

**Industry support for cheaper cars a vindication for Anwar, says PKR  
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By Clara Chooi**

KUALA LUMPUR, Aug 28 — The auto industry's support for PKR's plan to cut car prices by gradually reducing excise duties vindicates Datuk Seri Anwar Ibrahim's stand on the matter, the party's communications director Nik Nazmi Nik Ahmad said today.

The Seri Setia assemblyman said in a statement here that Anwar had suggested that the reduction be done in stages over a five-year period in order to avoid the value of existing and used cars from falling drastically.

"He (Anwar) further stated that a Pakatan Rakyat-led (PR) federal government would first engage in consultations with all relevant stakeholders including financiers, manufacturers and retailers prior to any reduction of excise duty in the national budget," Nik Nazmi said.

Earlier today, The Malaysian Insider reported that the auto industry has given qualified support for cheaper cars by gradually reducing excise duties even as pressure mounts on Putrajaya to lessen the burden of owning a vehicle in one of Southeast Asia's largest markets.

The Malaysian Automotive Association's (MAA) support comes after the federal opposition said that it wanted to lessen the pain Malaysians feel at having to pay some of the highest car prices in the world and would cut prices through a gradual reduction in excise duties which currently run between 65 and 105 per cent.

Putrajaya has also indicated a gradual cut is in the offing, about a month after PKR's strategy chief Rafizi Ramli first made the promise of lower taxes. The Star daily has also quoted industry sources as saying that the revised National Automotive Policy (NAP) will address the gradual reduction of car prices in the country, where more than 600,000 vehicles are sold annually to a population of just 28 million people.

MAA president Datuk Aishah Ahmad said lower prices through lower taxes would be welcomed.

"If prices are reduced on a gradual basis and not cause a disruption, then it is good," said the industry veteran who heads the main association representing the auto industry in the country.

Nik Nazmi said PKR's "Turunkan Harga Kereta" campaign was launched as the party believes the plan would be an effective method to immediately increase household income.

He pointed to statistics from the Household Income and Basic Amenities Survey Report 2009 published by the Department of Statistics which had revealed that a sizeable 53 per cent of households in Malaysia earn below RM3,000 a month.

He said the statistics also stated that 71.9 per cent of households in Malaysia own or use cars; the ratio of household debt to GDP (Gross Domestic Product) in Malaysia had risen from 33 per cent in 1997 to 78 per cent in 2011; the ratio of household debt to GDP was 140 per cent in 2011, higher than Singapore (105 per cent), Thailand (53 per cent) and

Indonesia (38 per cent); the total debt from private cars is the second biggest debt after residential homes, amounting to RM134.2 billion as at the end of May 2012; and the total debt from private cars has increased by RM16 billion or 14 per cent in 18 months from RM118 billion in November 2010.

With the statistics in mind, Nik Nazmi pointed out that lower car prices would ultimately result in lower car loans.

"Malaysians will not spend so much of their household income to pay loans where a large portion of it is government taxes.

"Instead, they will have a higher disposable income that will increase their living standards and contribute to the country's economic growth through increased consumption," he said.

As part of PKR's campaign, Nik Nazmi said the party will be organising forums beginning next month across the country.

"We also plan to officially invite MAA to share their ideas on this very important issue and hope that they will accept," he said.

Malaysians are currently taxed at between 65 and 105 per cent in excise duties depending on the engine capacity of the car they buy, forming a lucrative stream of revenue for the government.

This means that if a consumer buys a car for RM100,000, as much as RM55,000 goes to the government as excise duty.

This is on top of the 10 per cent sales tax that they have to pay. Those who buy imported cars also have to pay for approved permits (APs) which are ironically given free to a select group of businessmen. The higher duties also came about after Malaysia began an industrialisation drive in the 1980s with its national carmaker Proton, which is now no longer in government hands.

Many Malaysians however say that they have little choice but to buy cars to get around as they feel they cannot depend on the public transportation system, and the high car prices have helped to drive household debt to more than 75 per cent of GDP, the second highest in Asia.

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