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Toyota chief explains its role

Juli Suharni Jaafar

TOYOTA Motor Corporation assured Malaysian carmakers that it is not looking to grab their market share in Malaysia through its subsidiary Daihatsu.

"Toyota respects the Malaysian Government's policy to protect its national car industry," Toyota president Fujio Cho said at a dinner in Tokyo last week.

"Daihatsu's role and interest in Perodua started even before Toyota had a major share in it.

"Toyota will only exploit the space given to us which is within international laws," added the head of the world's third largest carmaker.

Cho was asked whether Toyota planned to use its subsidiary, Daihatsu, which will control Perodua's production activities through a 51 per cent stake in a new joint venture, to widen its market in Malaysia.

The newco is buying a 51 per cent stake in Perodua's wholly-owned Perodua Manufacturing Sdn Bhd and Perodua Engine Manufacturing Sdn Bhd.

He added that Toyota planned to explore the Malaysian market to the maximum by introducing more attractive and affordable models.

Asked to comment about the Malaysian Government's policy of protecting the national car industry, Cho said:

"It certainly does not work to the best interest of Toyota, but we understand the rationale for Malaysia's move and fully respect the Malaysian Government's decision.

"(In this liberalisation age) Kuala Lumpur is taking a slightly different approach, but this is not the first time that (Malaysian Prime Minister Datuk Seri) Dr Mahathir Mohamad opted to be different. He also took a different approach to weather the Asian economic problem and succeeded.

"I don't see why this policy wouldn't work too. I believe Dr Mahathir and his government know what they are doing," he added.

To protect its national car industry, Malaysia has decided to defer the implementation of the Asean Free Trade Area process from 2003 to 2005.

The Government had said that Proton and Perodua needed more time to prepare for free trade.

Under Afta, import tariffs on CBUs (completely built-up units) will fall to between zero and five per cent.

Cho too heaped praise on Dr Mahathir for the bold measures taken by Malaysia to battle the Asian economic crisis.

"Dr Mahathir has taken a unique approach to battle the economic recession. It's a smart move which works wonderfully well for Malaysia.

"Malaysia's selective exchange control measures were the best remedy for the country's economy. Dr Mahathir has made a brilliant economic decision."

Cho said this at a dinner with more than 300 guests and journalists from all over the world at Tokyo's Imperial Hotel last week. The dinner was held in conjunction with the 35th Tokyo Motor Show.

Malaysia introduced selective exchange controls in September 1998 after the financial crisis which began with the depreciation of the baht in 1997. The selective exchange control measures were targeted at speculative short-term capital flows. The ringgit was fixed against the US dollar at 3.80.