

NATIONAL AUTOMOTIVE POLICY (NAP) 2014

BACKGROUND

NAP 2006 AND NAP 2009

1. The National Automotive Policy (NAP) was introduced in 2006 to transform the domestic automotive industry and integrate it into the increasingly competitive regional and global industry network through six main objectives namely, to:

- (i) promote a competitive and sustainable domestic automotive industry especially the national car manufacturers;
- (ii) develop Malaysia as a regional automotive hub in specific are;
- (iii) increase value-added activities in a sustainably while developing domestic capabilities;
- (iv) increase exports of vehicles and automotive components;
- (v) promote Bumiputera participation in the total value chain of the domestic automotive industry; and
- (vi) safeguard consumer interests by offering safer and better quality products at competitive prices.

2. The NAP was reviewed in 2009 to enhance the capability and competitiveness of the domestic automotive industry. The

review also aimed at creating a more conducive investment environment in the domestic automotive industry.

3. The review of the NAP, involved extensive consultations for more than 18 months with the industry stakeholders, industry players, ministries and agencies. It has taken on board views and inputs from these various stakeholders to ensure that measures outlined in the NAP 2014 would benefit the automotive industry as a whole.

4. Based on the feedback the NAP 2014 focuses on green initiatives, development of technology and human capital, market expansion and enhancement of the automotive industry ecosystem.

5. The objectives of the NAP 2014 are to:

- (i) develop a competitive and capable domestic automotive industry;
- (ii) develop Malaysia as the regional automotive hub in Energy Efficient Vehicle (EEV);
- (iii) increase value-added activities in a sustainable way while continuously developing domestic capabilities;
- (iv) increase exports of vehicles, automotive components, spare parts and related products in the manufacturing and after market sectors;

- (v) increase the participation of competitive Bumiputera companies in the domestic automotive industry, including in the after market sector;
- (vi) enhance the ecosystem of the manufacturing and after market sectors of the domestic automotive industry; and
- (vii) safeguard consumer interests by offering safer and better quality products at competitive price.

PERFORMANCE OF THE MALAYSIA AUTOMOTIVE INDUSTRY IN 2013

6. The sales of passenger and commercial vehicles in 2013 increased by 3.9 per cent to 652,120 from 627,753 in 2012. The increase can be attributed to:

- (i) economic growth of between 4-5 per cent;
- (ii) introduction of competitively priced models; and
- (iii) increase of consumers' purchasing power.

PERFORMANCE FROM 2009-2013

7. Auto sales increased from 536,905 units in 2009 to 652,120 units in 2013.

8. From 2009 through 2013, investments in the automotive industry were between RM700 million to RM5 billion in 2012. From January until October 2013, the total investments totalled RM3 billion. From the RM3 billion investments, domestic direct

investment accounted for RM2.3 billion, and foreign direct investment, RM700 million.

9. In 2012, exports totalled RM5.3 billion and imports, RM21.7 billion.. In the same year, the exports of the automotive parts and components amounted to RM4.3 billion, while exports of passenger vehicles totalled RM700 million.

STATUS OF THE GLOBAL AUTOMOTIVE INDUSTRY

10. In 2012, the total global vehicle production was 84.1 million units, while the total global vehicle sales amounted to 82.1 million units. China, United States of America and Japan were the top three countries for vehicle production and sales. Malaysia was ranked 18th for vehicle production and 20th for vehicle sales.

11. In 2012, Toyota recorded the highest total sales, with 8.91 million units. Volkswagen, 2nd in rank sold 8.61 million units and General Motors, 7.65 million units. In 2013, the total vehicle sales were recorded at 82.8 million units.

12. China is the largest automotive market with total sales of 19.3 million units in 2012. China also attracted investments from the major global automotive companies including Toyota, Volkswagen, and General Motors.

STATUS OF THE ASEAN AUTOMOTIVE INDUSTRY

13. In 2013 Malaysia ranked third after Thailand and Indonesia in terms of total vehicle production and sales. Malaysia is also the third largest automotive market after Indonesia and Thailand in the passenger car segment in ASEAN.

14. Thailand has maintained its position as the ASEAN leader with the highest vehicle production volume of 2.45 million units.

15. In terms of domestic sales, Thailand outpaced Indonesia to lead ASEAN in 2012 with a 81 per cent increase in its Total Industry Volume (TIV) compared with previous year.

