



# **SIDANG MEDIA**

## **DASAR AUTOMOTIF NASIONAL (NAP) 2014**

YB Dato' Sri Mustapa Mohamed  
Menteri Perdagangan Antarabangsa & Industri Malaysia

20 Januari 2014

# GLOBAL TOTAL INDUSTRY VOLUME (TIV)

Global TIV	2013	2012	Growth (%)
	82.8 million	79.5 million	4.2

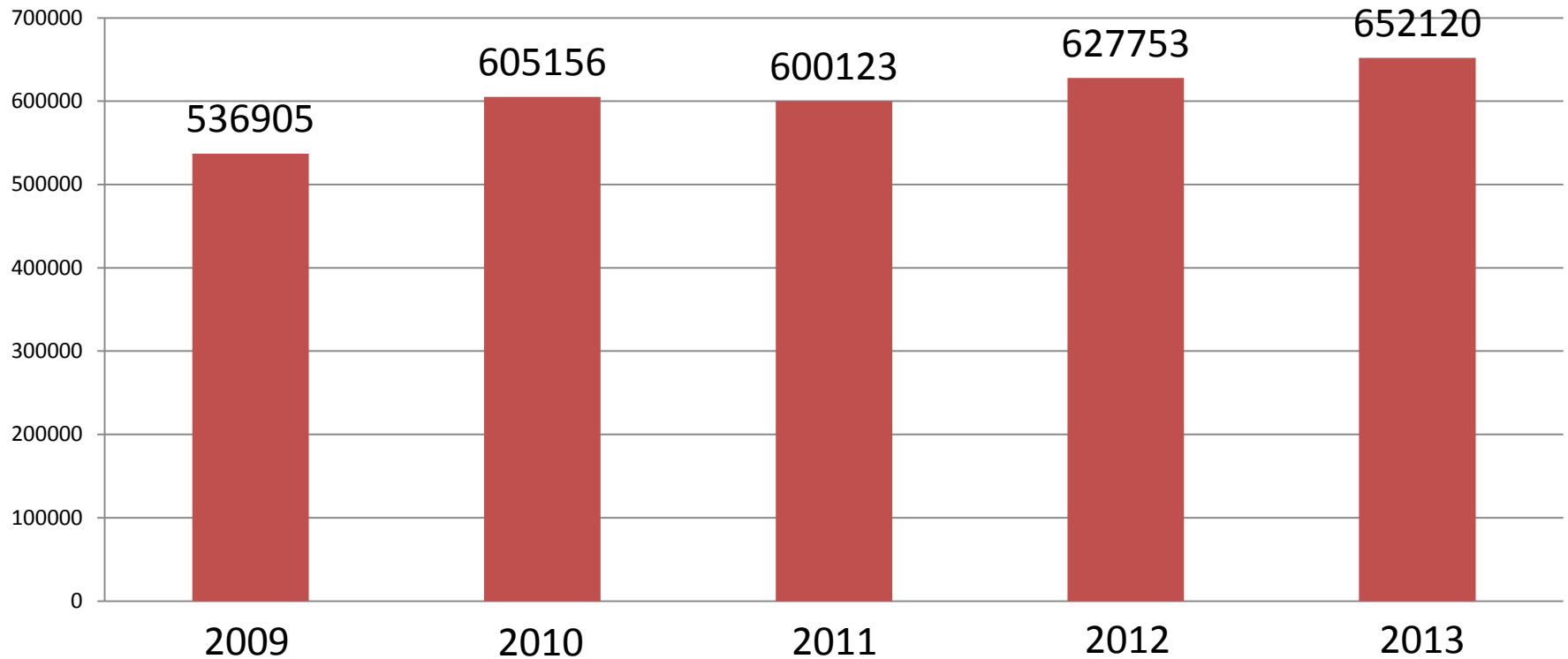
## TOP 10 COUNTRIES

COUNTRY	2013	2012	Growth, (%)
China	21,984,079	19,306,435	13.8
USA	15,600,786	14,840,674	5.12
Japan	5,370,251	5,364,503	0.1
Brazil	3,767,254	3,801,859	(0.91)
India	3,242,301	3,587,269	(9.61)
Germany	3,212,518	3,347,963	(4.04)
UK	2,596,344	2,333,763	11.2
Canada	1,744,567	1,716,287	1.64
Australia	1,136,227	1,112,032	2.17
Mexico	1,063,363	987,747	7.65

