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**2020/AD/CB/009**  
Agenda Item: 4.04

## **Malaysia Update on Automotive Industry Situation and Market Development**

Purpose: Information  
Submitted by: Malaysia



**Capacity Building and Economy Updates on Market  
Access in Auto Industry Impacted by COVID-19  
Meeting of the 32<sup>nd</sup> Automotive Dialogue  
28 August 2020**



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**Advancing  
Free Trade for Asia-Pacific  
Prosperity**

# **32<sup>nd</sup> APEC AUTOMOTIVE DIALOGUE**

**28 August 2020**

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**Malaysia:  
Updates on Industry Situation & Market Development**

# CONTENT



- 1. Current Market Situation**
- 2. Challenges for Automotive Industry**
- 3. Strategies for the Automotive Industry**
- 4. Market Outlook for 2020**



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# 1. Current Market Situation

# SNAPSHOT OF THE MOTOR VEHICLE INDUSTRY 2019

**TOTAL INDUSTRY VOLUME (TIV)**  
**604,287**



**TOTAL PRODUCTION VOLUME (TPV)**  
**571,632**



**EEV PENETRATION**  
**87.6%**



**TOTAL EXPORTS**  
CBU : 1.03 Bil  
P&C : 14.42 Bil



**VENDORS  
WITH SCL 3 AND  
