

Aseanplas: Processors answer calls for productivity, innovation

By Stephen Moore

Processors in Southeast Asia have been coming under increased cost pressures—through competition from China and high raw materials costs—but they are fighting back through a mix of innovation and automation.

Take Malaysian injection molder GF Technology (Penang), for instance, exhibiting its silica plasma coating technology for plastic substrates at the recent Aseanplas show in Singapore. The process is used as a cost-competitive alternative to the conventional three-step process of primer, vacuum metallization, and UV-cured clear coat. Khor Meow Siang, GF Technology's managing director, says, "Besides aesthetic coatings, various functionalities such as infrared shielding, EMI shielding, microwave shielding, and birefringence reduction can be formed." A microwave shielding application is already commercial in the form of a microwave detector sold by Agilent. Mobile phone manufacturers such as Motorola are also employing the services of GF Technology to mold and coat cell phone covers.

GF Technology's Khor: Cost-effective ceramic coating uses plasma.



Orca's Lee: Adding value is indispensable.



Visitors to Aseanplas also signlaed their intent to move up the value tree. Lee Huat Plastics Industries (Shah Alam, Malaysia), for example, purchased nine LS Cable (Jeollabuk-do, South Korea) all-electric injection molding machines in 2007, insisting they be outfitted with Japanese servomotors and ball screws, for molding high-quality housewares products. "We don't really need all-electrics to mold housewares but it will allow us to remain ahead of the competition through saving power, increasing operation efficiency, and, of course, higher quality," says Callum Chen, CEO of Lee Huat. The strategy appears to be paying off. "We are adding nine Toyos and three more LS Cable units this year," says Chen. Lee Huat also plans to obtain ISO 22000 certification, a standard for dealing with food safety, to further enhance its housewares credentials.

ASEAN processors are also adopting automation. "Before, processors took advantage of low labor costs but that's no longer the case. The idea now is to try and recover investment as soon as possible, and energy savings and maximizing output are the keys," says Lee Chee Kiong, general manager of injection and extrusion for Asia Pacific at auxiliaries supplier and Aseanplas exhibitor Piovan Asia (Singapore). In the region, Piovan recently supplied a feeding, blending, and dosing system for a PET sheet line for electronic packaging, as well as one for a PET strapping line. Lee notes that skilled labor is hard to come by in the ASEAN region and processors are trying to take out the labor variables. "Processors also don't want to manually handle bags of material if they can help it. The PET sheet line uses a day storage bin."

Despite an increased focus on auxil-

Meiban's Chee: Intellectual property is safe in Singapore.



aries, they still remain a relatively low investment priority in the region compared with primary processing equipment. “Most Asian processors have a mish-mash of auxiliaries because they buy on price,” says Joachim Lim, general manager of Conair Pacific Equipment (Singapore). Although Conair granulators, for example, cost three times that of low-cost Asian alternatives, they enable 96% recovery versus typically 85% for low-cost granulators. “If you’re saving two [25-kg] bags of material a day, you could be saving \$2000/mo [at current PE pricing] and pay back the price differential in a little over a month,” calculates Lim.

Design assistance

The ASEAN region also sees itself as a hub for design. Design outfit Orca Creation (Johor Bahru, Malaysia) specializes in mechanical design and has a sister company, Orca Design, whose focus is on industrial design. “Customers like Hewlett-Packard generally give us the basic requirements, such as how much the top cover of a multifunction center needs to open, and we will come up with the mechanics to achieve it,” says Lee Wei Thuang, Orca’s general manager. “We also ensure the product can be made and that we keep within and, if possible, reduce cost requirements.”

For smaller clients with ideas not yet commercial, Orca can also advise on sec-

ondary processes such as printing, plating, and laser cutting, and also will recommend processors. One recent such project was for a fingerprint scanner marketed by Tricubes Berhad (Kuala Lumpur). “We have to add value in our work, otherwise we will lose out to China,” says Lee.

Many (smaller) European and U.S. companies remain wary of bringing their technology to Asia, according to Melvin Chee, strategic marketing division manager at processor and electronic manufacturing services outfit Meiban Group (Singapore). “They see Asia as a region where technology is sucked away from underneath them,” he explains. “But if they only outsource non-critical parts, retain core parts in-house, and come into Asia with the same cost structure as back home, they cannot compete,” says Chee.

Singapore has strong intellectual property rights protection and companies like Meiban can assist on a project basis in getting products speedily to market. Speed to market is another Achilles’ heel of Western companies, according to Chee. “A lot of European companies have good ideas, but by the time they get to market the Japanese and Taiwanese have picked up on the same ideas and commercialized them. You need a partner with strong foundations in the region. The first project might take a year but you can build on that and do the second in eight months.”