



MITI REAFFIRMS COMMITMENT TO SUSTAINABLE AUTOMOTIVE GROWTH; CLARIFIES BY INVESTMENT AND SECTOR POLICIES

Malaysia is grateful for the confidence that BYD and other global EV manufacturers have shown in our country. The decision by investors to establish operations at KLK TechPark in Tanjong Malim is a significant vote of confidence in Malaysia's industrial ecosystem and long-term growth potential. It is Malaysia's genuine desire to welcome world-class manufacturers including BYD, not only for vehicle assembly but to participate across the full automotive value chain, from component manufacturing and R&D through to logistics and after-sales, as we develop into a comprehensive and globally competitive automotive hub.

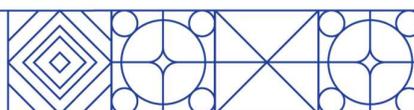
Notwithstanding the above, our national automakers, Proton-Geely and Perodua-Daihatsu, together account for over 63% of local vehicle sales and support an ecosystem of more than 700,000 employees, contributing approximately 4% of Malaysia's GDP annually. The depth of their localisation is not incidental; it is the result of decades of deliberate investment. Perodua-Daihatsu maintains a localisation rate of over 75% on its mainstream models and Proton-Geely at 76% in 2025.

In the case of Proton-Geely, they have developed 18 new technologies through its localisation programme including joint ventures in fuel pumps, electronic gearshift modules and CVT transmissions. Together, Proton and Perodua have channelled billions into the Malaysian vendor ecosystem, supporting thousands of SMEs, skilled employees, and communities across the country. This is the industrial standard we are working to replicate.

In response to a number of claims and confusion circulating on social media regarding MITI's conditions for BYD's Manufacturing License and related automotive policies, we wish to clarify this in the table below.

No.	Issues / Claims	Official Position
1.	<p><i>BYD is reportedly reconsidering its investment in a CKD plant in Tanjung Malim due to unfavourable conditions.</i></p>	<p>BYD Automotive Malaysia Sdn. Bhd. (BYD) was approved an interim Manufacturing License (ML) on 29 September 2025 to undertake the Assembly of Passenger Energy Efficient Vehicles (EEV), including Electric Vehicles (EV) and Plug-In Hybrid Electric Vehicles (PHEV) at Tanjung Malim, Perak.</p> <p>The license is granted on the basis of an export-oriented production profile, where majority of output destined for international markets to leverage Malaysia’s FTAs and regional supply chains and was issued with specific conditions designed to:</p> <ul style="list-style-type: none"> (i) Ensure alignment with the National Automotive Policy (NAP) and the New Industrial Master Plan 2030 (NIMP 2030); (ii) Promote high-value activities, including local supply chain integration, technology transfer and export-oriented production; and (iii) Prevent market distortion and ensure sustainable industry development. <p>These conditions are not unique to BYD but reflect a consistent approach applied to all new automotive investments in Malaysia beginning September 2025 (except those using existing local-assembly facilities).</p> <p>In line with this, MITI has mandated additional conditions on the ML as follows:</p> <ul style="list-style-type: none"> (i) The approved sales volume is set at 10,000 units for the domestic market (20% of BYD’s total production capacity), while prioritising export integration. This is not a restriction but a mutually agreed production framework; (ii) To qualify as high value-added manufacturing activity, the assembly process must include in-country body shop, paint and trim operations. Fully finished Painted Body Shell (PBS) are not recognised as eligible content for the local value-add assessment and must be sourced domestically. However, BYD remains free to source components globally; and (iii) Minimum On the Road Price (OTR) is RM100,000. <p>The attached conditions are non-discriminatory and are applicable equally to all high-volume automotive assembly projects regardless of brands and countries of origin. This is designed to ensure local assembly capacity moves toward sustainable, higher-value market segments and to avoid displacement of the established vendor ecosystem. BYD is not singled out, the same condition applies to any new CKD entrant.</p>
2.	<p><i>MITI allegedly imposed a condition that 80% of the production from the BYD plant must be exported.</i></p>	<p>The conditions set out in the approval letter limit domestic sales to 10,000 units per year, which corresponds to 20% of BYD’s total projected production capacity. This is a pro-export condition aimed at ensuring that investment contributes to Malaysia’s trade balance and global supply chain integration. It is not a restriction on total production but a strategic measure to encourage export orientation.</p>

