

## **Script BTS NRC MUC – NRC**

### **Lost compass: a manufacturer in financial difficulties plans an "Islamic" car .**

Malaysia's struggling national car-maker , Proton , claimed this week to have identified a huge gap in the world's car market . It believes there is demand for an " Islamic " car .

Carmaking represents a big part of many economies. It brings jobs , advanced manufacturing techniques and national pride . But carmakers find it incredibly hard to make money, especially when volumes are small .Proton has struggled to develop since it was created almost 25 years ago , despite protectionism and lots of state aid .

Its position has become especially worrying recently . Its domestic markets share has fallen from over 60% to 23% in the past five years after a cut in import tariffs , and the firm now appears to be in danger . It has meagre export sales of around 20,000 cars a year, which go mostly to tiny markets such as Brunei, Nepal and Bangladesh . As a consequence , Proton is facing mounting losses . It lost \$ 169 m. in the year to March on sales of barely 130,000 cars . Compared with its much larger international rivals , Proton is a very small fish .

Hence its latest idea : a plan to build an " Islamic " car in association with car-makers in Iran and Turkey. Iran has a big car market with several manufacturers building vehicles under licence from foreign firms such as Peugeot and Renault . But it has long wanted a car industry of its own . It just needs someone to provide the technology .

Turkey is one of the largest Muslim car-buying markets . Together , the Iranian and Turkish markets might give Proton a chance to achieve economies of scale . And as demand grows in other more populous Muslim countries such as Indonesia and Pakistan , sales of an " Islamic " car could take off .

But is Proton in a position to lead such a venture ? Its most recent model was a flop . And if indeed, Proton has identified a new market , its rivals will surely soon be on the scene . As planned, its " Islamic " car will feature a compass to indicate the direction of Mecca, a box in which to store a copy of the Koran and a compartment for a headscarf . This ,Proton seems to think , is a formula that no other car-maker can match . That seems unlikely.

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