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Lessons From The Malaysian Financial Crisis And
The Tough Road Ahead for Proton

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Executive Summary

The economic crisis contagion from Thailand had imposed a serious impact on Malaysia economic. In Malaysia, the currency and financial crisis became a crisis of a real economy. The Malaysia Government undertook many policies to turn around its economy. The more significant policies are capital control and fixed exchange rate implemented in September 1997.

The economic and currency crisis had severe impact on automobile industry in Malaysia. All the automobile companies had implemented various strategies to overcome the economy turmoil. However, most of these strategies are reactive action and the automotive companies implement these activities to resolve immediate problem when the economy crisis hit them. There are some lessons that automotive industry in Malaysia should learned from this economy crisis, so as to better prepare themselves if similar or other crisis were to hit them again.

In view of the market liberalization in year 2003 when AFTA and WTO agreement take effect, Proton, our national car company really need to prepare itself and be competitive early when the doors open and face the new competitor head on.

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