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Swim or sink

Yamin Vong

THE smuggling of tyres is one issue which affects premium brands like the Pirelli. According to a friend, you can buy Pirelli tyres at deep discounts in Johor Baru. If the shop doesn't have the size, the cut-price tyre will be obtained for you within two hours. That's how advanced the corruption system is.

But really, what Malaysian manufacturers should be on the watch for, both as Malaysians and as members of the Association of South-East Asian Nations (Asean), are cheap goods from China.

If imports from China can be a threat to a low-cost country like Indonesia, then Malaysia and Asean member nations have a real problem. A small consolation can be drawn from Malaysians' preference for premium-quality branded products.

China is producing a lot of goods, and not just pirated goods. It exported US\$50 million worth of motorcycles and scooters to Indonesia last year.

There are also toys from China flooding world markets. It's not just soft toys but also high-tech items like radio-controlled (RC) cars. These race cars in a round tin are a hit because they are relatively cheap - from RM35 in Jakarta to RM60 in KL - compared to the previous generation of RC cars, which had more sophisticated controls but also cost hundreds of ringgit.

These RC cars are packaged in a tube with the controls doubling as the lid of the tube and are made by the Guangdong Auldey Toy Industry Ltd in China.

The point I hope to make is about competition. What's going to happen to the Malaysian automobile manufacturing industry if we keep on protecting it till 2005? We're just going to handicap ourselves in the race for progress and development in the automobile manufacturing sector.

That's quite ironical because when Prime Minister Datuk Seri Dr Mahathir Mohamad fostered the Malaysian national car from vision to reality in 1986 vis-à-vis Perusahaan Otomobil Nasional (Proton), he chose the automotive sector for a certain reason.

The automotive sector demands the participation of the whole gamut of manufacturing industries - glass, plastics, metals, electronics - and tyres.

It is apparent that most of the Malaysian manufacturing industries in the automotive sector are not competitive because the Malaysian national car itself is not competitive. And you really can't blame Proton or Perodua for this because who wants to tell the shareholders: "I don't need privileges and the super normal profits of being shielded".

Yet, there are already some Malaysian-owned automotive component makers, of which the most recent is Tracoma, which has tried to maintain competitiveness by setting up a plant in Thailand (also the second largest pick-up truck maker in the world).

But you don't really need to set up a plant in Thailand to be competitive. You can be like DMIB Bhd, a member of the Sime Darby group, which has stepped on the gas to get ready for the full implementation of the Asean Free Trade Area.

Tyres are the cornerstone of Sime Darby's manufacturing activities. In fact, DMIB has been a training ground for most of Sime Darby's senior managers. When Jafar Carrim was the MD of DMIB (now he's the Regional

Director, Malaysia region) he fell in love with the concept of the International Rainforest 4x4 Challenge as an event to promote the new spirit of Sime Darby manufacturing.

In a short span of four years since DMIB started sponsoring the Rainforest Challenge (RFC), DMIB's off-road tyres marketed under its own Simex brand has paid huge dividends in the home market. Using this as a step towards its world vision, it pushed the RFC's organisers to expand the event to Thailand. You can safely say that the Simex Extreme Trekker is now a household name for Thai off-roaders.

In quick step, DMIB also pushed for an RFC event in Indonesia.

Well, I'm just back from Bandung where the Indonesian off-road community helped organise the RFC Nusantara over the weekend. For every Super Swamper that I saw, there were as many Simex 4x4 competition tyres.

Because of the Indonesian participation in the International RFC over the past few years, the Simex Extreme Trekker already has a strong market and DMIB Sales Director Choong Kee Seng reckons that "we've wiped out the Super Swamper market".

The Super Swamper, to which the Extreme Trekker bears a passing resemblance, is the benchmark for US and European off-roaders. For Indonesians, it's a status symbol. The Indonesian off-road enthusiasts outnumber the Thais in numbers and the level of technical innovation is on par, if not superior, to the Thais. So the Indonesian acceptance of the Simex ET is significant.

"We've already captured 90 per cent of this sector and our tyres have become the biggest sellers in the market for competition 4x4 tyres. Now we're ramping up production for smaller sizes to meet the demand from the huge 4x2 market," he said.

"We're not a "juara kampung" as you can see and our vision is the China market," he said.

Well, DMIB is certainly paving the way and it really feels good to know that at least one Malaysian manufacturing company in the automotive industry is thinking out of the box to win market share. Credit must also be given to the Kuala Lumpur based RFC organiser, Motorsports Adventure Sdn Bhd, for being able to organise 4x4 events all around Asean. See you all in Philippines next year.