

## **6 ways Malaysia can propel its car industry supply chain**

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**Letter to the Editor**

I'm really chuffed about the accelerated roll-out of 5G as announced by Prime Minister Muhyiddin Yassin.

For once, I thought here is real leadership of a nation in need of a leader. And not just from the point of view of the Covid-19 pandemic, but also from the perspective of the economics of development.

Speaking as a veteran automotive journalist and from the context of the automotive industry as one of the most powerful economic forces for a modern commodity-based nation, the mobile telecommunications technology called 5th Generation is the key to the future of cars and the transport of goods.

A 5G telecommunication network will enable the concept of Connected Cars. Modern cars will be able to talk to each other, within a brand, say Volvo to Volvo, and further in the future, with each other across brands.

Cars will also communicate with traffic lights and probably in the future, there can be junctions where the traffic lights are more like intelligent robots to smoothen the flow of traffic.

This is the future of land transport including cars and with the wave led by commercial vehicles: connected, electric, and autonomous.

Malaysia has been without a real industrial policy since the resignation of Dr Mahathir Mohamad who honourably and credibly introduced the National Car to spearhead the industrialisation of Malaysia.

While this national project was diminished by its monopolistic character as a protected infant industry, it has since been much improved by its current partnership with China's leading privately-owned car maker, Geely and its parent Zhejiang Geely group.

And to be fair, this liberalisation of the domestic auto industry happened under former prime minister Najib Razak who had more pressing matters to attend to.

If Malaysia succeeds in rolling out 5G and putting it in pole position in Asean by the end of this year as scheduled, it would be a big deal for the domestic car industry especially its supply chain.

The first thing that can happen is that an automotive institute's vision of an autonomous vehicle test bed and test circuit in Cyberjaya will become a reality.

When Madani Sahari, chief executive of the Malaysia Automotive Robotics and IoT Institute (MARii), introduced the concept of an AV testbed and test track in Cyberjaya in 2018, we were wondering how this could happen without 5G.

But out of typical Malaysian courtesy, no one addressed that big elephant in the room. You can't have AV and connected cars without enabling a 5G network.

At the briefing in 2018, Madani said that his team would work with other ministries and agencies such as GreenTech, the Road Transport Department and the Malaysian Institute of Road Safety Research (Miros) to set up a test bed in Cyberjaya.

"We have visited similar autonomous test-bed facilities elsewhere, including Singapore, Europe and Japan," Madani said.

Currently, Singapore is way ahead of Asean in the field of autonomous cars. About three years ago, it ring-fenced its one-square mile central business district for pilot testing of AV ride-hailing by a US company.

Indonesia is driving onto the Electric Vehicle supply chain by initiating deals with battery makers including CATL (Contemporary Amperex Technology Ltd), the world's largest maker of lithium-ion batteries to power traction motors in electric batteries.

While Indonesian president Joko Widodo is leading his vast nation with the Omnibus Law which streamlines the foreign investment process besides others, the country is also the largest nickel producer in the world; nickel is essential for lithium ion batteries.

Thailand has quickly ratified its participation in the Regional Comprehensive Economic Partnership so that its domestic car industry can import electric cars from China at entry level prices of RM63,000.

This will obviously boost domestic demand for EVs and lead to spin-offs.

Malaysia's MITI hasn't yet brought the RCEP for cabinet sign-off and that binds the hands of its domestic car industry especially those participants who would like to disrupt the market with low-price imports of battery electric vehicles to tantalise Malaysian motorists.

The PM should now quickly do six things to power up the national economy and the automotive industry to its full potential:

1. Make a law for adequate electric charging points at commercial buildings and covered car parks at high-rise residential properties.
2. Ensure an intelligent electric network so that charging can be done at off-peak rates.
3. Be transparent and justify the existence of Manage Service Providers to the cloud service providers such as Amazon, Google and Microsoft.
4. Subsidise the last mile connectivity for the telcos to make it a level playing field with Telekom Malaysia which is dominant in this area because of previous subsidies.
5. Sign-off on the RCEP so that Malaysia can boost its domestic market for low-duty EVs from China, Japan and South Korea.
6. Provide new car APs automatically to car companies invested in Malaysia at the cap of 10% of Total Industry Volume of cars sold a year, starting with 48,000 APs for 2021.

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