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In top gear all the way

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WHEN Perusahaan Otomobil Nasional Bhd (Proton) rolled out its millionth car on Dec 30 last year, it heralded the dawn of a new beginning. Having taken a decade to reach that milestone, the company has set itself a target of churning out that same total annually by the year 2000. After the initial growing pains and structural transformation, the new stronger, leaner and more assertive Proton is looking ahead to conquer world markets. Under the guidance of Tan Sri Yahaya Ahmad, who heads the DRB-Hicom stable, Proton is striding towards this target with purposeful intent.

Yahaya has gone on record as saying that his vision is to make Asia a major player in the world motor vehicle industry. His technical tie-ups, foreign acquisitions and local restructuring all point towards a single-minded determination to push this through. He has a foot in all the right technological spheres. Lotus Group International is now 80 per cent owned by DRB-Hicom, there is a tie-up with French car manufacturer Citroen and there is still the Mitsubishi partnership. This myriad of alliances will no doubt bring added cachet to Proton's quest for a share of the global market.

Any review of the automobile industry's performance in Malaysia must surely take into account the achievements of Proton. What a year it had in 1996. Dec 30 was chosen for its millionth rollout as a fitting farewell to a fruitful year. With that milestone, it not only entrenched its position as the top seller in this country but also became increasingly competitive in the global marketplace.

Latest figures released by the Malaysian Motor Traders Association (MMTA) sees Proton still topping the list of passenger car sales. The Proton Wira recorded sales of 89,564 units in 1996 from 68,573 units in 1995. Second on the list of the top 10 models was the Proton Saga with 52,429 units followed by the Perodua Kancil and Proton Satria respectively (see table).

Giving the outlook for 1997, MMTA chairman Aishah Ahmad says total vehicle sales in the country will continue to grow. 'We forecast that the total industry volume will increase by 12 per cent to 407,214 units this year from 364,788 units in 1996. This compares with 285,792 units in 1995.'

The total industry volume for national cars was up 27.8 per cent to 134,507 units in 1996 against 105,239 units in 1995 while for non-national cars, the volume rose 27.5 per cent to 230,281 units from 180,553 units previously.

The motor industry seems buoyant despite a 1995 ruling when the authorities tried to curb excessive spending on motor vehicles. Bank Negara issued a directive in October 1995 to cap hire-purchase financing for passenger cars, for both used and new cars, at 75 per cent of the vehicle cost. Given the 1996 figures released by the MMTA, sales continued to increase although at a lower rate in 1996. Analysts had earlier predicted the ruling would affect those in the lower- to middle-income groups who usually apply for higher financing margins.

Meanwhile, players in the industry have an extra few years to prepare for things to come after the Local Motor Content Policy is scrapped. Originally meant to expire at the end of last year, the policy has been extended until the year 2000. (The policy, which came into force in

January 1992, was meant for car assemblers to maintain a certain percentage of local content for their completely-knock-down units to encourage localisation and save on foreign exchange).

One major issue for the motoring industry this year will be the effects of the authorities' efforts to ease traffic congestion in the Klang Valley. On Jan 23, Deputy Prime Minister Datuk Seri Anwar Ibrahim said the government had given relevant agencies and public transport companies 12 days to come up with solutions to the worsening traffic problem in Kuala Lumpur.

Any discussion of this issue inevitably dwells on the rising number of vehicles. According to a 1995 City Hall estimate, 1.6 million vehicles move around the city each day.

Many of the cars were 'single-occupancy vehicles', a term introduced to Malaysians when the car-pooling campaign was a serious stab at reducing the problem. We seem to be a nation of car-lovers. As Prime Minister Datuk Seri Dr Mahathir Mohamad put it when opening last year's Langkawi International Motor Show (LIMOS '96): '...Malaysians have developed a greater interest in automobiles since we began to produce our own cars. This exhibition is an expression of that keenness.'

He pointed out that this love for cars has made Malaysia the country with the most number of cars on a per capita basis per year compared with its neighbours. While the public transport system in the city is likely to be the fulcrum to reduce the traffic congestion, it is reasonable to expect the authorities to also impose some form of control over the number of vehicles on KL roads.

Whether this will eventually affect vehicle sales is left to be seen.

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