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Honda's Pegoh plant set to be key automotive site in region

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HONDA Motor Co Ltd and its Malaysian partners are transforming their new manufacturing and assembly facility in Pegoh, Malacca, into a key automotive site in South-East Asia.

The 16ha facility, with an annual capacity of 20,000 units of vehicle and 600 employees, was officially opened by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday.

Honda also plans to integrate Honda Malaysia Sdn Bhd's plant into its Asean (Association of South-East Asian Nations) production network, producing a model exclusively to this plant for export to other regional markets.

Honda senior managing and representative director, Katsuro Suzuki, said the RM170 million factory will be a focal point for Japan's third largest carmaker to produce high quality, cost-competitive products and components for the international market.

The Pegoh plant boasts three zones, namely the main plant housing the motor vehicle assembly activities and auxiliary buildings; a Constant Velocity Joint (CVJ) factory; and, a completely built-up (CBU) pre-delivery centre.

Honda owns 51 per cent of Honda Malaysia. The remaining 49 per cent is held by DRB-HICOM Bhd (34 per cent) and Oriental Holdings Bhd (15 per cent).

Tan Sri Mohd Saleh Sulong, chairman of DRB-HICOM and Honda Malaysia, said about 162ha have been allocated to create a supporting industry for the plant as well as other small- and medium-sized industries (SMIs) at the site.

Another 40.5ha have been set aside for the construction of 2,800 residential units for Honda Malaysia staff and its vendors.

"A total of 162ha have been allocated for SMIs, especially to supply parts and components for our plant," he said before the plant's opening ceremony by Dr Mahathir.

Saleh noted that some 380 factories will be built by subsidiary HICOM Indungan Sdn Bhd.

Meanwhile, Dr Mahathir disclosed that the Japanese carmaker had generally agreed to set up a centre to train people in servicing and repairing Honda vehicles. Details will be worked out by Honda soon, the Prime Minister said.

Elaborating on the "Made by Global Honda" concept, Suzuki said the initiative is already becoming a reality in Malaysia when the Pegoh plant started exporting CVJ components to Thailand last November.

Honda Malaysia will expand its exports this year, selling the CVJ components - literally drive shafts - to India and Pakistan as well as other Asean markets.

"This demonstrates that this production facility has the potential to become an important export base," Suzuki said.

Plans are in the pipeline to produce other advanced car components such as electronic parts, a move that will further extend Malaysia's industrial motor infrastructure, he said.

Honda had opened a new car plant in Taiwan earlier this month, and is expanding its existing Thailand facility. Another plant in Indonesia is poised to start production in March.

Honda Malaysia president and chief operating officer, Syed Hisham Syed Wazir, said it had exported about 12,000 units of CVJ components to Thailand since last month.

The Malaysian plant is Honda's fourth for the production of CVJ after Japan, the US and Belgium.

Honda Malaysia expects to produce 122,000 car sets for the City, Civic, Accord and CRV models in 2003 and another 173,000 sets for 2004.