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Govt seeks ways to offset revenue loss

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THE Government has not finalised how to offset revenues it expects to lose when duties for imported cars from Asean economies are slashed in 2005 under the Asean Free Trade Area (Afta).

Minister of International Trade and Industry Datuk Seri Rafidah Aziz said the Government is studying several options, including non-tax measures, to re-coup government earnings from these duties.

"When we open our market, we will standardise import duties and in a way, we are competing with other Asean member countries.

"We have not decided exactly what to do. We are working on it," she said at the ministry's monthly briefing with the media in Kuala Lumpur yesterday.

Rafidah was asked to comment on Prime Minister Datuk Seri Dr Mahathir Mohamad's remarks on Thursday that car prices will not be cheaper when the motor vehicle sector comes under Afta because the Government will impose other taxes on locally-produced and imported cars.

Afta will be implemented from January next year, while the opening up of the motor vehicle sector is deferred to 2005.

On the proposed tax, Rafidah said the Government has yet to decide on the matter. "We have two more years to fully work on it (the proposed tax)."

The car sector was supposed to be liberalised at the same time as other sectors under Afta, but Malaysia had requested a deferment and received a two-year reprieve.

Despite the deferment in the motor vehicle sector, she said, Malaysia is committed to bring down tariffs on all products, including the car sector under Afta.

"As far as import duty is concerned, all Asean countries will impose the same rate when Afta is enforced," she said.