16. The main automotive players in Thailand and Indonesia are primarily Japanese automotive companies. These companies enhance their automotive parts and components supply chain through their complementation strategy within ASEAN. In Thailand and Indonesia, the Japanese related companies represent about 77% and 81% of the supply chain, respectively.

THE DIRECTION AND STRATEGY OF THE NAP 2014

17. The NAP 2014 consists of 3 main directions and strategies. The 3 main directions are Investment, Technology and Engineering and Market Expansion while the 3 main strategies are Human Capital Development, Supply Chain Development and Safety, Security and Environment.

A. INVESTMENT

18. In ASEAN the total vehicle sales for the period between January to November 2013 was 3.2 million units, and the total production capacity was approximately 4.5 million units. The additional production capacity of about 1.3 million units was used to produce pick up trucks for export beyond ASEAN. It is estimated that the total vehicle sales in ASEAN will reach 6 million units in 2020. Therefore, Malaysia has to introduce initiatives to attract potential investments to meet the additional volume requirement.

19. The Government plans to grow and enhance the competitiveness of the domestic automotive industry by resolving structural issues such as low economies of scale, high production cost, low usage of technology and knowledge application, non-optimized supply chain and development of human capital that is not aligned to the industry requirement. The Government also targets for Malaysia to become the regional hub for Energy Efficient Vehicles (EEV) through strategic investments and adaptation of high technology for domestic market and to penetrate regional and global markets by 2020.

20. Based on global practice, EEV is defined as vehicles that meet a set of specification in terms of carbon emission level (CO₂/km) and fuel consumption (L/km). EEV includes fuel-efficient internal combustion engine (ICE) vehicles, hybrid, electric vehicles (EV) and alternative fuelled vehicles such as Compressed Natural Gas (CNG), Liquefied Petroleum Gas (LPG), Biodiesel, Ethanol,

Hydrogen and Fuel Cell. The EEV technical specification for fuel consumption is per in the following table:

a) For Passenger and Commercial Vehicles

SEGMENT	DESCRIPTION	KERB WEIGHT (KG)	FUEL CONSUMPTION (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

b) For Two Wheelers

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

21. The EEV technical specification for fuel consumption is determined based on international benchmarking across developed countries (Europe, United States of America, China, Japan, South Korea, Thailand and Taiwan) and in consultation with the domestic automotive industry. The established EEV specifications will ensure investments into Malaysia will be strategic in nature with high uptake of technology.

22. This EEV technical specification for fuel consumption will be used as the standard. The Malaysia Automotive Institute (MAI), in collaboration with related Government ministries and agencies, will be update this standard progressively in line with the development of the Malaysia Automotive Technology Roadmap (MATR)..

23. As Malaysia is using the Euro 2M fuel quality standard, the implementation of EEV will only be based on fuel consumption specification. Carbon emission will only be used once the EURO 4M fuel quality standard is introduced. A comprehensive study on the implementation of EURO 4M fuel quality standard is being undertaken in consultation with industry players and related Government ministries and agencies.

24. The policies under the Investment thrust are:

- (i) issuance of new Manufacturing License for motor vehicles in the category of EEV across all segments;
- (ii) provision of customized incentives to attract strategic investments in the EEV category;

(iii) provision of customized incentives to develop key strategic areas to enhance the domestic automotive ecosystem. The strategic areas include power train, transmissions and related control systems, dies set and mould base, aluminum and other non-ferrous casting.

(iv) existing policy on the issuance of new Manufacturing License for non-EEV segment is maintained.

B. TECHNOLOGY AND ENGINEERING

In view of the dynamics in automotive technology development, it is necessary to develop a domestic automotive industry that is responsive to change and latest technology application. This is important to fulfill consumer demand while ensuring a positive impact on the environment.

25. The Technology and Engineering thrust emphasizes the development of technology and engineering in key strategic sectors including:

- (i) Power train, transmission and related control systems;
- (ii) Dies set and Mould base;
- (iii) Aluminum and Other Non Ferrous Casting;
- (iv) Design engineering and prototyping;
- (v) Vehicle, sub-system and component testing.
- (vi) Automotive grade steel.
- (vii) Engineering Plastics.

