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HONDA-PLANT

NEW PEGOH PLANT IS A FOCAL POINT FOR HONDA IN ASEAN

By: Wan Nurzila Abdul Rahman

ALOR GAJAH, Jan 30 (Bernama) -- Honda Motor Co Ltd, one of Japan's largest car manufacturer, expects its new RM170 million production plant in Pegoh here to assume an important role in its increasing presence in the ASEAN market.

Honda Motor Co owns the plant through its 51 percent ownership in Honda Malaysia Sdn Bhd. Honda Malaysia's other shareholders are DRB-HICOM Bhd (34 percent) and Oriental Holdings Bhd (15 percent).

Honda Motor Co Ltd senior managing and representative director, Katsuro Suzuki, today said that Honda expects to have the most competitive and comprehensive automobile production network in Asean by end 2003.

This follows the opening of the Pegoh plant, the start-up of a new Honda automobile plant in Taiwan also early this year, Honda's expansion in Thailand and the completion of two new factories in Indonesia and the Philippines.

"We seek the Malaysian government's understanding and support for this important development so that we can produce here a model which can be exported to other Asean markets," he said during the official opening of the Pegoh plant by Prime Minister Datuk Seri Dr Mahathir Mohamad.

The new factory, equipped with Honda's leading-edge flexible manufacturing systems will act as an important focal point for Honda in Asean, said Suzuki.

"We aim to produce high-quality, cost competitive products and components here to serve our customers in the region and beyond," he said.

Spread over 32 hectares, the new plant boasts three zones; the main plant which houses the automobile assembly activities and auxiliary buildings, a Constant Velocity Joint (CVJ) factory, and a completely built-up (CBU) pre-delivery operation center.

The plant also has its own test track built to Honda's international standards.

Suzuki said that the plant, which has been exporting CVJ components to Thailand since November last year would from this year produce 122,000 units of the CVJ for Honda City, Civic, Accord and CR-V.

In addition to Thailand, other planned export markets for the CVJ are Indonesia, the Philippines, India and Pakistan.

"By 2004, Honda Malaysia expects CVJ component production to increase to 173,000 car sets per year, which would also be exported to countries around the world, demonstrating the fact that this production facility has the potential to become an important export base," he added.

On the plant's vehicle production, he said that the initial production capacity would be 20,000 units per annum but this would be gradually doubled to 40,000 per year in the next two years.

Suzuki said that the Pegoh plant was designed with a flexible manufacturing system so that it could easily accommodate a higher production capacity and the introduction of new models.

"We are also committed to increase local content and was actively encouraging Japanese part manufacturers to consider investing in Malaysia to produce other advanced components such as electronic parts," he said.

Honda Malaysia president and chief operating officer, Syed Hisham Syed Wazir, said that the company targets to produce 12,000 units of cars (assorted models) in the first calendar year.

"For January, we expect to produce 250 units and this will be gradually

increased to 400 units in March," he said.

Before the Pegoh plant was operational, Honda sub-contracted the assembly of its cars to Oriental Holdings Bhd.

Syed Hisham said that Honda Malaysia currently holds a total of seven to eight percent share of the automobile industry in Malaysia.

Among those present at the opening ceremony were International Trade and Industry Minister Datuk Seri Rafidah Aziz, Melaka chief minister Datuk Seri Mohd Ali Rustam and Chairman of Honda Malaysia Sdn Bhd Tan Sri Saleh Sulong. -- BERNAMA

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