ABOVE  
(2014-2018)**



**TOTAL JOBS  
CREATED**



**GROSS DOMESTIC  
PRODUCT (GDP)**

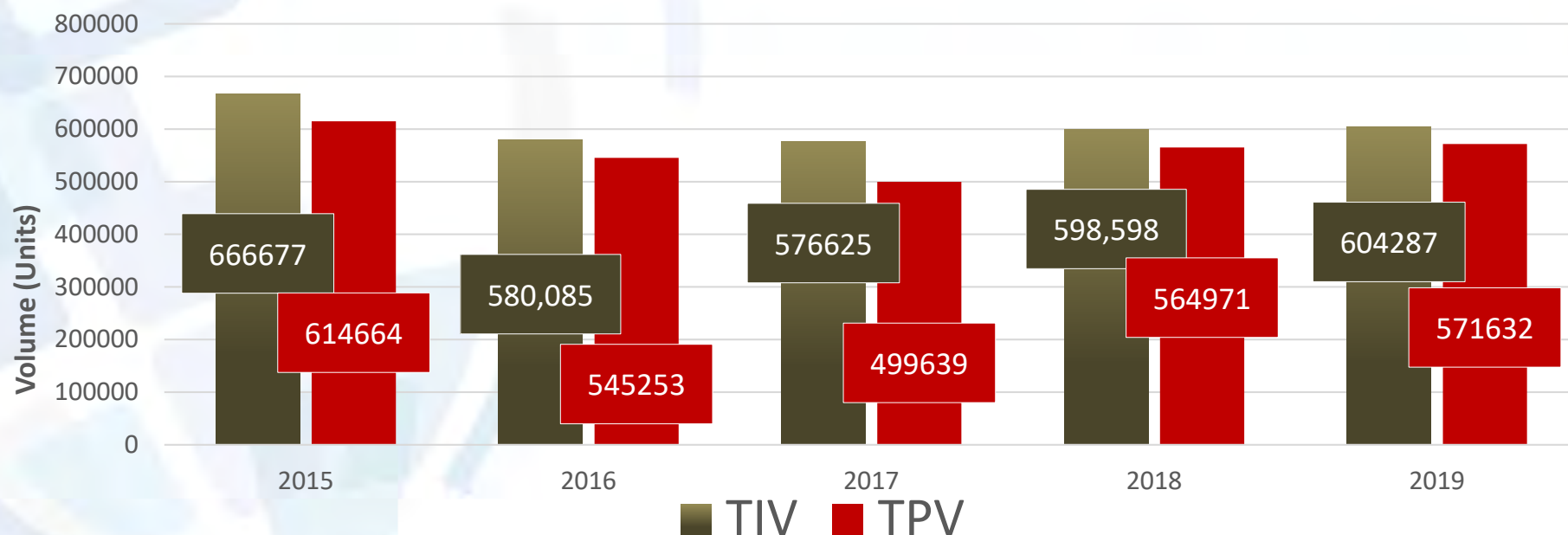
**EST 4.3%**



**TOTAL INVESTMENT  
(2014-2019)**

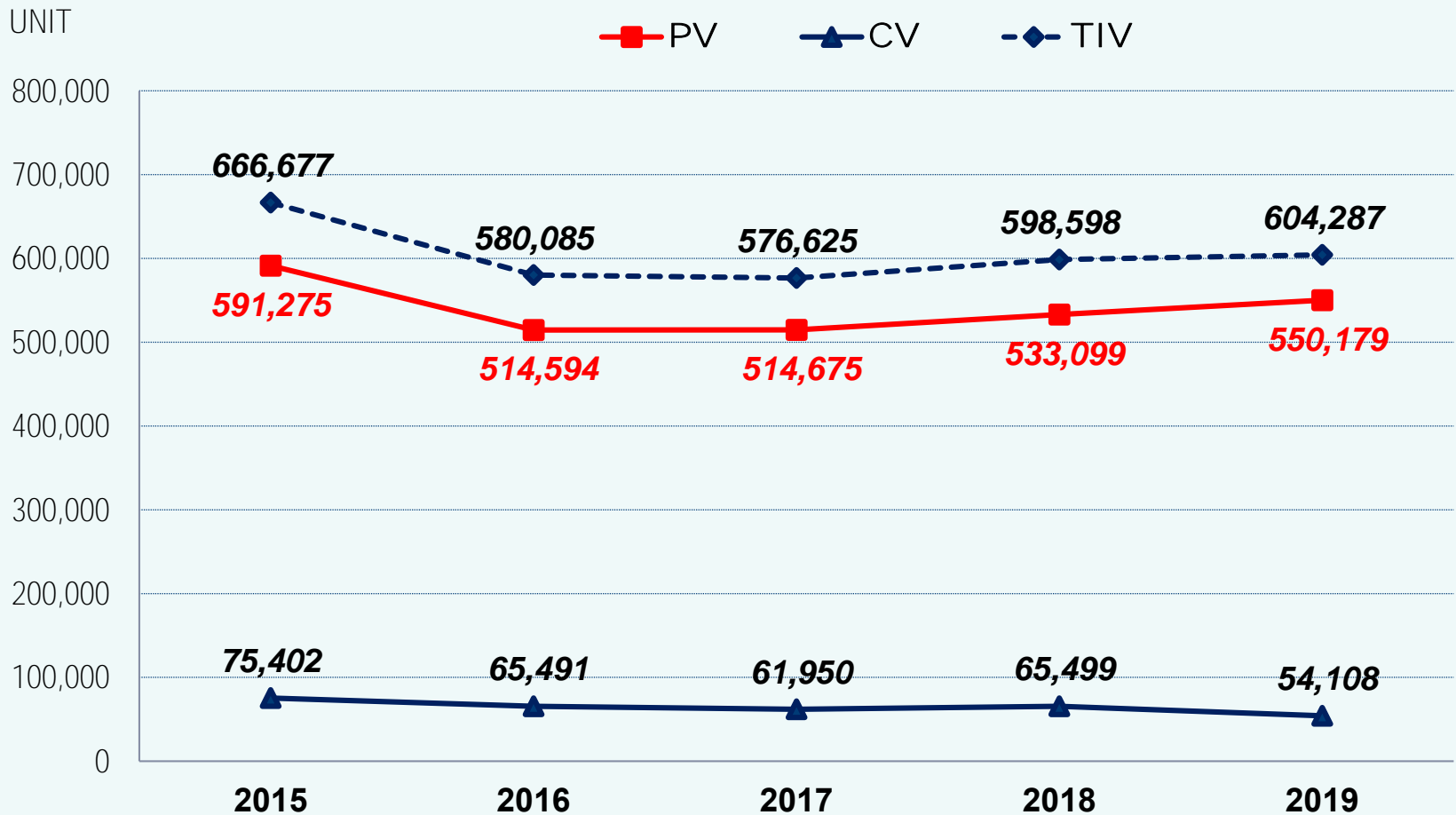
**RM 15.55Bil**

# MOTOR VEHICLES: OVERALL PERFORMANCE TIV & TPV (2015 – 2019)



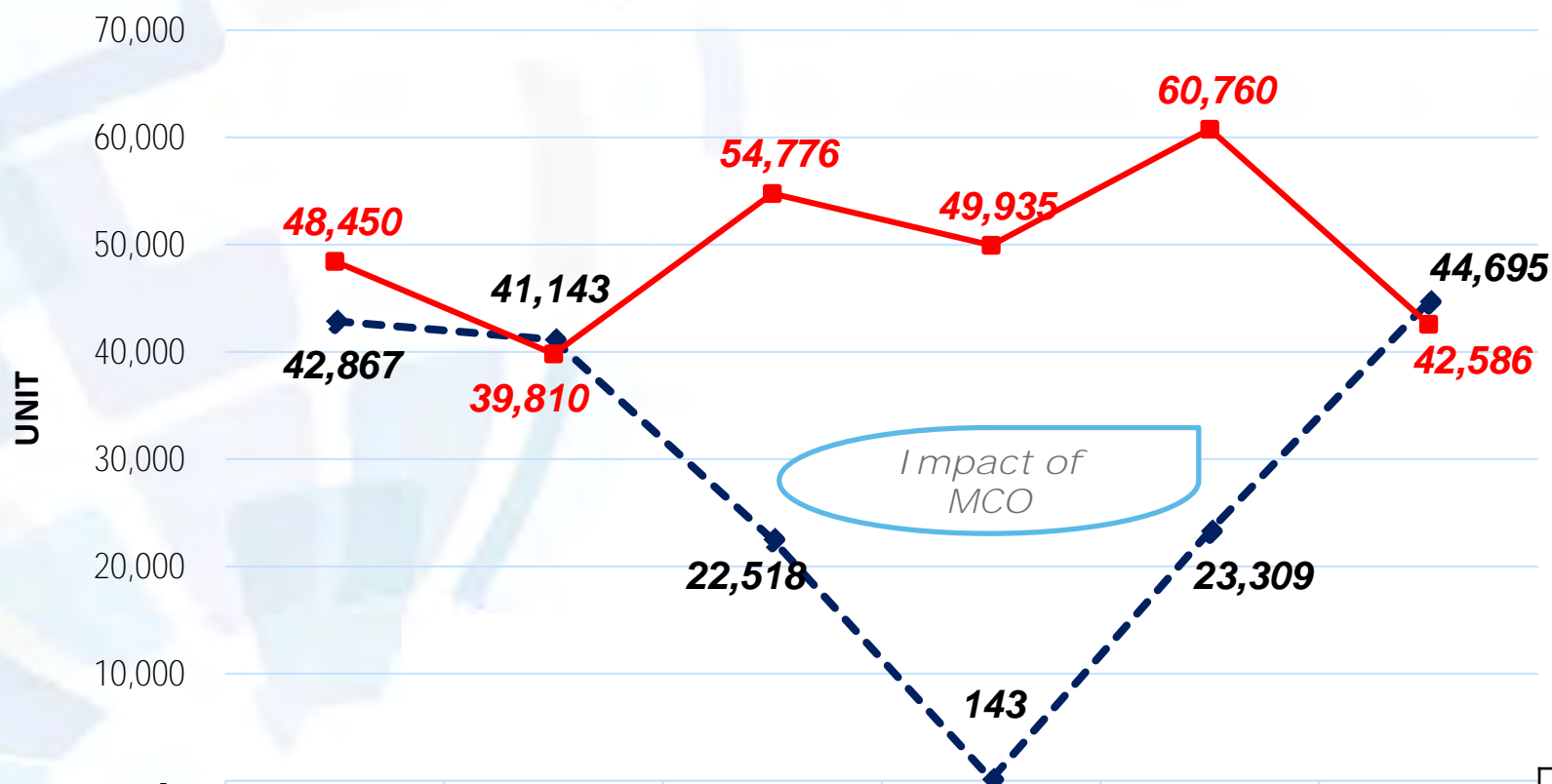
	2015	2016	2017	2018	2019
TIV	666,677	580,124	576,625	598,714	604,287
TPV	614,664	545,253	499,639	564,971	571,632
TIV:TPV	92%	94%	87%	94%	95%

# MOTOR VEHICLES: TOTAL INDUSTRY VOLUME (TIV), 2015-2019



Source: Malaysia Automotive Association (MAA)

