

Gov't to slash car prices in five years, says minister

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The government will gradually reduce car prices by 20 to 30 percent in five years' time, as promised in BN's general election manifesto, said International Trade and Industry Minister Mustapa Mohamed.

"Car prices will not be reduced in one shot," Mustapa said in his speech at the ministry's monthly assembly today.

Prices would be reduced in accordance with market forces, he added, and the move is expected to enhance the competitiveness and productivity of industry players.

NONEven though reducing excise duty would also directly reduce car prices, Mustapa noted that the government would not do this as the excise duty contributes up to RM7 billion in revenue to the country.

He warned that reducing excise duty and car prices in one go would have a serious impact on the industry, which offered 200,000 job opportunities and could further cause closure of businesses.

Mustapa stressed that it would be difficult to sell new cars as the prices of second-hand cars would also drop.

"In life, we must balance... you can't resolve one problem, making the consumer happy, but create a new problem, where unemployment (might occur)," he added.

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