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Made for Proton executives

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LIKE most Malaysians out there, I am also struggling with the question whether now's a good time to buy or even sell my current car.

On paper at least, what the Asean Free Trade Agreement (Afta) promises in 2005, are 5% duties on cars that are built or assembled in member states.

Honestly, however, there's really no telling what will happen in 2005 when the protective barriers on Malaysia's automotive industry come down.

Yet, if you listen carefully enough, and if you're sensitive to whatever's taking place now, the tell-tale signs are there, or at least they appear to be.

I have to admit that our Minister of International Trade and Industry Datuk Seri Rafidah Aziz recently broke my heart.

At the launch of the new RM300,000 plus Mercedes-Benz C-Class Coupe, she told the audience that while she was one for cars like this prestige marque to be cheaper, there was of course other means of ensuring that the Government or country did not lose out on tax revenue by abolishing import duties on cars as required by Afta.

Like Singapore, Malaysians may also find themselves having to pay for what is known as COE (Certificate of Entitlement) prior to purchasing a car. The price of this of course, will depend on just how hot the car is in the market.

Other areas that may discourage consumers to drive a non-national car would be hefty hikes in insurance, road tax or even the sales tax.

Nothing has been finalised, nothing yet that sounds concrete enough to believe, but you have this bad gut feeling that it isn't going to be as rosy as the car enthusiast would like.

Almost immediately, we (amongst a few journalists) discussed her statement which she casually made, and the consensus was that with or without Afta, the situation may remain as it is today, perhaps with slight improvements, and that too a very big maybe.

A colleague made a very strong remark. While he agreed that there must be ways to recoup the substantial amount in revenue lost (generated by the 300 per cent import duties), let us not forget that a big reason for this being introduced was to ensure that the national car market survives domestically. The revenue part was always second consideration. The same size of the revenue can still be attained with sales of more cars.

When you look at the national car manufacturing industry, we have to consider the viability of the vendors and local suppliers. The impression I have been given is that most of them are braced for Afta and they are upgrading their technological capabilities to be in a position to do business with other car manufacturers. Those who depend solely on Proton and Perodua, I am told are heading for trouble.

Another intriguing thing Rafidah mentioned was that a brand like Proton, does not yet command the level of prestige or more importantly, the respect of people.

She gets this very often arriving in her Proton Perdana and being told by security guards she cannot park. That is until she winds down her window, the people recognise her and out comes a salute.

You only get this by building top quality cars, not from selling the most number of cars locally. The export figures will eventually decide on whether the local car manufacturers succeed.

I recall again, however, the Prime Minister Datuk Seri Dr Mahathir Mohamad saying in a speech earlier this year, that it was time for the national car manufacturers to prepare themselves for the eventuality of Afta. If I had understood him correctly then, he was frustrated as to why the South Koreans could manufacture cars so cost effective adding that come 2005, Malaysia could no longer protect the existing local monopoly.

There's already a steady increase of Hyundai and Kia users in the local market. Can you imagine how much more competitive the brand can become without the import duties.

Like I've mentioned earlier, what we're all doing now is shooting in the dark because there are not yet any clear indication of what to expect.

The economists and planners will always be able to paint a clearer picture, but like everyone on the street, I'm merely asking why Mercedes-Benz cars are being used as taxis in the West and sold for a song on the second hand market, sometimes cheaper than what it cost to buy a Proton car. As ignorant as I may sound, it is sometimes the basics that make the most sense to people. Try telling the young middle-income executive who ask themselves "why is it the only brand new car I can afford is a Proton or a Perodua? If I were in Japan, I would be able to afford a Subaru Impreza, at least a secondhand one!"

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