

**Car price cut benefits few Malaysians, says Pekema  
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By Mohd Farhan Darwis**

KUALA LUMPUR, March 1 — Putrajaya's move to cut car prices will ease the wallets of only a small number of Malaysians rich enough to afford foreign cars fully built in Japan or Australia, the country's main automotive industry player has said.

Malay Vehicle Importers and Traders Association (Pekema) chairman Datuk Zainuddin Abdul Rahman told The Malaysian Insider that the majority of the popular Japanese brand name cars on the road now were either assembled domestically or within the Southeast Asian region.

"The impact to the (domestic) market is small because only the import duty is abolished.

"The tax in Asean countries isn't that high... only five per cent," he said, in response to the federal government's announcement yesterday to cut the import duty on foreign cars from the two countries in a bid to make cars — which many Malaysians consider a necessity rather than a luxury — more affordable.

He said the latest initiative will only do away with the 30 per cent import duty on cars but not its excise duty.

Zainuddin added that cars in Malaysia were actually considered cheap even if the federal government did not decide to dismantle the import tax.

"Our cars are actually still cheap... however there will still be a drop (in price) even if by just a bit," he said.

But the Pekema chief also said the government's proposal to restructure the tax cut was still vague.

"The structure of the proposed abolishment is still not clear... what's certain is that it will not be implemented in the near future," he said.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed said yesterday the government was phasing out import duties on cars shipped in from Australia and Japan over the next three years.

The government proposal however did not sit well with Proton adviser Tun Dr Mahathir Mohamad, who said the national carmaker should continue to be shielded despite it being among the auto industry's poorest performers.

"As an adviser of Proton of course I want Proton to sell more cars but the policy will affect Proton sale," Dr Mahathir told reporters after giving a lecture on his Look East Policy at University Teknologi Malaysia here yesterday, following the news.

The Malaysian Insider understands that under the Malaysia-Australia Free Trade Agreement (FTA) which came into effect on January 1, Putrajaya has committed to cut duties from 15 per cent in 2013 to 10 per cent in 2014 and 5 per cent in 2015 with zero duties in 2016.

Malaysia is also a signatory to the Asean Free Trade Area (AFTA) agreement, which will liberalise the automotive industry by the end of 2015 through the removal of taxes on vehicles with at least 40 per cent Asean regional value content.

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