

# One way to revive the car industry

The Star - 23/4/2007.

## 'Entice people to turn in old cars with cash vouchers'

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**KUALA LUMPUR:** A proposal has been made to national car maker, Proton, to start the voluntary scrapping of cars that are 15 years and older.

In the proposal, owners of such cars would receive a RM5,000 voucher in return for their cars and the voucher can be used as a down payment for a new or used national car (Proton or Perodua).

This was proposed by the Federation of Motor and Credit Companies Association of Malaysia to the car maker.

Kuala Lumpur and Selangor Car Dealers and Credit Companies Association president Khoo Kah Jim, who is also the federation's secretary, said the move would be one way to revive the car industry that has seen a slump in recent months.

Khoo said that from what he was made to understand, Proton had approached the Government to subsidise such a proposal.

Negotiations were probably ongoing, he said.

"Such a move will help to peg a used car's value, take the very old cars out of the system and help to improve sales of new and used cars," Khoo said yesterday.

"There are a lot of very old cars in the country but nothing is being done about it. Take Proton for example. It started in 1985, which means

their first cars are 22 years old now."

Khoo said there was a 17% decline in overall car sales in March compared with the same period last year, adding that he hoped the Government would look into the federation's proposal.

Khoo said there were many problems in the used car market because of the National Automotive Policy which he personally felt was a disastrous policy.

"Instead of making the overall car market more competitive, it has taken a turn for the worse."

Khoo said the reduction of new car prices, coupled with certain moves by financial institutions such as offering nine-year loan periods and charging higher interest rates to finance used car loans were hurting the used car market.

"The difference in interest rates for used cars and new cars should not be so great. It does not help the used car market. Interest rates should be based on the borrower's credit records.

"As for the nine-year loan period, when an owner wants to trade-in the car after four years, the outstanding amount of the loan is more than the market value of the car."

Khoo said he believed that the Government did not consult used car dealers before the NAP was implemented and overlooked the fact that in Malaysia, most people have to trade-in their cars before buying new ones.