

DAP MP says BN welching on promise to slash car prices
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KUALA LUMPUR, May 29 — DAP federal lawmaker Tony Pua drew question marks today over Putrajaya's plan to slash car prices by 20 to 30 per cent over five years by following "market forces", predicting this meant zero reduction until after the 14th general election.

The DAP publicity secretary said this was as good as a broken promise by the ruling Barisan Nasional (BN), which had pledged in its Election 2013 manifesto to revamp the National Automotive Policy (NAP) to cut prices by 20 to 30 per cent, and increase the competitiveness of national cars.

But noting the announcement yesterday by International Trade and Industry Minister Datuk Mustapa Mohamed, Pua asked how using "market forces" would deflate car prices in the next five years when it had not done so over the past two decades.

"What 'market forces' are we talking about when the real reasons why our car prices in Malaysia are substantially higher than that of other countries are because government taxes and protection for the inefficient local car companies," he said in a statement here.

"In effect, the BN government is telling Malaysians that they can stop dreaming of cheaper cars over the next five years, and if car prices were to drop at all, it'll be after the 14th general election," he added.

Mustapa announced yesterday that the reduction of car prices by 20 to 30 per cent, as promised by BN in its manifesto, would be gradual and staggered out over the next five years until 2017.

According to a report on Malaysiakini, the minister had said that the prices would come down in accordance with market forces, adding that reduction cannot be done at once.

He was also quoted saying that slashing prices by cutting car excise duties, which was a promise offered by Pakatan Rakyat (PR) in its manifesto, would have a serious affect on the automotive industry and could lead to the loss of job opportunities and the closure of businesses.

But Pua rubbished the minister's words, pointing out that PR had not planned to slash excise duties in one go but gradually reduce it by 20 per cent annually until the tax is completely phased out in five years.

"This gradual reduction of excise duties will in effect result in approximately 4-5 per cent reduction in car prices annually. Hence the impact on the second-hand car dealers will be very limited," he said.

Pua also rebutted the claim that jobs would be lost, pointing out that PR had never planned on asking car companies to cut their car prices, as this would eat into their profits and subsequently affect employment.

He said the plan was to cut excise duties, which is a government-imposed tax, and this would have "zero impact" on the profits of car companies and employment.

Instead, Pua pointed out that cutting the hefty tax burden would help increase the disposable incomes of the average Malaysian and generate economic activities across other key sectors in the economy.

The parliamentarian also criticised Mustapa for attempting to scare Malaysians into thinking that cheaper cars would increase traffic and cause the need to construct more tolled highways.

"Mustapa, who is typically more rational and intelligent when compared to his Cabinet colleagues, has seriously outdone himself here," Pua said.

"The ownership of cars in Klang Valley has already exceeded the 1:1 ratio despite the substantially higher cost of cars, is entirely because the BN government has completely neglected the public transport sector over the past 50 years."

He pointed out that at present, Malaysians have been forced to buy cars at exorbitant prices due to protectionism policies by BN for its "crony car manufacturers".

"We believe that this breach of a key manifesto promise by BN, prominently highlighted during the election campaign by the mainstream media will only be the first of many broken promises to come from BN," he said.

"There is no political will to transform the current crony economy which is suffering from excessive protection, inefficiency and corruption."

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