



MEDIA STATEMENT

RESPONSE TO MALAYSIA AUTOMOTIVE ASSOCIATION'S (MAA) ALLEGED DELAY IN APPROVING NEW CAR MODELS' PRICING

1. The Ministry of International Trade and Industry (MITI) takes note of the news article "*Malaysian Automotive Association slams govt for delaying new car pricing approval*" in The Edge, 16 January 2019 ("the Article").
2. We wish to inform that the Automotive Business Development Committee (ABDC) comprising representatives from MITI, Ministry of Finance (MOF), Malaysia Investment Development Authority (MIDA), Malaysia Automotive, Robotic, and IOT Institute (MARii), and the Royal Malaysian Customs Department (RMCD) is entirely not a new setup as mentioned in the Article. ABDC was established in 2006 to facilitate collective decision making process in determining the quantum of incentive to be extended to vehicle companies. Since 2006, members of MAA have been applying for incentives to ABDC. In the decision making process, the Cost Benefit Analysis (CBA) is also considered by the Committee. ABDC meetings are held on monthly basis and special ABDC meetings will be convened, if necessary.
3. The objective of ABDC is to evaluate and recommend the Industrial Linkage Program (ILP), Multi Sourcing Parts (MSP) and customized incentives for Energy Efficient Vehicle (EEV) under the National Automotive Policy (NAP) 2014. The recommendations by ABDC are for MOF to consider in deciding the amount of duty reduction to be extended to the vehicle companies. It must be noted that the approval letter from MOF also explicitly stipulate that the gains from the incentive received by the vehicle companies are to be passed down to the *Rakyat*.



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

4. In the previous Administration, some vehicle companies had obtained the incentives directly from MOF, bypassing ABDC. Many of the applications were approved without comprehensive evaluation in determining the return of investment to the Government. However, in line with the aspiration of the new Government, MOF and MITI collectively agreed that the decision making process has to be transparent and fair and should be comprehensively deliberated by ABDC.
5. All the due process and governance which has been strengthened under the current Government is primarily for the purpose of ensuring that the incentives are granted and distributed to the worthy and entitled recipients according to the prescribed regulations and guidelines. MITI will always strive to ensure public funds and taxpayers money are utilised optimally for the benefits of the *Rakyat*.
6. MITI continues to welcome all constructive feedback from the industry. In this regard, MITI invites MAA and any industry player to have further consultation pertaining to this issue and to collectively address grievances in order to facilitate the growth of automotive industry.

Ministry of International Trade and Industry
17 January 2019

-END-



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020.

Media enquiries

**Ministry of International Trade & Industry
Strategic Communications Unit**

Tel +603 6200 0083

Fax +603 6206 4293

E-mail allpegkomunikasikorporat@miti.gov.my