# TOTAL INDUSTRY VOLUME IN ASEAN

COUNTRY	2012	2013	Remarks
Indonesia	1,080,286	1,229,901	
Thailand	1,415,187	1,216,751	As of Nov. 13
Malaysia	627,753	652,120	
Philippines	156,649	164,098	As of Nov. 13
Viet Nam	80,487	87,017	As of Nov. 13

# MALAYSIA TOTAL INDUSTRY VOLUME (TIV)



- The Malaysia Total Industry Volume (TIV) has grown steadily from 2011 onwards at the rate of around 4%.
- In 2014, the forecast TIV is 670,000 units.

# DOMESTIC & FOREIGN INVESTMENTS

	2010 Billion	2011 Billion	2012 Billion	2013 Billion (As at Oct 2013)
Domestic	1.8	2.5	4.1	2.3
Foreign	0.5	0.8	0.9	0.7
Total Investment	2.3	3.3	5.0	3.0

# TRADE PERFORMANCE

Segment		2010 Million	2011 Million	2012 Million
Passenger Car	E	747	572	703
	I	5,770	7,561	9,251
Commercial Vehicle	E	157	110	260
	I	2,168	2,561	4,340
Motorcycle	E	20	30	8
	I	152	404	614
Parts & Components	E	2,694	2,494	4,309
	I	5,881	5,354	7,551
Total	E	1,046	3,207	5,281
	I	13,973	15,882	21,757

# AUTOMOTIVE ECONOMIC CONTRIBUTION (2013)

Item	Sub Item	Contribution
Employment	Manufacturing	250,000 employees
	Aftermarket	300,000 employees
Employer	Car Producers	11 Companies
	Motorcycle Producers	9 Companies
	Vendor	550 Companies
	Aftermarket Businesses	35,000 Companies
GDP	2010	4.0%
	2011	3.4%
	2012	3.2%
	2013	3.4%

# MOTORISATION LEVEL PER 1000 PEOPLE

No.	Country	Motorisation Level (2013)
1	Viet Nam	13
2	Indonesia	21
3	Philippines	30
4	Thailand	157
5	Malaysia	361
6	UK	519
7	Germany	572
8	Japan	591
9	Austria	578
10	US	797



# **MALAYSIA'S FREE TRADE AGREEMENTS**

Malaysia is a gateway to other markets with preferential access through Free Trade Agreements (FTAs) as well as economic partnership and cooperation. Details of FTAs concluded and under negotiations are summarized as below:



**Regional (ASEAN): AFTA, China, Japan, Korea, India and Australia-New Zealand**

**Bilateral: Japan, Pakistan, Chile, India, New Zealand, Australia**

**Under negotiation: EU, Trans-Pacific Partnership (TPP), RCEP and Turkey,**

# **IMPORT DUTIES REDUCTION**

---

## **MALAYSIA AUSTRALIA FREE TRADE AGREEMENT**

<b>DESCRIPTION</b>	<b>2013 (%)</b>	<b>2014 (%)</b>	<b>2015 (%)</b>	<b>2016 (%)</b>
CKD – All Segments	0	0	0	0
<b>CBU – All Segments</b>				
Cars	15	10	5	0

## **MALAYSIA JAPAN ECONOMIC PARTNERSHIP AGREEMENT**

<b>DESCRIPTION</b>	<b>2013 (%)</b>	<b>2014 (%)</b>	<b>2015 (%)</b>	<b>2016 (%)</b>
CKD – All Segments	0	0	0	0
<b>CBU – All Segments</b>				
Cars	13.6	9.1	4.6	0

