Geely which has agreed to buy a stake in Proton will be a suitable partner to develop the national car further.

PETALING JAYA: Second Finance Minister Johari Abdul Ghani has defended the new partnership between DRB-Hicom Bhd and China's Zhejiang Geely Holding Group over Proton, calling it a strategic cooperation to prevent the national car from meeting the same fate as collapsed steel manufacturer Perwaja.

He said the government had tried to develop the iron and steel industries through Perwaja Holdings Bhd but the company ceased operating due to management problems in the 1990s.

"The government did a lot to help but Perwaja eventually closed shop. Many workers lost their jobs there as the factory was no longer operational," he said.

"We certainly do not want the same for Proton. I want to stress that we do not want its fate to be that of Perwaja's," he added.

He said he understood the sentiments of former prime minister Dr Mahathir Mohamad who expressed disappointment at Proton's partial takeover by Zhejiang Geely, but added that the Chinese company was now an important strategic partner that could advance Proton's stature.

On May 25, Mahathir bemoaned the agreement for a 49.9% sale of Proton Holdings Bhd to Zhejiang Geely the day before. Zhejiang Geely also agreed to buy a 51% stake in Lotus Cars from DRB-Hicom.

Mahathir said the sale of Proton, which he described as a national icon, was but the beginning of many Malaysian assets, including land, being sold off to foreigners.

Johari however questioned why critics of the deal were not proud of Proton.

"In my opinion all parties should support the cooperation because Geely has saved Proton from becoming another Perwaja," he said.

In an interview published in Utusan Malaysia today, he said there would be a great deal of difficulty if such a situation arose and more workers lost their jobs.

Proton, which was set up in 1983 as the country's first national automobile company, has been riddled with financial problems over the last few years despite benefiting from government aid.

In 2001, Proton commanded as much as 53% of the local market share but this plunged to 14% last year as more buyers opted for imported cars as complaints on the quality of Proton cars prevailed.

Johari said under the current scenario 50.1% of Proton's ownership was in Malaysian hands. He also asked what was wrong if the company succeeded in thriving at the international level with such an arrangement.

He said if Perusahaan Otomobil Kedua Sendirian Berhad, which manufactures Perodua vehicles, could collaborate with Japanese company Daihatsu Motor Co Ltd, there was no reason why Proton could not do the same with Zhejiang Geely.

"This is a normal practice in business," he said.

He also gave his assurance that the Proton name would be maintained, as has been stipulated in the agreement between DRB-Hicom and Zhejiang Geely.

"This was among the points of the agreement. Furthermore, DRB-Hicom is the majority shareholder and has deciding power in the relationship," he said.

Perwaja was formed in 1982 during Mahathir's tenure as prime minister with a paid-up capital of RM250 million. However, by the end of 1986 it had raked up losses of up to RM131 million, reportedly due to management problems and the appreciation of the yen.

The company was later revived but was forced to shut down its factory operations in Kemaman, laying off 1,500 workers in the process, in 2013.

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