

New auto policy should favour diesel cars

BY KOON YEW YIN |

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The announcement of the national automotive policy (NAP) has been delayed for various reasons, including the furore over the issue of approved permits (APs). Trying to suit everybody involved in the industry must be very difficult, especially when there are already rules and practices governing the automotive industry.

Nevertheless, the NAP should not be formulated in isolation but should take into account the country's transportation and energy policies. One area that it should look into is to encourage or favour the use of diesel vehicles just like in Europe.

In view of the rapid increase in crude oil price of more than 50% in less than a year — it even breached the US\$70-a-barrel mark last week — the reduction of fuel oil usage must be the most important consideration. Can you imagine the difficulty every car owner will face if he has to spend more than double every month for fuel if the government decides to reduce or eliminate subsidy?

Minister in the Prime Minister's Department Datuk Mustapha Mohamed made some remarks a few weeks ago to justify the price increases of petrol and diesel by 10 and 20 sen per litre, respectively. He pointed out that this year the estimated subsidy (and loss in government revenue through sales tax exemption) would add up to RM16.807 billion — and that was not even based on the latest oil price. The latest price hike could only slash the subsidy amount by RM2.2 billion.

Malaysia produced 700,000 barrels of crude oil a day versus a domestic daily consumption of 520,000 barrels a day and, if demand for oil (especially for transportation fuel) continues to rise, Malaysia will be a net importer in four years. This should be a wake-up call for the government to seriously consider drafting some new regulations in the NAP to encourage the use of more efficient fuel and cars (diesel and diesel-powered engines).

In Europe, about half of the vehicles currently sold are diesel-powered, and in Austria, it's over 71%.

The share going to diesel cars is projected to soar in the future to the point where the vast majority of new cars sold in Europe will be diesel-powered.

There are several reasons why there has been a dramatic increase in diesel-powered cars. These include:

- Much better fuel economy (the diesel engine is the most fuel-efficient of all internal combustion engines and consumes 30%-60% less fuel than a petrol-powered engine);
- Cleaner engines which produce less harmful gases such as carbon monoxide, hydrocarbon and carbon dioxide;
- Recent advances in diesel technology which have significantly improved the performance of modern diesel vehicles, translating into better acceleration and overtaking, making them even more attractive to drivers. Superior engine torque at lower engine speeds also results in reduced noise levels; and,
- Diesel engines are far more durable and cheaper to maintain.

Diesel fuel itself has many attributes that make it such an effective source of power. These include:

- Safety — diesel is a safer fuel than petrol or other alternatives. It is less flammable and explosive than petrol;
- Energy content — diesel fuel contains about 30% more energy per gallon as compared to petrol; and,
- Performance — diesel fuel has greater power density than other fuels (it packs more power per unit volume than other fuels).

These are some of the well-established reasons why so many European consumers choose diesel engines over petrol. Malaysians should realise the potential in the modern diesel engine and act now to take advantage of its benefits.

Unfortunately, our current road tax structure is set at a level which penalises owners of diesel cars. Diesel passenger car owners have to pay 200% more than for an equivalent petrol car. On the other hand, the import duty for diesel passenger cars is lower than the import

duty for all petrol passenger cars. I feel this imbalance needs to be looked into. For example, in Europe, road taxes for diesel and passenger cars vary only slightly; a structure similar to this would place less of a burden on Malaysians wanting to purchase diesel cars.

The NAP should also encourage the import of more diesel engines so that more diesel-powered cars could be assembled in the country.

Malaysian motor vehicle assemblers and manufacturers of auto parts make almost every part of the vehicle except the engines. So, if the new NAP encourages the import of more diesel engines, no one should really complain.

To further encourage the use of more diesel vehicles, more APs should be issued for the import of such vehicles. As diesel is the more efficient fuel (compared to petrol), its usage in the long term will help the country better utilise its oil reserves. **E**

Koon Yew Yin is a chartered civil engineer and one of the founders of IJM Corp Bhd, Mudajaya Group Bhd and Gamuda Bhd.