26. The automotive industry is moving towards reducing the environmental impact of energy consumption and mitigating the effects of global warming. Therefore, research and development activities should be aligned to sustainable development requirements.

27. NAP 2014 will align the development of the automotive industry to future technology direction and promote investments in green automotive technologies. The initiatives that will be taken are to:

- (i) increase the utilization of green technology;
- (ii) enhance strategic collaboration between Malaysia and its Free Trade Agreement (FTA) partners. This will be done through the technical collaboration platform (TCP) between domestic companies and research institutions in FTA partner countries. Similar collaboration will be facilitated between local companies and local institutions of higher learning under the Industry Centre of Excellence (I-COE) platform;
- (iii) enhance expertise in the areas of research, design and development; and
- (iv) provide relevant infrastructure and enabler for development of green technology.

28. The capability in vehicle design and development needs to be improved by maximizing the existing facilities and infrastructure

in universities including experts and specialists, ready hardware and software applications. To this effect, the existing knowledge and infrastructure would require continuous upgrading through collaborative programmes between domestic and international experts.

29. The use of digital engineering should be encouraged among the domestic industry players to improve product and process development capabilities, including to provide a more accurate and effective methodology in automotive design.

30. The policies under the Technology and Engineering thrust are:

- (i) provision of import tax and excise duty exemption from 1 January 2014 until 31 December 2015 for Completely Knock Down (CKD) hybrid vehicles and from 1 January 2014 until 31 December 2017 for Completely Knock Down (CKD) electric vehicles. Beyond these dates, the incentives will be customized based on the strategic level of the CKD investments as in the investment value, production volume, technology transfer, research and development activities, supply chain development, employment, exports programme and others.
- (ii) provision of incentives in the form of soft loans and tax exemption for the development of infrastructure and activities related to technology pre-commercialization as follows:

- a) provision of soft loans amounting RM130 million from 2014 till 2020 for the development of infrastructure of EEV including hybrid and EV. The objective of this soft loan is to support the development of infrastructure for EV and Plug-In Hybrid Vehicle (PHEV) charging, public charging and other infrastructures development related to EEV.

 - b) provision of soft loans amounting to RM575 million for the period of 2014 till 2020 for pre-commercialization activities by domestic vendors that adopt and adapt to new technologies. The soft loan aims to support the development of technology that is in line with the trends in the automotive industry especially in the area of safety and environment. These technologies include vehicle sub-system and components for power train and transmission, lightweight materials and alternative fuels and materials.

 - c) provision of tax incentives under the Income Tax Act 1967.
- (iii) the establishment of the Industry Centre of Excellence (ICOE) by the Ministry of Education (MOE) as a platform to enhance the capability to develop new technologies in the automotive sub-systems. ICOE will coordinate activities that include research, design, development of standards and human capital, testing and best manufacturing practices within an automotive sub-system technology.

C. MARKET EXPANSION

31. To ensure the sustainability of the domestic automotive industry, the focus will be on strategies to drive exports.

32. The aim will be to open new, and expand existing, markets for the component and spare parts manufacturers through:

- (i) strategic collaboration to access markets and enhance technologies to meet the requirements of the importing countries; and
- (ii) sharing of existing production capacity to increase volume, thus eliminating the need to increase existing production capacity of individual companies.

33. The measures in NAP 2014 aim to increase market access for the domestic automotive industry, promote product recognition and local branding in targeted countries while encouraging transfer of technology.

34. Malaysia's involvement in the bilateral Free Trade Agreement (FTA) with countries such as Japan, India, Pakistan, Australia, Chile and New Zealand as well as the regional arrangements between ASEAN and China, Japan, India, Korea, Australia and New Zealand, have shown positive impact in terms of trade and investment. Through these FTAs, exports of parts and components have increased and there is potential for further improvement.

35. The policies under the Market Expansion thrust include:

- (i) organizing the Automotive Parts & Components International Market Expansion programme (APCIMEX). This programme comprises identifying the major critical factors that are required to be developed to fulfill the export capacity and capability needs within the domestic components manufacturers to enter markets such as ASEAN, China, India, Africa, European Union and North America;
- (ii) provision of Soft Loans amounting to RM126 million for the period of 2014 till 2020 to finance the establishment of Distribution Infrastructure Network (DIN) that serves as an extension plan to the existing promotional and marketing activities under MATRADE. The DIN is a coordinating center in targeted markets and managed by the private sector to undertake activities such as marketing, warehousing, repackaging, logistics, inventory control, customer and technical relations, quality and project management, supplier assessment and others; and
- (iii) enhancing the existing economic and technical cooperation programmes with trade partners under the various bilateral and regional agreements.

