

## SYNOPSIS

The Malaysian Government has found it necessary to industrialize for the purpose of developing economic strength and independence, to cope with the rapid increase in population which creates employment problems as well, to meet the rising demand for manufactured goods, and lastly to correct her Balance of Trade and Balance of Payments difficulties.

As part of the industrialization programme, the motor vehicle assembly industry has been launched. This industry was chosen because Malaysia has a considerable import of motor vehicles for a country of its size. Other than this the industry has shown its success in other countries, has great employment potential, links other industries and encourages ancillary industries, and lastly, the technical skills it helps to develop.

Certain measures have been taken to protect this industry, though no Pioneer Status has been accorded. Firstly, all completely-built-up, and semi-knocked-down vehicles imported are subject to import duty, while the completely-knocked-down vehicles enter free. Those assemblers who do not meet the local content requirement within the specified time are liable to an assembly tax. Thirdly quota restrictions have been imposed on import of C.B.U. vehicles, and lastly preferential rate of 1/2 Valorem Registration Fee is to be charged for locally-assembled vehicles.

But in establishing this industry there are certain problems. First of all is the question of volume of production which is connected to the small size of the local market. To this problem is connected the cost of the final product, the quality of the product and the possible development of viable ancillary industries.

While the development of this industry would gradually lead to greater industrialization, employment, technical development and change in revenue, at the same time, the consumers are bound to suffer by having to pay higher prices in a more limited market. The formation of a Common Market between Singapore and Malaya would enhance the position, but political considerations have discouraged the formation of this economic union.

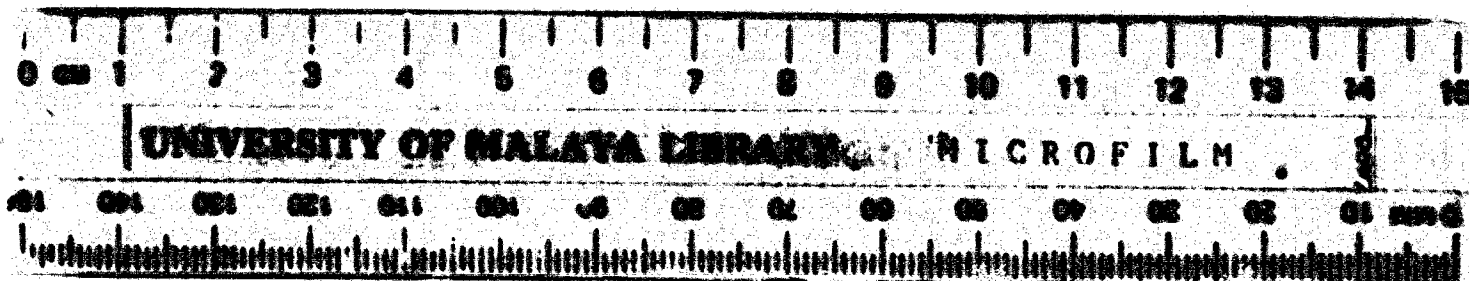
Therefore we are left in a position where there will be a hard struggle for the industry with Singapore and Malaya competing, instead of working towards mutual benefit. The result would probably be high priced motor vehicles with indefinite future for the industry, depending on how skillfully the project is handled and administered by those concerned.

**ESTABLISHMENT OF A MOTOR VEHICLE**

**ASSEMBLY INDUSTRY IN MALAYSIA**

by

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NOTA

DOKUMEN ASAL

TIDAK TERANG.

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