# MOTOR VEHICLES: TIV 1H2020 vs. 1H2019; BY MONTH

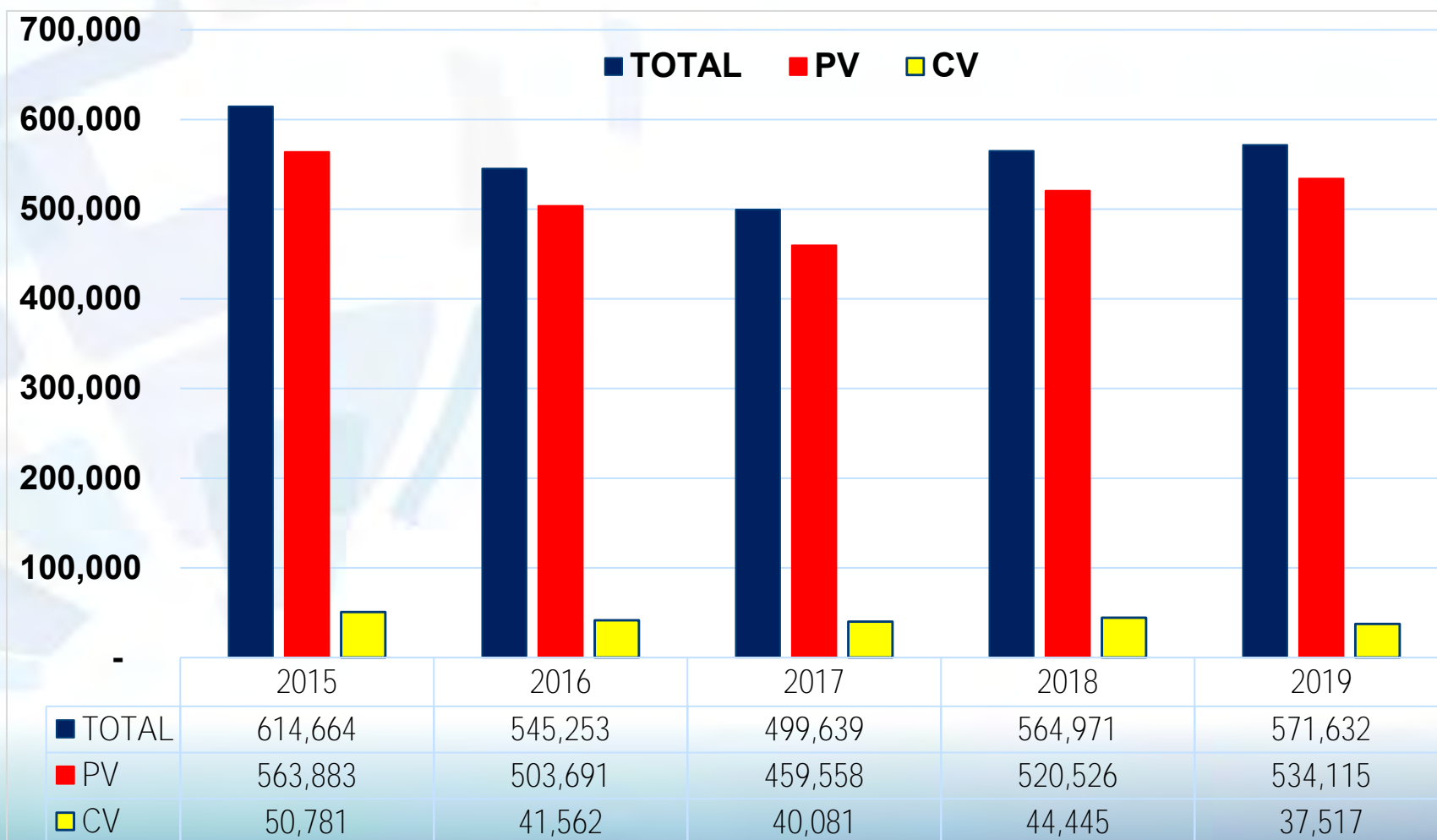


	Jan	Feb	Mar	Apr	May	Jun	TOTAL
◆- - TIV 2020	42,867	41,143	22,518	143	23,309	44,695	174,675
■- - TIV 2019	48,450	39,810	54,776	49,935	60,760	42,586	296,317
Difference	(5,583)	1,333	(32,258)	(49,792)	(37,451)	2,109	(121,642)