D. SUPPLY CHAIN DEVELOPMENT

36. One of the main factors to ensure a competitive domestic automotive industry is operational efficiency and effectiveness. In this regard, the NAP 2014 will focus on efforts to enhance the supply chain development of the domestic component and spare parts manufacturers. This will include improvements in the:

- (i) quality management system;
- (ii) operational management system;
- (iii) business management system; and
- (iv) testing and validation capabilities.

37. The policies under the Supply Chain Development thrust include:

- (i) provision of Soft Loans amounting to RM756 million for the period of 2014 till 2020 for Tool, Dies and Mould manufacturers to develop new tooling. The development cost of a new model is high and 40 per cent of the total cost is due to tooling development activities; and
- (ii) provision of Soft Loans amounting to RM295 million for the period of 2014 till 2020 for components and spares parts manufacturers to enhance their competitiveness through process improvement under activities such as automation, consolidation, joint venture, technical cooperation and others. This allocation is to finance

activities such as pre-commercialization, product and process design.

E. HUMAN CAPITAL DEVELOPMENT

38. The Human Capital Development thrust aims to provide competent and sufficient workforce at all levels to drive the development of the domestic automotive industry. This is necessary to ensure the competitiveness of the domestic automotive industry.

39. The NAP 2014 will focus on enhancing the skills and capability in the area of:

- (i) Leadership;
- (ii) Management;
- (iii) Engineering;
- (iv) Quality;
- (v) Design; and
- (vi) Cost Management.

40. The human capital development plan will enhance the quality of existing programmes at the technician and operator levels. The development of specific skilled labour such as in automated production system will enable the domestic automotive industry to increase the levels of automation and mechanization. This will reduce dependency on the less skilled foreign workers and consequently produce local skilled workers, capable of earning higher income.

41. The policies under the Human Capital Development thrust include:

- (i) MAI will continue, and develop further, the collaboration with the Ministry of Education on the apprenticeship programme , in place since 2012, to accelerate the assimilation of graduates into the domestic automotive industry; and
- (ii) provision of funding amounting to RM100 million for the period of 2014 till 2020 for human capital development programmes such as:
 - a. Dispatching automotive experts to component and spare parts manufacturers;
 - b. Components and spare parts manufacturing technology;
 - c. Lean Production System;
 - d. Leadership Skills;
 - e. Management Capability;
 - f. Engineering Capability;
 - g. Quality Capability;
 - h. Design Capability; and
 - i. Cost Management Capability

F. SAFETY, SECURITY AND ENVIRONMENT

42. In line with Malaysia's commitment to reduce 40 percent carbon intensity by 2020, the Safety, Security and Environment thrust will assist in reducing carbon emission, increase fuel efficiency, preserve the environment and conserve natural resources. The transformation and the initiative to green the overall supply chain of the domestic automotive industry is necessary. This includes activities in the manufacturing and after market sectors.

43. Integral to this trust of the NAP 2014, is the voluntary vehicle inspection programme (VVIP). This is not meant to scrap cars on the basis of the age of the vehicles. The main objective of this measure is to ensure the roadworthiness of the vehicle and that it is safe to be driven.

44. In order to ensure that the VVIP will benefit consumers and the business community, the number of vehicle inspection centres will be increased. This will create new business opportunities. It will also will ensure a competitive vehicle inspection system based on the market demand.

45. In parallel with the establishment of the vehicle inspection centre, is a nation-wide awareness programme on the importance of VVIP. This is being undertaken with the participation of students from the local institutions of higher learning. These activities will be aggressively pursued and expanded..

46. Another equally important aspect of safety and standards has to do with components and spare parts. At present the standards are limited to new components and spare parts. To further strengthen the safety aspects of vehicles, the policy on standards development and implementation will cover used components and spare parts

47. The Safety, Security and Environment thrust will cover the following measures:

- (i) develop Malaysian Standards for safety related new and used components with gradual implementation beginning early 2015;
- (ii) introduce voluntary vehicle inspection programme through an annual vehicle inspection for passenger vehicles aged 5 years and above;
- (iii) adopt global 3R (Reduce, Reuse, Recycle) standard as Malaysian Standards effective 1st January 2015 to monitor 3R related activities for each model introduced. At present, the EU has introduced a 3R standard via its EC 3R Directive.
- (iv) encourage participation from the private sector as Technical Service Providers (TSPs) for the full implementation of Vehicle Type Approval. The Road Transport Department (RTD) will monitor this measure.