# ECO CAR THAILAND

## Technical Specifications / Requirements

	<u>Phase 1</u>	<u>Phase 2</u>
Fuel Efficiency	<ul style="list-style-type: none"><li>• Less than 5l/100km</li></ul>	<ul style="list-style-type: none"><li>• Less than 4.3l/100km</li></ul>
Carbon Emission	<ul style="list-style-type: none"><li>• Less than 120g/km</li></ul>	<ul style="list-style-type: none"><li>• Less than 100g/km</li></ul>
Engine Capacity	<ul style="list-style-type: none"><li>• 1.3L or smaller (petrol-based)</li><li>• 1.4L or smaller (diesel-based)</li></ul>	<ul style="list-style-type: none"><li>• 1.3L or smaller (petrol-based)</li><li>• 1.5L or smaller (diesel-based)</li></ul>
Emission Standard	<ul style="list-style-type: none"><li>• EURO 4 or higher</li></ul>	<ul style="list-style-type: none"><li>• EURO 5 or higher</li></ul>
Safety Regulation	<ul style="list-style-type: none"><li>• Compliance to R94 and R95 (front and side impacts)</li></ul>	<ul style="list-style-type: none"><li>• Compliance to R94 and R95 (front and side impacts)</li></ul>

# ECO CAR THAILAND

## Investment Criteria / Requirement

	<u>Phase 1</u>	<u>Phase 2</u>
Investment (minimum)	<ul style="list-style-type: none"><li>• 5 billion Baht (RM0.51 billion equivalent)</li></ul>	<ul style="list-style-type: none"><li>• 6.5 billion Baht (RM0.66 billion equivalent)</li></ul>
*Production per Annum (minimum)	<ul style="list-style-type: none"><li>• 100,000 units</li></ul>	<ul style="list-style-type: none"><li>• 100,000 units</li></ul>
Excise Tax Incentives	<ul style="list-style-type: none"><li>• 17% (normal at 30%)</li></ul>	<ul style="list-style-type: none"><li>• 14% (normal at 30%)</li><li>• 12% (for E85 compatible engine)</li></ul>

# GREEN CAR PROGRAMME INDONESIA

Item	LCGC Plan (LCGC: Low Cost Green Car)	LCEP (Low Carbon Emission Project)
Fuel economy	20 km/L and more (NEDC: New European Driving Cycle)	
Target vehicle type	<ul style="list-style-type: none"><li>• Petrol Car: 1.0 -1.2 L</li><li>• Diesel Car: 1.0 -1.5 L</li></ul>	<ul style="list-style-type: none"><li>• Passenger cars</li><li>• PV, DV, HV, EV, alternative fuel vehicles</li></ul>
Tax break	<ul style="list-style-type: none"><li>• 0% (currently 10%)</li></ul>	<ul style="list-style-type: none"><li>• FE 20-28 km/L: 25% reduction (currently 20-75%)</li><li>• FE 28 km/L and more: 50% reduction (currently 20-75%)</li><li>• Electric vehicles: 0%</li></ul>
Price Condition	<ul style="list-style-type: none"><li>• Off the road price of IDR 95 Million ~ RM 25,500.00</li><li>• Excluding ownership transfer fee, vehicle tax, and local tax)</li></ul>	Not applicable

# CONSULTATIVE ENGAGEMENT

- Unprecedented engagement for the last 18 months.
- Involving all stakeholders.
  - ✓ OEMs;
  - ✓ Vehicle and Components associations;
  - ✓ After market associations;
  - ✓ Ministries and Agencies;
  - ✓ Institutions of Higher Learning;
  - ✓ Financial Institutions;
  - ✓ NGOs; and Bloggers/Social Media.
- Engagement in several phases
  - ✓ 1<sup>st</sup> Step – Before formalizing NAP 2014.
  - ✓ 2<sup>nd</sup> Step – After formalizing NAP 2014.