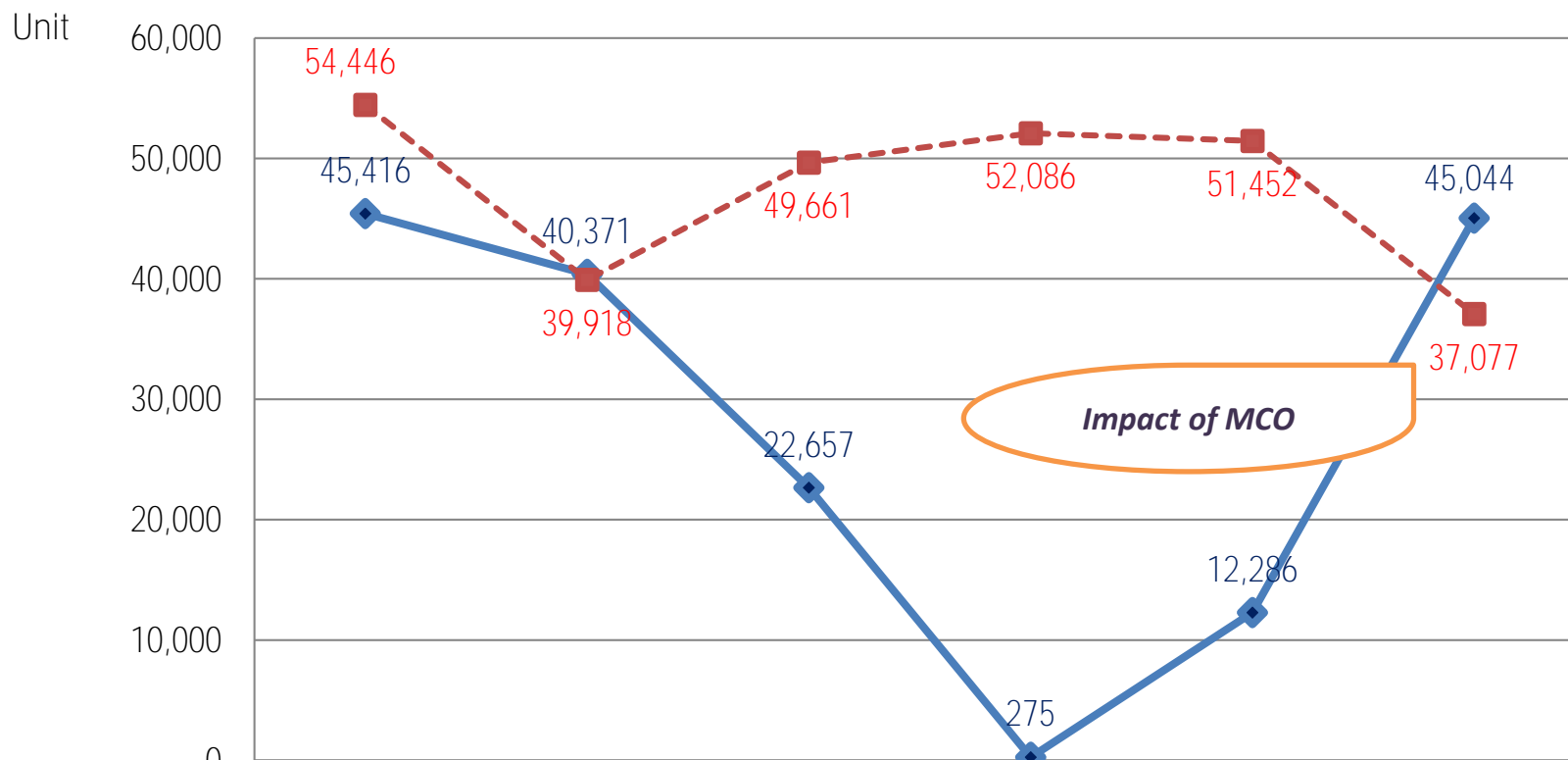
# MOTOR VEHICLES: TOTAL PRODUCTION VOLUME (TPV) 2015 TO 2019



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# MOTOR VEHICLES: TPV 1H2020 vs. 1H2019; BY MONTH



