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Proton must get ready to compete in global market

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AS Malaysia's motor vehicle industry moves forward with the introduction of new models by national car manufacturer Perusahaan Otomobil Nasional Bhd (Proton), it is a time for reminiscing, a time to remember old friends and to reflect on the road ahead with new ones.

After more than a decade producing the Proton cars, with Mitsubishi Motors as the cornerstone of the country's motor vehicle industry, Proton has found some new partners.

After producing more than a million of the Mitsubishi-based cars, the relationship today appears stronger than ever.

The Japanese can rest assured that Malaysia has not forgotten what they have contributed to its motor vehicle industry, especially after Prime Minister Datuk Seri Dr Mahathir Mohamad thanked Mitsubishi Motor Corp and Mitsubishi Corp for their contributions to Proton's success, such as the transfer of technology, at the roll-out at the Shah Alam plant main line's millionth car on Monday.

As Dr Mahathir said, Mitsubishi, with its 16.6 per cent stake in the national car manufacturer, will not lose if it continues to cooperate with Proton as the marque continues to develop and grow.

After all, 16.6 per cent from the sales of more than a million cars, mainly from the domestic market alone, is a significant figure even if it took 11 years.

Still, like all good relationships, there may be some rough periods but things always turn out better in the end as the partners grow together and invest in a good thing.

One of Proton's contributions to the partnership is the funding of the development of an environmentally-friendly diesel engine by Mitsubishi, which meets the increasingly stringent emission standards.

What Dr Mahathir is asking for now is for Mitsubishi to help that relationship along and for Proton to be more competitive in the world market by lowering the cost of the components Proton is purchasing from Japanese companies and buying back some of the products that Proton's vendors produce.

To produce more components for the Japanese manufacturer here would allow Mitsubishi to source components from a source with lower production costs, as well as allow the local vendors to grow and enjoy the economies of scale. At a time when motor vehicle manufacturers are moving towards building cars for a specific region and using components from the region itself, this strategy should serve both Proton and Mitsubishi well.

Meanwhile, as in other non-binding relationships, new friends come along and new allegiances are formed but that does not mean that old ones are no longer needed, that the old friendship is no longer as important or that the passion is no longer there, and Proton's decision to look to Europe for alternative sources of technology should not be taken as anything but that.

If Proton, now entering its puberty, is to become the motor vehicle manufacturer with the technological respect and global market that it yearns for and needs to have to survive, it must grow and be given the opportunity to seek what it feels will serve it best.

The tie-up with French motor vehicle manufacturer Citroen and acquisition of British engineering firm Lotus should not be taken to mean Proton is forsaking Japanese technology for European know-how but rather

as an opportunity for it to blend the best from the East and the West.

As for Proton's future, regardless of where it sources its technology, it will have to prepare itself to play the game on the global market. The playing field may be level or uneven and the players may be of different sizes, but the consumers in the markets that Proton seeks to penetrate do not care. Proton is producing a consumer product in an aggressive industry and it is the end-product, not national sentiments, that count.

And along the way, it would be prudent of Proton to ensure that its domestic buyers, the backbone of Proton's sales from inception of the car project to where it is today, get the same quality of Proton cars that win it awards overseas.

The winner will be the manufacturer that sells the most and the best cars, not the one that has impressed its countrymen since domestic consumption alone cannot sustain the survival of such a venture.

The often repeated statement that Proton has to be competitive can no longer be just the stuff of local newspaper headlines but taken as the writing on the wall.

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