

## **'Excise duty on cars would be scrapped gradually'**

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**By Aidila Razak**

PKR's proposal to scrap the excise duty on cars will be done gradually, so as to soften the blow on the second-hand car market, the party has explained.

"The scrapping of the excise duty must be gradual, so that the value of existing second hand cars will go down in stages. It must be balanced out," PKR director of strategy Rafizi Ramli clarified on Twitter today.

He said a drop in car prices would not lead to an influx of cars on the roads and cause massive traffic jams.

Car prices, Rafizi explained, do not fluctuate easily as cars are not everyday goods and changes in prices would not have immediate impact on the numbers of cars purchased.

'Not everyday goods'

"It is a vehicle, not everyday goods. If people have more money, they are likely to upgrade to a better car, rather than buy more cars," he said, noting that car sales slumped in 2006 and 2007 despite a drop in prices in 2006.

To upgrade, users would need to sell off their cars and in the event that there is a drop in the value of second hand cars, users would more likely wait until the value of their cars matched the outstanding loan.

Later, speaking to reporters at the PKR headquarters in Tropicana, Petaling Jaya, Rafizi said the nuts and bolts of PKR's proposed automotive policy would be detailed next Thursday by its de facto leader Anwar Ibrahim.

"He will announce the whole mechanism. We will present the policy concept and answer questions on the value of second hand cars, car volumes on the street, car loans and so on," he said.