And customized incentives will be provided to qualified TSPs.

G. BUMIPUTERA Participation

48. To strengthen Bumiputera participation in the national economy, the NAP 2014 will include measures to create globally competitive Bumiputera entrepreneurs. These measures will emphasize fundamental aspects such as development of human capital, supply chain of components and spare parts and technology.

49. To increase the participation of Bumiputera's companies in the automotive industry, NAP 2014 has outlined the following measures:

- (i) provide funding amounting to RM75 million for the period of 2014 till 2020 to increase the competitiveness of Bumiputera companies in technology, human capital and supply chain development; and
- (ii) support vehicle manufacturers and after market businesses to ensure active participation of Bumiputera companies in the automotive industry.

H. NATIONAL PROJECTS

50. To ensure the sustainable development of the domestic automotive industry, the Government has taken various initiatives

to support and assist the domestic automotive players including the national car projects by providing financial and non-financial incentives. Amongst the financial assistance provided by the Government are the Automotive Development Fund, Soft Loans for Automation and Modernisation, Industry Linkages Programme and Tool, Die and Mould (TDM) programme. Non-financial support include various capacity building programmes such as MAJAICO (in full), Apprentice, Automotive Industrial Certification Engineering and Lean Production System.

51. The Government has also provided incentives to ensure the success of the national projects. PROTON, PERODUA and MODENAS had made significant investments and had contributed to the development of the domestic automotive industry. As a result, more than 500 components and spare parts manufacturers were established providing more than 180,000 employment opportunities. PROTON, PERODUA and MODENAS also provided an additional 30,000 employment opportunities.

As such, in the NAP 2014 the Government will continue to support the existing national projects. The support will include activities for market expansion, productivity and quality improvement, cost reduction and development of supply chain in line with the respective company's transformation plan.

I. NAP 2014 ROADMAP

52. To ensure that the measures outlined in the NAP 2014 are effectively implemented, several roadmaps for the development of domestic automotive industry have drawn up.

53. These roadmaps will provide guidelines to industry stakeholders. The roadmaps include:

(i) Malaysia Automotive Technology Roadmap (MATR)

The MATR details out the latest green technology trends and outlook. The roadmap also includes the rationalization guidelines for the automotive industry tax structure.

(ii) Malaysia Automotive Supply Chain Development Roadmap

The Supply Chain Development Roadmap aims to continuously enhance the operational effectiveness and efficiency of the components and spare parts manufacturers. The roadmap consists of measures to improve quality management systems, operation and business management as well as to enhance capability in product testing and validation.

(iii) Malaysia Automotive Human Capital Development Roadmap

The Human Capital Development Roadmap outlines a plan for developing competent and adequate workforce at all levels within the automotive industry. This roadmap also focuses on improving the quality of existing programmes for technicians and operators at the local training institutions. This roadmap also includes plans to develop specific local skilled manpower in product automation and manufacturing of hybrid components, engine and transmissions systems.

(iv) Malaysia Automotive Remanufacturing Roadmap

The Remanufacturing roadmap outlines detailed criteria of remanufacturing, standards and best practices to be adopted by the domestic automotive players to make Malaysia as the centre of automotive remanufacturing in ASEAN. The roadmap also provides guidelines to optimize recyclability and recoverability levels of used components.

(v) Malaysia Automotive Bumiputera Development Roadmap

The roadmap focuses on activities related to development of technology, human capital and supply chain to enhance the competitiveness of the Bumiputera companies in the

domestic automotive industry. This initiative is in line with the Government's efforts to create globally competitive Bumiputera entrepreneurs.

(vi) Development of Automotive Authorized Treatment Facilities (ATF) Framework

The ATF framework serves as a guideline to transform the automotive after-market businesses in the effort to develop a complete automotive industry that is sustainable.

54. These roadmaps will be under the supervision of the Ministry of International Trade and Industry (MITI) and the Malaysia Automotive Institute (MAI) will coordinate and implement programmes as outlined.

