

Cheaper cars a vote-winning ploy, says BN leaders
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By Ida Lim

KUALA LUMPUR, July 26 — Pakatan Rakyat's (PR) electoral pledge to make cars cheaper by reducing taxes and duties is a "populist" and "knee-jerk" move to win votes, say several Barisan Nasional (BN) leaders.

Malaysians have been paying high prices for cars due to the country's decades-long policy to protect local carmaker Proton, with protection carried out by imposing heavy import, excise and sales taxes on foreign-made cars but PKR's strategy director Rafizi Ramli said the coalition wants to revamp the policy with tax cuts.

"Pakatan Rakyat has been promising the Malaysian community everything they can think of without serious consideration of revenue of country," said MCA's vice president Datuk Seri Chor Chee Heung, adding that the promises are "just to get votes."

"PR always come up with knee-jerk initiatives, when they feel like it, they will just say something like that. I will urge citizens not to pay too much heed," he told The Malaysian Insider when contacted today.

Pointing to PR's promises in its Buku Jingga, Chor warned that if the opposition comes to power, "within one year, the whole country will collapse."

When asked how PR's proposal may affect national carmaker Proton, Chor said: "It depends whether the government wants to continue to support Proton cars, because Proton cars are still the cheapest".

But he declined to comment further, saying that an "in-depth study" needs to be carried out first.

Umno's Datuk Seri Azmi Khalid was more cautious, telling The Malaysian Insider: "The Pakatan Rakyat (PR)'s proposal is very populist."

"Whether it can be economically sustainable and in terms of protecting own industry is yet to be seen", he said, adding that "they must find a way how to balance; to protect (the local car industry) and to reduce taxes."

"In a way, it is good if Proton can be more efficient and produce better quality cars and go for international market. But Proton must be ready."

He noted that Proton's "unit cost will remain high" if it only focuses on the relatively small local market, adding that the company needs to increase production volume to lower its cost.

"Malaysians have seen Proton 'struggling' in the past for almost 30 years. Whichever government wants to cut the protective tax umbrella will have to take into account Proton's ability to be competitive in the world market," said the Padang Besar MP in an email.

"By cutting away taxes, the Malaysian car market will be highly competitive and Proton will have to bow out if it cannot compete."

He cautioned that "with Proton gone, not only will a few related industries be gone but along with it perhaps more than 100,000 jobs (will be) gone".

But he also said "it must be admitted that prolonged over-protection of any industry breeds inefficiencies."

On Tuesday, Rafizi said PR would revamp completely the National Automotive Policy (NAP), including slashing hefty excise duties and reducing the triple-tax burden imposed on cars here, should it win Putrajaya in the next elections.

Rafizi had said that the plan, to be slotted into PR's election manifesto, would be used as a major campaign issue for the federal opposition as it fights for federal power.

The offer to voters will effectively boost the disposable incomes of Malaysians and reduce household debt, he added.

Rafizi admitted, however, that slashing excise duties would also cut government income by some RM8 billion but he pointed out that revenue could be earned through other means without the need to impose additional financial burdens on taxpayers.

The Malay Vehicle Importers and Traders Association (Pekema) had yesterday welcomed PR's pledge but said that it was sceptical the opposition pact will be able to live up to its promise in the run-up to key national polls due soon.

Kuala Lumpur Malay Chamber of Commerce (KLMCC) president Datuk Syed Amin Al Jeffri today pointed out that the loss of income from slashing car excise and import duties would have to be compensated through a different form of taxation on consumers.

Malay rights group Perkasa also said that PR's proposal may lead to lower sales for Proton and retrenchment for its employees.

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