

Headline	Revision timely to transform industry		
MediaTitle	New Straits Times		
Date	27 Jan 2014	Language	English
Circulation	95,860	Readership	236,000
Section	Letters	Color	Full Color
Page No	18,19	ArticleSize	646 cm ²
AdValue	RM 20,995	PR Value	RM 62,985



Revision timely to transform industry

THE long-awaited revision of the National Automotive Policy (NAP) 2014 was unveiled last week. Undoubtedly, the stakes are high not only for the players but also the survival of the industry.

Introduced in March 2006, the NAP underwent its first revision in 2009. NAP 2014 seems to be the final push to transform the automotive industry to greater heights by 2020.

NAP 2014's objectives are similar to those of the first NAP but a niche area has been identified, that is, the Energy-Efficient Vehicle (EEV) regional hub, which Malaysia is expected to embark on by next year. Holistically, the issues and challenges remain as to how to make the industry more competitive, resilient and viable.

It is commendable that liberalisation is still the key strategy in the framework of NAP 2014 and the focus on EEV is in tandem with one of the three New Economic Model's guiding principles.

The RM2-billion financial packages, if spent wisely, could improve the industry further. Also, the lifting of the ban on new manufacturing licences for cars below

1,800cc is laudable although it is only applicable in the EEV category.

Perhaps the biggest disappointment is that many key issues in the automotive industry are still under study. For example, the licensing system of import quotas.

When NAP 2006 was announced, it was stated clearly that the approved permits (APs) would be phased out in 2010. The first revision of NAP 2009, on the other hand, specified that open APs be terminated next year, and franchise APs in 2020.

In the true spirit of liberalisation, and with the realisation of the Asean Economic Community, the ongoing talks on the Trans-Pacific Partnership Agreement and Regional Comprehensive Economic Partnership, it is crucial the AP system is abolished soon.

The endeavour for any form of protectionism in the name of "infant industry" no longer holds water as 31 years of being "infant" seems unnatural by any standards. With liberalisation comes competition, which is good because it will encourage transparency, promote efficiency and reinforce the role of market mechanism in determining prices.

Competition not only creates economies of scale but also the scope and agglomeration. The automotive industries of Thailand and Indonesia are ahead of us because they had embraced competition earlier. But that does not mean that Malaysia's industry will lag behind forever.

NAP 2014 proves that Malaysia is serious to be the regional leader in the industry, especially in the EEV market. Still, how far it can attract automotive foreign direct investment (FDI) remains to be seen.

As Malaysia aspires to become the regional hub for EEV, the amount of automotive FDI from EEV in Malaysia must be greater than Thailand and Indonesia.

The expansion of export market must be the main priority.

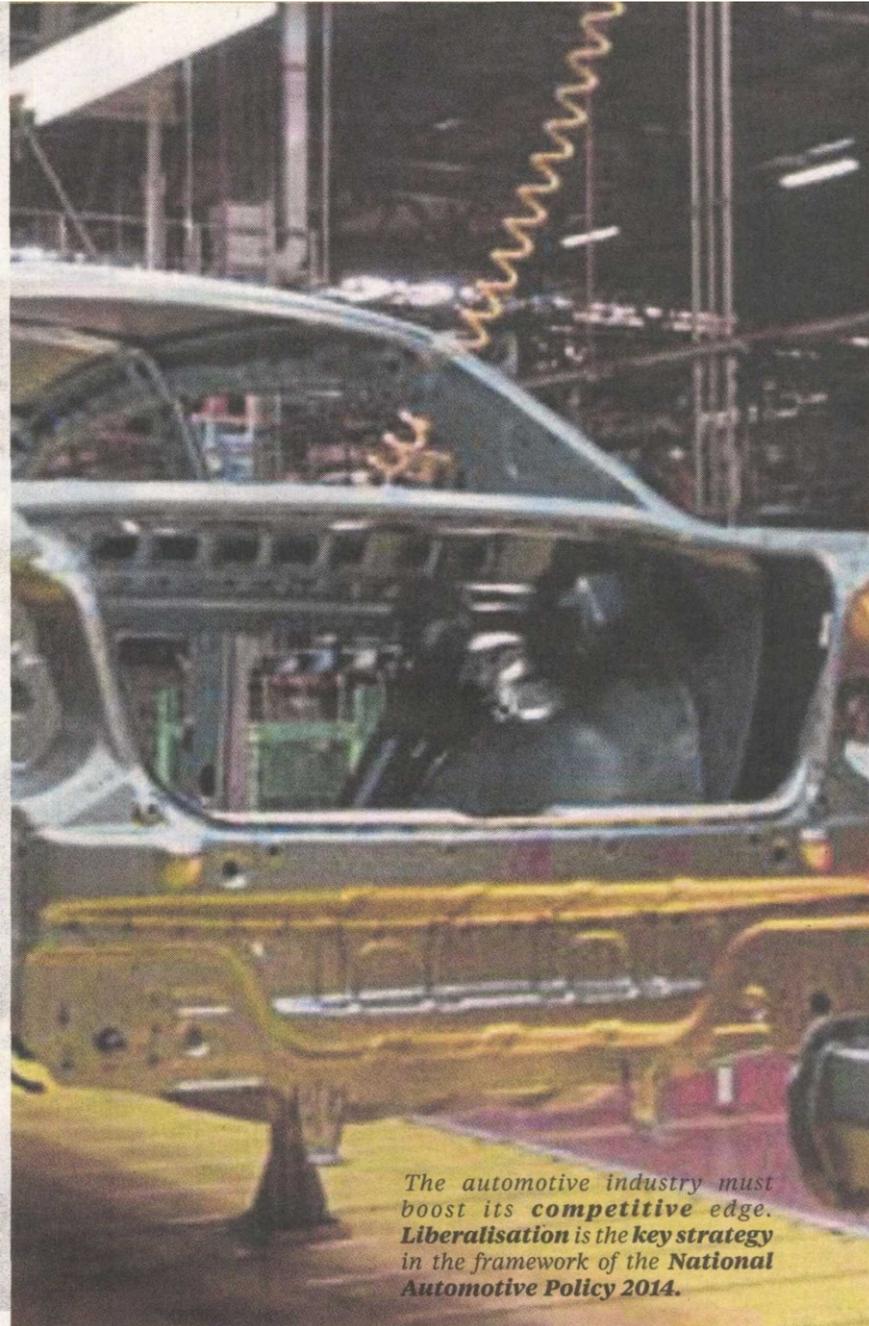
Not only because Malaysia has a comparatively small population in the domestic market but also because Malaysia aims to become a developed nation by 2020, hence the focus should be more on the use of public transport rather than a private one.

Dr Irwan Shah Zainal Abidin, senior lecturer, School of Economics, Finance and Banking, Universiti Utara Malaysia, Sintok, Kedah

Headline	Revision timely to transform industry		
MediaTitle	New Straits Times		
Date	27 Jan 2014	Language	English
Circulation	95,860	Readership	236,000
Section	Letters	Color	Full Color
Page No	18,19	ArticleSize	646 cm ²
AdValue	RM 20,995	PR Value	RM 62,985



Headline	Revision timely to transform industry		
MediaTitle	New Straits Times		
Date	27 Jan 2014	Language	English
Circulation	95,860	Readership	236,000
Section	Letters	Color	Full Color
Page No	18,19	ArticleSize	646 cm ²
AdValue	RM 20,995	PR Value	RM 62,985



*The automotive industry must boost its **competitive edge**. **Liberalisation** is the **key strategy** in the framework of the **National Automotive Policy 2014**.*