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3.	<i>Only 20% of BYD's production can be sold locally, and these vehicles must be priced above RM200,000.</i>	The allegation is inaccurate. The condition imposed for the domestic market is a minimum OTR price of RM100,000 for BYD's CKD vehicles sold domestically. This ensures local assembly focuses on higher-value segments, preserving market space for national players like PROTON and PERODUA while still offering affordable EV solutions.
4.	<i>References a rule where imported (CBU) EVs must be sold above RM250,000, which contradicts the goal of making EVs accessible.</i>	Under the AP Franchise policy, the standard minimum OTR for all passenger vehicles imported into the country in Completely Built-Up (CBU) is RM250,000. To encourage early-stage EV adoption, the Government introduced a temporary relaxation from the year 2022 until 31 December 2025, reducing the minimum OTR specifically for CBU Electric Vehicles from RM250,000 to RM100,000. This was a deliberate, time-limited measure designed to stimulate consumer demand and build EV familiarity in the market, while providing Proton, Perodua, and the broader national automotive ecosystem the time and space needed to develop their EV capabilities and supply chains. Local manufacturing and assembly, not perpetual CBU imports, is the Government's longer-term strategy for making EVs more accessible and affordable to Malaysians. Nevertheless, MITI is currently reviewing the "floor price" policy to further strengthen local assembly activities while ensuring that CBU vehicle pricing is driven by market forces.
5.	<i>Claims that MITI banned the importation of new pickup truck models/brands (e.g., BYD Shark, GWM Cannon) while allowing existing ones.</i>	MITI wishes to clarify that there is no ban on the importation of new pick-up truck models (e.g. BYD, Shark or GWM Cannon). Commercial vehicles including pickup trucks are subject to CKD localisation requirements. Completely Built-Up (CBU) imports are permitted with limited quota under the Market Research Pre-Assembly (MRA) Approved Permit quota. There is no announcement from MITI to ban the importation of new brand pickups into Malaysia.
6.	<i>MITI is 'pawning the future' of the industry to benefit a few established local players rather than promoting a healthy ecosystem.</i>	MITI's approach is not protectionist but developmental. Underpinned by the National Automotive Policy (NAP)'s Next-Generation Vehicle (NxGV) vision and NIMP 2030's mission to drive economic complexity, Malaysia must move decisively toward genuine high-value added activities, including advanced manufacturing, engineering, and technology transfer. Investments without clear export commitments or localisation plans offer limited benefit to Malaysia's automotive ecosystem and would constrain manufacturers from achieving the economies of scale necessary for deep and sustainable localisation. Our framework is designed to encourage exactly the kind of long-term, high-value commitment that benefits both investors and Malaysia.



Malaysia also wishes to reaffirm that it remains genuinely open to Chinese automotive investment. As at December 2025, out of 34 foreign automotive brands in the market, 14 are Chinese brands including BYD, Chery, Jaecoo, Jetour, Haval, Wey, MG and Volvo. BYD itself was granted an interim Manufacturing License on 29 September 2025. Chery Automobile Co. Ltd was also granted a Manufacturing License by MITI on 26 June 2025, making it another Chinese automaker to receive formal approval to manufacture vehicles locally. These approvals demonstrate that our policy framework is not a barrier to entry, it is a framework for meaningful, high-value participation from foreign investors. MITI further wishes to emphasise that these policies are developmental in nature, transitioning Malaysia towards advanced manufacturing.

Under the National Automotive Policy 2020 and the New Industrial Master Plan 2030, our declared goal is to become a regional production and export hub for Next Generation Vehicles. We have over 592 specialised automotive vendors, and a skilled technical workforce to support world-class EV manufacturing. Malaysia stands ready to partner with manufacturers who come here not only to serve our domestic market, but to build for the world and our policy framework is designed precisely to enable and accelerate that ambition.

Malaysia has a long and proven track record as a destination for high-quality foreign automotive investment. The TechPark and the surrounding Automotive High-Tech Valley form an established industrial corridor with a deep network of suppliers, engineering talent, and infrastructure purpose-built for next-generation vehicle production. Global names including Mercedes-Benz, Volvo, and Stellantis(Peugeot) have chosen Malaysia as their regional assembly base, and most recently, Chery Automobile Co. Ltd has commenced construction of its manufacturing plant at the Beringin High-Tech Automotive Valley under the same framework conditions, further affirming international confidence in Malaysia as a serious EV manufacturing destination. Malaysia's location at the heart of ASEAN provides access to a regional market of over 600 million consumers, extended further by 17 free trade agreements that open global markets to vehicles assembled here. Our workforce is technically capable, English-speaking, and experienced in precision manufacturing. Our regulatory environment, while demanding on standards, is stable, transparent, and consistently applied. For manufacturers serious about a long-term, export-oriented presence in Southeast Asia, Malaysia remains one of the most compelling destinations in the region.

Malaysia remains open for any potential investors and businesses coming into Malaysia. We invite all global automotive manufacturers including Chinese brands, to grow with us, not only as a market but as a manufacturing and export base. Our policies are not about closing doors, they are about ensuring that every investment creates deep local value, technology transfer and sustainable jobs. We look forward to working with partners who share that vision.

Minister of Investment, Trade and Industry

31 March 2026

