

## Prime News •

Jan  
1993

Afta launched.  
Malaysia agrees  
to cut tariffs  
over next 15  
years

Aug  
1994

First Kancil  
launched

Nov  
2000

Malaysia delays  
2003 tariff cuts  
on automotive  
sector till 2005

Dec  
2004

A National  
Automotive  
Policy is to be  
drawn up and  
published by  
June 2005

# Sweeping changes to AP scheme

• By Mustapha Kamil  
*news@nst.com.my*

SWEEPING changes were made yesterday to the controversial approved permits (APs) scheme, enroute to eventually abandoning it completely.

The immediate changes were among those made in a policy framework that would form the National Automotive Policy (NAP).

The AP system, which was originally introduced to provide the Bumiputeras more access into the automotive sector, has come under sharp criticisms in recent months, including from lawmakers from both sides of Parliament and the public.

Largely, the public thinks the system has been abused and has enriched only a few while others say that the flood of imported vehicles have hurt sales of the national car. Proton.

With immediate effect, the Government will no longer issue franchise APs to import new vehicle brands but those now sold in Malaysia and brought in through APs will be allowed to continue.

However, the Government will consider for approval changes in shareholding or ownership in a franchise AP holder for existing vehicle brands.

Outfits selling tuned-up vehicles through franchise APs meanwhile, will have to close shop as the Government will stop issuing such APs to import them from January 2006.

Open AP holders, however, may import tuned-up vehicles using their quotas but such vehicles must go through comprehensive inspection by the Road Transport Department.

The Government has also removed the requirement that Bumiputera-controlled public listed companies must have 70 per cent Bumiputera shareholding before being awarded franchise APs.

Before this, the limitation has

## AP CONTROVERSY

• **June 30 2005** — Proton Holdings Bhd CEO Tan Sri Tengku Mahaleel Tengku Ariff complains that the national car maker is not being supported and faces unfair competition

• **July 5 2005** — Proton adviser Tun Dr Mahathir Mohamad defends Mahaleel's comments and claims cars imported under APs are hurting Proton's sales



• **July 18 2005** — Prime Minister's office releases list of recipients of APs for last year, including companies and individuals

• **July 26 2005** — Dr Mahathir questions the awarding of national car status to Naza

• **Aug 10 2005** — The issue of APs is to be reviewed by a panel chaired by the Prime Minister

• **Aug 12 2005** — Rafidah says the AP system should be abolished

• **Aug 31 2005** — Miti says it has stopped issuing APs for modified cars carrying the Wald brand, imported by Amazing Tempo Sdn Bhd

• **Sept 20 2005** — Miti releases list of MPs and Senators who had received APs, upsetting MPs

• **Oct 10 2005** — Dr Mahathir reiterates that he did not give approval for Naza Ria to have national car status



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forced most Bumiputera-controlled automotive companies to acquire APs from Bumiputera individuals who hold the permits.

This means companies such as DRB-Hicom Bhd and Sime Darby Bhd, who are now franchise holders for certain vehicles, may import directly rather than having to go through intermediaries.

Also with immediate effect, the Government will only allow vehicles of between one year and five years to be imported through open APs.

DRB-Hicom group chairman Tan Sri Mohd Saleh Sulong was

happy that the company may now import direct.

"DRB-Hicom welcomes the decision to grant eligibility to Bumiputera public-listed companies to get APs directly.

"The new ruling on the issuance and administration of APs will afford Malaysian automotive companies better profitability " he said.

He said the company was confident of performing well in the new environment.

"We look forward to capitalising on the new opportunities that will emerge as direct and indirect results of the NAP" he said.

## NATIONAL AUTOMOTIVE POLICY

