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Will cars be cheaper in 2005? We may soon know

by Thomas Soon

KUALA LUMPUR Will cars be cheaper in 2005? That is the question on most people's minds. It may be answered soon when the government provides the details on the tariff structure of cars in the country.

The industry players do not think it will be, but for most people they still believe that car prices will come down. Prime Minister Datuk Seri Dr Mahathir Mohamad himself had told Malaysians not to expect car prices to be any cheaper.

We do not think that car prices will fall but it seems people on the street still believe that cars will be cheaper, says Malaysian Automotive Association president Aishah Ahmad.

At the heart of the issue is the tumbling of import duties in 2005 to a maximum of 20% and further reductions to 5% in 2008 as announced by the government recently.

The government has said that import duties will come down but the excise duties will be increased, says Aishah. The government has given the broad policy out-

lines but we were not advised on the details.

She says the motor industry players need to know exactly what the government wants to do so that they could undertake proper planning and strategies.

An industry player says that would be equally true of consumers as they would want to know what can be expected for their financial planning.

Aishah believes that a clearer picture will emerge when the Ministry of International Trade and Industry announces the details of the new car tariff structure within the first quarter.

It (the announcement of the details) is just around the corner, she says, adding that hopefully the government would clear the uncertainties.

An auto industry player even believes import duties could start to come down this year from the current 40-80% for completely knocked down cars and from 140-300% for completely built up units. The government may decide to lower import duties from this year heading towards 20% in 2005, he says. - theedge.com