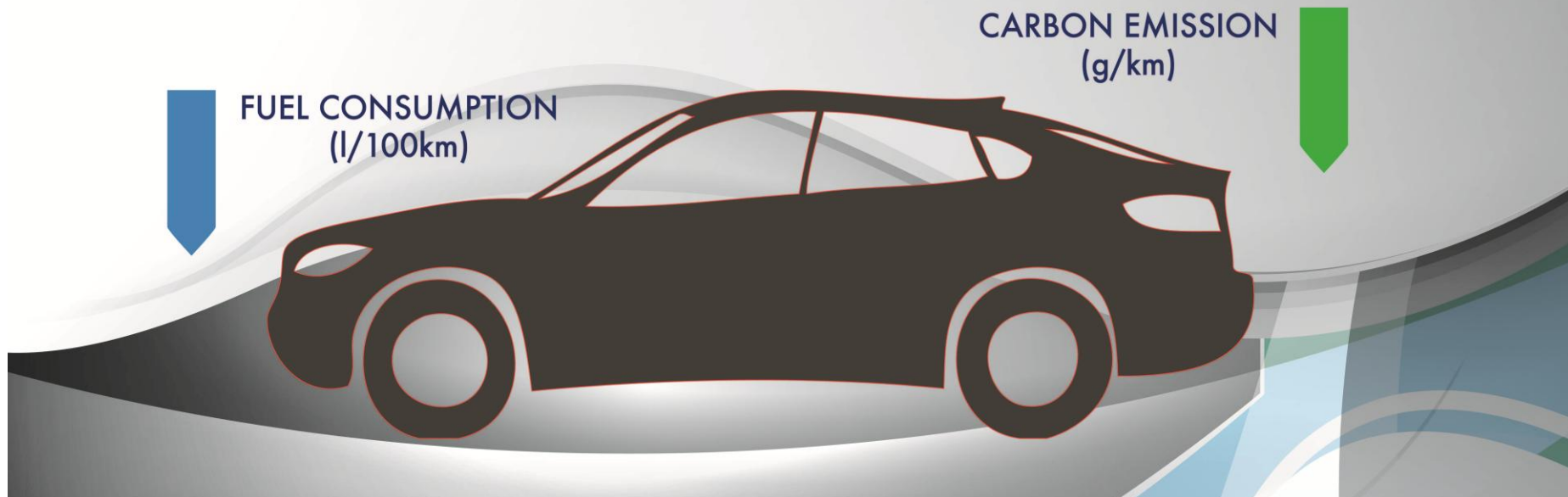
# OBJECTIVES OF NAP 2014

- I. Promote a competitive and sustainable domestic automotive industry including the national car companies;
- II. Make Malaysia as regional automotive hub in energy efficient vehicles (EEV);
- III. Promote increase in value-added activities in a sustainable manner;
- IV. Promote increase in exports of vehicles and automotive components;
- V. Promote participation of Bumiputera companies in the total value chain of the domestic automotive industry; and
- VI. Safeguard consumers' interest by offering safer and better quality products at competitive prices.

# ENERGY EFFICIENT VEHICLES (EEV)

## DEFINITION OF ENERGY EFFICIENT VEHICLE

EEV is defined as vehicles that meet a set of define specification in terms of carbon emission level (g/km) and fuel consumption (l/100km). EEV includes fuel efficient vehicles, hybrid, EV and alternatively fuelled vehicles e.g. CNG, LPG, Biodiesel, Ethanol, Hydrogen and Fuel Cell.





# ENERGY EFFICIENT VEHICLES (EEV)

## EEV SPECIFICATION FOR CARS

SEGMENT	DESCRIPTION	CURB WEIGHT (KG)	FUEL EFFICIENCY (L/100KM)
A	Micro Car	< 800	4.5
	City Car	801 – 1,000	5.0
B	Super Mini Car	1,001 – 1,250	6.0
C	Small Family Car	1,251 – 1,400	6.5
D	Large Family Car	1,401 – 1,550	7.0
	Compact Executive Car		
E	Executive Car	1,550 – 1,800	9.5
F	Luxury Car	1,801 – 2,050	11.0
J	Large 4x4	2,051 – 2,350	11.5
Others	Others	2,351 – 2,500	12.0

# ENERGY EFFICIENT VEHICLES (EEV)

## EEV SPECIFICATION FOR TWO WHEELERS

ENGINE SIZE	FUEL EFFICIENCY (L/100KM)
50 – 100	2.0
101 – 150	2.2
151 – 200	2.5
201 - 250	3.0

# EEV INCENTIVES

- **Incentives:** Customized incentives for both FDI and DDI such as:
  - ✓ PS, ITA;
  - ✓ Grants (R&D, Training);
  - ✓ Infrastructure Facilitation;
  - ✓ Lower Taxes; and
  - ✓ Expatriates.
- **Investment Conditions:** None
- **Safety:** Gradual compliance to Whole Vehicle Type Approval (WVTA)

