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## Carmakers must work together

IT WILL be some time before Malaysian-made motorcycles make an impact upon markets abroad, if that is what Motosikal and Enjin Malaysia (Modenas), which launched its second model yesterday, is aiming for. But with the Kriss, the first national motorcycle, having captured 45 per cent of the above-100cc, four-stroke domestic market in just three years, the prospects are very bright. The launch of the Jaguh, Modenas' 175cc four-stroke bike, should be able to confirm this fact as the country's first motorcycle manufacturer ushers in the new millennium.

Modenas, a company under the DRB-Hicom Group stable, has the benefit of being able to emulate the earlier successes of Perusahaan Otomobil Nasional Bhd (Proton) and Perusahaan Otomobil Kedua (Perodua). Proton cars, especially, have made great strides in the export markets competing with models from Europe, South Korea and Japan. After the initial scepticism and problems, the Saga and then the Iswara, Wira, Satria, and Perdana have comprehensively beaten the competition in their respective classes.

Perodua experienced an even better success rate with the Kancil, dominating the under-1000cc passenger car segment very convincingly. The regional financial and economic crisis which began in 1997 slowed down progress and slashed demand both locally and overseas, denying the two manufacturers as well as Modenas further milestones in the last two years. But as the economy emerges from the crisis and gets back on the road to recovery, things are beginning to look up again. And Proton's imminent link with Petronas, the national oil company, has added great value to its own future as well as the country's automotive industry.

Among the Malaysian manufacturers in cars and engines, they can choose to go it alone as before or find the means to cooperate with one another. In this competitive market, the commercial thing to do is to try and outdo one another. A prospective buyer of a Kancil 850, for example, is also a prospective buyer of a Wira 1.3; therefore, it is hard to imagine Proton and Perodua doing business together. Modenas, of course, does not figure at all except that the Jaguh may well be competing with a Japanese model which is imported or locally-assembled by the same manufacturer that is competing with Proton. If Honda or Suzuki can have fingers in both pies, why can't Proton do the same and succeed? For that matter, shouldn't Perodua and its focus on smaller engines be interested in motorcycle technologies?

In view of the mergers and acquisitions taking place in the world, the local car manufacturers will be faced with very formidable rivals if they do not find ways to combine their resources and become bigger themselves. They will need, first and foremost, to defend their share of the domestic market. That is why Prime Minister Datuk Seri Dr Mahathir Mohamad has said that Malaysia would not be thinking of a third car manufacturing company. With global consolidation, there will be five major car producers in the world - three in the US and two in Japan. Malaysian companies have no choice but to consolidate. Petronas' interest in Proton to complement its own engine-manufacturing venture is a step towards this end. Things have to move faster than they have, though. The negotiations to get US automotive technology for future Malaysian-made cars must also not take too long.

In the meantime, the local manufacturers need to sit down and seek areas where they can cooperate and help one another. In terms of technology, for

example, Proton's reasearch and development as well as testing facilities should be large enough to cater for the needs of Modenas and even Perodua. Petronas' own knowhow in engine manufacturing can only overlap Proton's experience and Perodua's plans; logically, therefore, they can cut short many processes and become considerably more cost-efficient if they work together. In terms of network, smart planning will give all of them a more comprehensive distribution network and after-sales capabilities. It will not be easy to achieve, but the Malaysian manufacturers will need to start working together at home before they can think of cooperating in international markets.

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