

**THE OFFICIAL SIGNING CEREMONY OF THE MALAYSIAN NATIONAL
COMMERCIAL VEHICLE PROJECT**

BUKIT KIARA EQUESTRIAN & COUNTRY RESORT, KUALA LUMPUR, 27
November 1993

It is pleasure for me to be here today to witness the signing ceremony of a joint-venture between Hyundai Motor Company of South Korea and Industri Otomotif Komersial (M) Sdn Bhd (INOKOM).

2. We have looked East for a long time now and after numerous trade promotion efforts in Korea by the Government, a small number of Korean investors have come to this country. The bigger organisations have come to bid for contracts and in some instances we have supported them only to see them depart on completion of these projects. The involvement of Korean businesses in Malaysia so far has been small in comparison to, say Japan, the United Kingdom, Taiwan and so on and even then, it is somewhat tentative. I must say that the bilateral interaction in investments between Korea and Malaysia has been rather disappointing.

3. This makes today's event rather special. We will witness a ceremony that will mark the commitment of one of the largest 'chaebols' in South Korea to invest and provide technical know-how to local Malaysian partners. This is testimony to the fact that the investment climate in this country is now better understood in Korea. I hope this represents the fore-runner to further investments by the big 'chaebols'.

4. I particularly like to welcome the Chairman of the Hyundai Business Group, Mr Chung Se Yung to our country. I am sure he will find Malaysia not only hospitable but also a good profit centre for investments.

5. I understand that you and your brothers, from humble beginnings of a small motor car repair shop in 1947, have led the Hyundai Group to become the giant conglomerate that it is today, with a turnover of US\$55 billion in the last financial period. I would like to point out that your turnover is more than half of Malaysia's total trade in 1992.

6. We, Malaysians, have a strong and big heart, big determination, big aspirations, pragmatic ideas and highly sensitive to business needs. We want to learn from you and aspire one day to be a progressive industrial society. We believe we can achieve this through meaningful and sincere partnership. Other countries which have done so have found that the ensuing Malaysian prosperity creates a good market for their exports. Similarly, Malaysia is now investing in

other developing economies in the hope that when these countries prosper, two-way trade will follow.

7. The days of screw driver and spot weld assembly of vehicles, which have been around in this country for more than 30 years are almost over. They were useful for job creation but they carry a high cost for Malaysian consumers and do not contribute towards technology upgrading or true industrialisation. With almost full employment now we need to use our workforce in a more productive way.

8. We have now enough expertise in this area of elementary manufacturing. We do not need more of the same. I therefore would like to see this new partnership generate new levels of technology as yet unavailable in Malaysia. Towards this end, I am pleased to note Hyundai's plan to set up a gear manufacturing facility that will eventually lead to the local manufacture of the complete transmission, not only for the passenger and commercial vehicles industry, but later for the motorcycle market as well. This venture will be undertaken by Perwaja and other Malaysian partners in Gurun. It represents yet another downstream activity for our steel industry.

9. The Proton project has spawned a viable component industry that is now seeing volumes that make them more competitive than ever before. With the advent of the Malaysian mini-car project and this national commercial vehicle project, the volume of motor vehicles produced in this country will be sufficiently big to justify investments in the more expensive components. With this, Malaysia can aspire to become a centre for component manufacture for motor vehicles and other motors.

10. In order for Malaysian and foreign industrialists to benefit more from this expansion of the motor industry, I would urge you to further assist these small component manufacturers in development work and R&D as this represents the single most dependable guarantee for quality and competitiveness over the long haul for your end product.

11. Malaysia with its consistent and sustained growth, recognises the need to produce its own commercial vehicles. The demand for these has continued to increase year after year, and import prices for CKDs for these vehicles continue to increase, bringing in its wake imported inflation. The transport industry is one of the sectors the Government is paying close attention to in order to check inflation. So it is very timely that we commence work to produce our own Malaysian national commercial vehicle so that we will be able to offer the Malaysian public a quality commercial vehicle at a fair price. Indeed if the vehicle is of good quality and competitively priced it should also be exported, thus adding

yet another step in making Malaysia a motor vehicle manufacturing centre.

12. I would like to congratulate the parties concerned for putting together this project, and I am sure we all look forward to the launching day.