# TARGETS OF NAP 2014 TOWARDS 2020

ITEMS		2020	2013
Employment	Manufacturing	Additional 70,000	250,000
	Aftermarket	Additional 80,000	300,000
Export of Parts & Components		RM 10 Billion	RM 5 Billion
Export of Recycled Materials & Remanufactured Components		RM 2 Billion	0

# TARGETS OF NAP 2014 TOWARDS 2020

ITEM	2020	2013
<b>Passenger Car</b>		
Total Production Vol.	1.25 mil units	~0.57 mil units
Total Industry Vol.	1.0 mil units	~0.65 mil units
Exports	250,000 units	~20,000 units
<b>Commercial Vehicles</b>		
Total Production Vol.	100,000 units	~55,000 units
<b>Motorcycle</b>		
Total Production Vol.	800,000 units	~430,000 units

# HYBRID & EV INCENTIVES

- NAP 2014 envisions for Malaysia to be an EEV hub in ASEAN including the production of hybrids and electric vehicles (EV).
- The exemption of excise duties and import taxes for hybrids and EV will be extended for models that are assembled in Malaysia. The exemption will be extended until 31 Dec 2015 for hybrids and 31 Dec 2017 for EV.
- Beyond these dates, the exemptions will be determined based on the strategic value of these CKD assembly investments

# PROMOTED NEW BUSINESS OPPORTUNITIES

This growth presents huge business opportunities for all Malaysians. Among these opportunities are:

- Automotive specialize design, engineering and prototyping center;
- Testing Service Provider for Vehicle Type Approval (VTA);
- High precision and engineering industries;
- Foundry and casting industries;
- Aluminum and Non-Ferrous Casting industries;
- Vehicle sub-system and component testing industries;
- Automotive grade steel industry;
- Engineering Plastic industry; and
- Vehicle Testing Centers.

# CREATION OF GLOBALLY COMPETITIVE VENDORS

Vendor development is important in creating a competitive automotive industry.

The NAP 2014 targets to develop world-class vendors. Vendors will be transformed to become global and regional level component manufacturers.

This will consist of:

- 180 vendors to achieve level five vendor capability;
- 150 vendors to achieve level four vendor capability;  
and
- 100 vendors to achieve level three vendor capability;



# CAR PRICES

- MITI has developed Car Price Reduction Framework (CPR).
- CPR – gradual car price reduction in next 5 years.
- Total price reduction between 20% - 30% by 2017.
- CPR consists of mix measures.
- And the underlying factor is liberalization of the local automotive industry.
- Liberalization creates a more competitive environment and enables greater market forces leading to more competitive prices.
- The industry players are playing a vital role in making their operation more competitive to reduce operation cost.

# CAR PRICES

- The Government is constantly reviewing its fiscal position.
- The Government is open to possibility to reduce taxes when the fiscal situation permits.

# IMPACT OF CAR PRICES

- In 2013, popular cars (as per earlier table) with lower price tags accounted for about 30% of market share.
- In 2014,
  - ✓ more new models and variants will be introduced;
  - ✓ prices of these models/variants are expected to be more competitive;
  - ✓ example: price of new Viva introduced in Jan 2014 was lower by 2-7%.
  - ✓ these new models/variants are forecasted to capture 55% of market share.

# APPROVED PERMITS

- Another pertinent issue of the local automotive industry is Approved Permits (AP).
- The NAP 2009 has specified for termination of open AP by 31 Dec 2015 and Franchise AP by 31 Dec 2020.
- The Government has decided that an in-depth study to be undertaken to assess the impact of this termination on Bumiputera participation in the automotive industry.

# BUMIPUTERA PARTICIPATION IN AUTOMOTIVE

Item		Bumiputera Equity (2013)
Manufacturing		
Vehicle Manufacturers/Assembly		Ranging from 30% to 100%
Components Vendors		37%
Secondary Process Vendors		<10%
After market		
Dealership	National Cars	30%
	Non National Cars	<10%
Workshops/Accessory Shops		12%
Recyclers		<5%

THANK YOU