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Towards locally designed Kancils by 2001

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PERUSAHAAN Otomobil Kedua Sdn Bhd has already made promising developments in its efforts to produce its own vehicles by 2001 and the "shapes" of the various Kancil 2001 models have been presented to the Prime Minister.

Managing director Datuk Abdul Rahman Omar said in an interview that the models were given to Datuk Seri Dr Mahathir Mohamad recently although the effort, dubbed "X2001 project", was only in its first year.

"Actually, three models on a 1:4 scale were presented to the Prime Minister," said Abdul Rahman at his office in Serendah, Selangor.

Of the three designs, two were done by Perodua staff, while the third was done by Perodua's Italian partner - which Abdul Rahman declined to name.

"The Prime Minister did not know which were ours ... (when deciding on which design that was to be finally developed by Perodua)."

"He was amazed by our designs. Now that the decision has been made, we have started on the next stage of our task which is to develop the designs into full-scale prototypes."

When the prototypes are completed, testing will have to be done to refine the design and components. Once the prototype has passed all the tests, mass production and marketing of the new vehicles can begin.

Abdul Rahman said: "We are proud to say that almost the entire work on the 2001 Kancil will be from Perodua's in-house capability. Only the engineering aspects will come from our Italian partner."

"The model is still based on the Kancil platform but the shape and interior are totally different."

Abdul Rahman said the move to produce its own vehicles was needed as no automotive maker could survive simply on its partners' technology and expertise.

Perodua now produces Kancil cars and Rusa multi-utility vans using technology largely provided by its Japanese partner, Daihatsu.

Abdul Rahman said the company acknowledged the importance of developing its own technology since it began operations four years ago.

As a result, Perodua initiated a strategy development programme in 1996 and this eventually led to a five-year expansion programme that was launched early this year.

This expansion programme is expected to see some RM2.3 billion being invested till the year 2003.

And the "X2001 project" is part of this strategy and it is expected to see production of the new range of vehicles based on the Kancil platform within three years.

"By end of the year 2001, we can produce vehicles using our own technology and expertise," said Abdul Rahman - who has now served two years at the helm of Perodua. He was appointed to the company's top post on May 2, 1996, following the resignation of chief executive officer Datuk Ho Tet Khong.

To assist in this three-year project, Perodua looked at various partners - Perodua had initially identified eight international players in the industry including Daihatsu and Proton's Lotus.

After taking into consideration various factors including their facilities and willingness to share technology and know-how - Perodua finally chose an engineering and design firm from Italy.

Abdul Rahman added that the Perodua initiative would also allow the

company to face the more liberal trading environment in Southeast Asia by the year 2003, which will come into place under the auspices of the World Trade Organisation.

Some RM250 million is being invested on the X2001 project - largely to train 50 staff sent to the Italian partner's facilities.

They are being taught various aspects of automobile production - from designing, styling and completing prototype to carrying out related engineering tasks and eventually assembly.

Giving reasons why Perodua was still incapable of coming up with its own skills in that seemingly easy-but-critical-and-sensitive engineering works, he said they are actually the most difficult task in developing automobiles.

It takes years of learning and huge investments for facilities before a manufacturer can command the technology as well as skills in this area, he said.

"It is easier to make the platform ... we can buy it (the platform) from other manufacturers or find somebody to develop it."

"But high-precision engineering works such as die and stamping take years to master and require big investments in resources. We are only four years old and still a small player."

Abdul Rahman said Perodua would be able to have a better understanding of its future operating costs, once it gets a grip on the technology to produce its own vehicles.

While the 50 staff in Italy are learning the tricks in automobile-making, Perodua's research and development team back home are equally striving to improve the company's know-how and product quality.

The company's R&D team had done a lot to ensure the company's competitiveness in the industry through, among others, its innovative modification of Kancil cars and Rusa vans over the years, Abdul Rahman said.

The R&D team will definitely be one of the most vital forces in ensuring the survival of Perodua.

It's reasonable to expect that when the 50 staff in Italy and the R&D team join forces, together with prudent management, Perodua can realise its goal of becoming self-dependent earlier than expected and to better compete with other global manufacturers.

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