

Stop dreaming of cheaper cars under BN

MalaysiaKini.com

May 29, 2013

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MP SPEAKS Under pressure from the Pakatan Rakyat manifesto to reduce car excise duties by 20 percent annually to lower the cost of car ownership, the BN had responded in their manifesto that it would do the same before the election.

NONEUmno president, Najib Abdul Razak announced that, if the BN is returned to power, it would "revamp the National Automotive Policy to gradually reduce car prices by 20-30 percent and increase the competitiveness of the national cars".

Yesterday, however, International Trade and Industries Minister Mustapa Mohamed - who is in charge of automotive policies - announced that car prices will only be reduced after another five years and not in the near term.

In effect, the BN government is telling Malaysians that they can stop dreaming of cheaper cars for the next five years, and if car prices drop at all, it will be after the 14th general election.

The minister gave the most beat-about-the-bush answer about how the government is planning to reduce car prices by claiming that "prices will be reduced in accordance with market forces ... with the move expected to enhance the competitiveness and productivity of industry players".

What "market forces" are we talking about? The real reasons why car prices in Malaysia are substantially higher than in other countries is because of government taxes and protection for the inefficient local car companies!

NONEIf "market forces" could not bring down car prices over the past 20 years, we would like Mustapa (left) to explain exactly why Malaysians should believe that these same "market forces" will suddenly be able to result in a 20-30 percent drop in prices over the next five years.

Mustapa also tried to deflect the issue by warning that "reducing excise duty and car prices in one go would have a serious impact on the industry, which offers 200,000 job opportunities, and could lead to closure of businesses". He stressed that it would be difficult to sell new cars as the prices of second-hand cars would also drop.

These arguments are completely flawed.

Pakatan did not seek an immediate removal of all excise duties but a staggered 20 percent reduction annually over five years. This gradual reduction of excise duties will in effect result in approximately 4-5 percent reduction in car prices annually. Hence the impact on the second-hand car dealers will be very limited.

Worse, even if the BN is only able to achieve a 20 percent reduction in car prices in five years' time, the same second-hand car problem will arise.

Secondly, Mustapa must have failed his economics because a reduction in taxes will not result in loss of job opportunities.

NONE Pakatan is not asking the car companies to cut prices which will eat into their profits, which may in turn affect employment in the industry.

It is asking to reduce government excise duties which will have zero impact on the car companies' profits and hence employment of workers.

The reduction in excise duties will increase real disposable income for the average Malaysian and generate demand and economic activities in other key sectors of the economy.

Uber-lucrative crony contracts

The minister has even tried to scare Malaysians that cheaper cars will cause the trip from Shah Alam to Kuala Lumpur to take three hours due to worsening traffic jams, which will then "cause" the construction of more "tolled highways".

Mustapa, who is more rational and intelligent than his cabinet colleagues, has seriously outdone himself here.

NONE The ownership of cars in the Klang Valley has already exceeded the 1:1 ratio despite the substantially higher cost of cars.

This is entirely because the BN government has completely neglected the public transport sector over the past 50 years.

Malaysians are forced to buy pricey cars not out of choice, because the BN government is more interested in protecting its crony car manufacturers who are unable to compete internationally and to enrich its toll concessionaires with uber-lucrative highway privatisation contracts.

NONE We believe that this breach of a key manifesto promise by the BN, prominently highlighted during the election campaign by the mainstream media, will only be the first of its many broken promises to come.

There is no political will to transform the current crony economy which is suffering from excessive protection, inefficiency and corruption.

Instead, the BN will use every excuse to tax Malaysians directly via multiple channels such as car excise duties and the Goods & Services Tax, or indirectly via lucrative privatised utilities or highway concessions.

Taxing the rakyat more, while maintaining the existing duties are the only means by which the BN government will be able to continue funding its largesse and excesses.

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