J. AUTOMOTIVE INDUSTRY COORDINATION

55. MITI shall be the leading ministry to coordinate the implementation of the NAP 2014 and other policies related to the automotive industry.

56. The Malaysian Automotive Council is to be established to oversee the implementation of NAP. The Minister of MITI shall appoint the Chairman and members of the MAC and MAI shall act as the secretariat to the MAC.

K. MEASURES IN NAP 2009 THAT ARE MAINTAINED

57. There are several measures in the NAP 2009 that are maintained in the NAP 2014. These measures include:

- (i) the freeze on Manufacturing License issuance for rebuilt of commercial vehicles is maintained;
- (ii) provision of 100 per cent Investment Tax Allowance or Pioneer Status for a period of 10 years for the manufacturing of hybrid and electric vehicles;
- (iii) provision of 100 per cent Pioneer Status for a period of 10 years or 100 per cent Investment Tax Allowance for a period of 5 years for the manufacturing of value added and highly critical components.

TARGET OF NAP 2014

58. In 2020, the targets for the domestic automotive industry are:

Production and Exports

(i) Motor Vehicles

- (a) Total Production Volume (TPV) of 1.35 million units of motor vehicles annually (2013 Forecast: 580,000 units) where 1.15 million units are EEV;
- (b) Total Industry Volume (TIV) of 1 million units for passenger vehicles annually (2013 Forecast: 652,210 units) and 100,000 units for commercial vehicles;
- (c) Exports of 250,000 units vehicle per year (2013 Forecast: 20,000 units).

(ii) Motorcycles

Total Production Volume of 800,000 units of motorcycle annually (2013 Forecast: 430,000 units) where 650,000 units are EEV.

(iii) Automotive Components

Export value of more than RM10 Billion per year.

(iv) Remanufacturing and Recycling Automotive Components

Export value of more than RM2 Billion per year.

Employment Opportunities

59. For the development of human capital, it is targeted that the NAP 2014 will generate more than 150,000 new job opportunities in the manufacturing and after-sales and service sector i.e., 70,000 in manufacturing sector and 80,000 in the after-sales and services sector. At present, there are about 550,000 employees in the domestic automotive industry.

Reduction of Foreign Workers

60. By 2020, it is expected that local skilled and semi-skilled workers will replace 80% of the foreign workers in the manufacturing sector.

Development of Global Standard Vendors

61. Supply chain development:

- (i) To upgrade 180 vendors to achieve level five vendor capability according to global definition;
- (ii) To upgrade 150 vendors to achieve level four vendor capability according to global definition;
- (iii) To upgrade 100 vendors to achieve level three vendor capability according to global definition;

Technology Development

- (i) Establishment of two automotive specialized design and engineering centres;
- (ii) Establishment of a full fledged Vehicle Type Approval (VTA) testing center;
- (iii) Establishment of a Vehicle User Solution Center;
- (iv) Malaysia as the preferred destination (for investment, research, technology adoption and human capital development) in areas related to Green Powertrain Technology, Advanced Automotive Manufacturing and Low carbon manufacturing process.

Other Benefits

62. Development of new industries for automotive and non-automotive supply chain as follows:

- (i) High precision and engineering industries;
- (ii) Design engineering and prototyping industries;
- (iii) Foundry and casting industries;
- (iv) Aluminum and Non Ferrous Casting industries;
- (v) Vehicle sub-system and component testing industries;
- (vi) Automotive grade steel industry; and
- (vii) Engineering Plastic industry.

CONCLUSION

63. The automotive industry is important to Malaysia. In 2012, it contributed 3.2 % to GDP, accounted for RM5.3 billion in exports of, investments of RM5 billion (January-October 2013: RM3 billion) and a workforce of 550,000. It is forecast that the industry will contribute 10 per cent to the country's GDP in 2020 where the vehicle production is expected to increase to 1.35 million units. In terms of employment, the automotive industry is expected to create an additional 150,000 employment opportunities by 2020.

64. To ensure a sustainable automotive industry, the Government will take various measures to ensure that the automotive industry is competitive, domestically and globally. In addition to introducing measures that are aligned to global and regional technology changes and developments, the NAP 2014 also aims to make Malaysia the regional EEV hub by the year 2020.