

**Mukhriz ignorant of car market, says Pakatan
MalaysiaKini.com
Sept 14, 2012
By Koh Jun Lin**

Deputy International Trade and Industry Minister Mukhriz Mahathir's comments on the approved permits show he is ignorant of how the car market operates, Pakatan Rakyat said.

Contrary to Mukhriz's claims, said Petaling Jaya Utara MP Tony Pua, auctioning approved permits (AP) for importing cars on the open market would not affect car prices.

Instead, it would merely channel the revenue into government coffers instead of concessionaires who are 'good friends' with the Ministry of International Trade and Industry (Miti), which sells the APs.

"It is obvious. I do not think he understands the AP permit and certainly, he does not understand open market mechanisms," said another speaker, Rafizi Ramli, who is also the PKR strategy director.

Pua and Rafizi were responding to Mukhriz's statement yesterday that auctioning APs would raise the prices of APs from RM10,000 each to between RM50,000 and RM60,000 each, and the cost would be passed on to the consumer.

This is higher than Rafizi's earlier estimate that an AP would fetch about RM40,000 each.

Cost saving steps for cars

PKR has been campaigning to lower car prices by gradually abolishing excise duties.

Its plan to auction the APs are to temporarily fill the gap in tax revenue and totally abolish the permits by 2015, when the shortfall is expected to be recouped by savings accrued from a more cost-efficient government.

The car forum in Kuala Lumpur last night, the first of what is slated to be a nationwide series, drew a full-house of about 150 people, in addition to Twitter users following the discussion live over hashtag #turunkanhargakereta.

During the forum, Pua related his experience in importing a Nissan Juke from the United Kingdom using an AP he was entitled to as an MP.

He said the move cost him RM125,500 including shipping and taxes, whereas the market price for the car in Malaysia is around RM175,000.

Thus, he concluded that his AP was worth about RM50,000.

"Where does the money from the AP go? It goes to those who get APs for free (until a policy change this year) or at a low cost from Miti. It goes to the concessionaire...

"When we auction the APs, people who are genuinely importing the cars will still buy and will still pay the same amount.

"But instead of the middleman who got the AP for free, earning RM50,000, the government gets the RM50,000," said Pua.

He added that this represented a potential government revenue stream of RM1.5 billion that could be spent on the people's welfare, including developing the automotive industry.

Pua was responding to Mukhriz's statement that the RM10,000 current price for the AP was not government revenue but channelled into a special fund to help the automobile industry.

Speakers at the forum also included Kuala Selangor MP Dzulkefly Ahmad, who said that cheaper car prices would also mean safer and greener roads by making newer, safer, roadworthy and more efficient and affordable vehicles with features such as anti-lock braking systems (ABS) and airbags.

Meanwhile, founding CEO of the libertarian think-tank Institute for Democracy and Economic Affairs (Ideas) Wan Saiful Wan Jan praised the plan to lower car prices, calling it sound policy.

However, Wan Saiful said, it should be done as part of a wider tax reform to lower the tax burden, rather than be implemented in isolation.