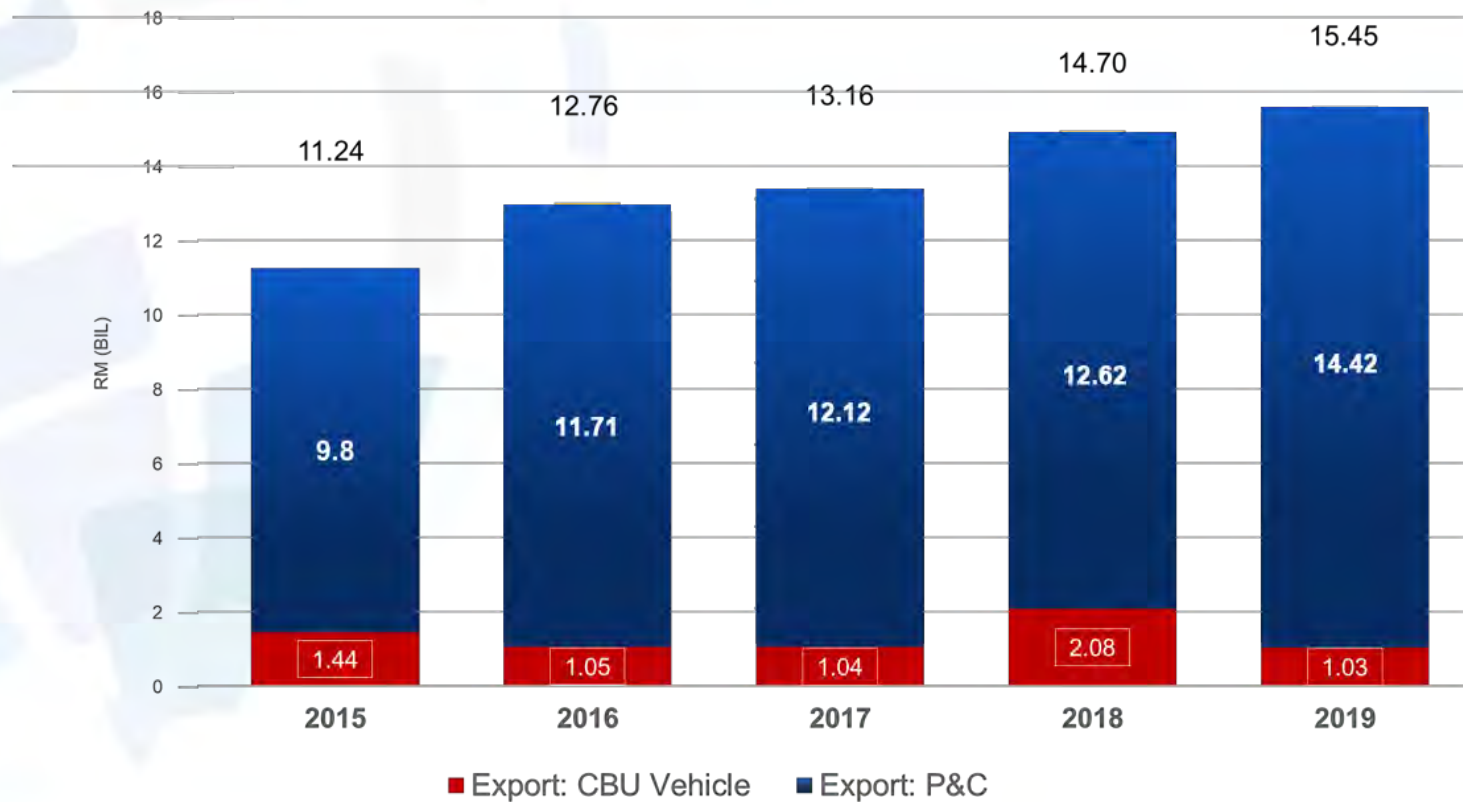
	Jan	Feb	Mar	Apr	May	Jun	TOTAL
TPV 2020	45,416	40,371	22,657	275	12,286	45,044	166,049
TPV 2019	54,446	39,918	49,661	52,086	51,452	37,077	284,640
Difference	(9,030)	453	(27,004)	(51,811)	(39,166)	7,967	(118,591)

# MOTORCYCLES: 1H2020 VS. 1H2019

			VARIANCE	
	JAN-JUNE 2020	JAN-JUNE 2019	UNITS	%
<b>Production</b>	<b>181,223</b>	<b>258,784</b>	<b>(77,561)</b>	<b>(30)</b>
<b>Sales</b>	<b>187,444</b>	<b>257,480</b>	<b>(70,036)</b>	<b>(27.2)</b>

Source: Motorcycle & Scooter Assemblers And Distributors Association of Malaysia (MASAAM)

# EXPORT P&C AND CBU



	2015	2016	2017	2018	2019
Exp : P&C	9.80	11.71	12.12	12.62	14.42
Exp : CBU Vehicles	1.44	1.05	1.04	2.08	1.03

## 2. Challenges for Automotive Industry

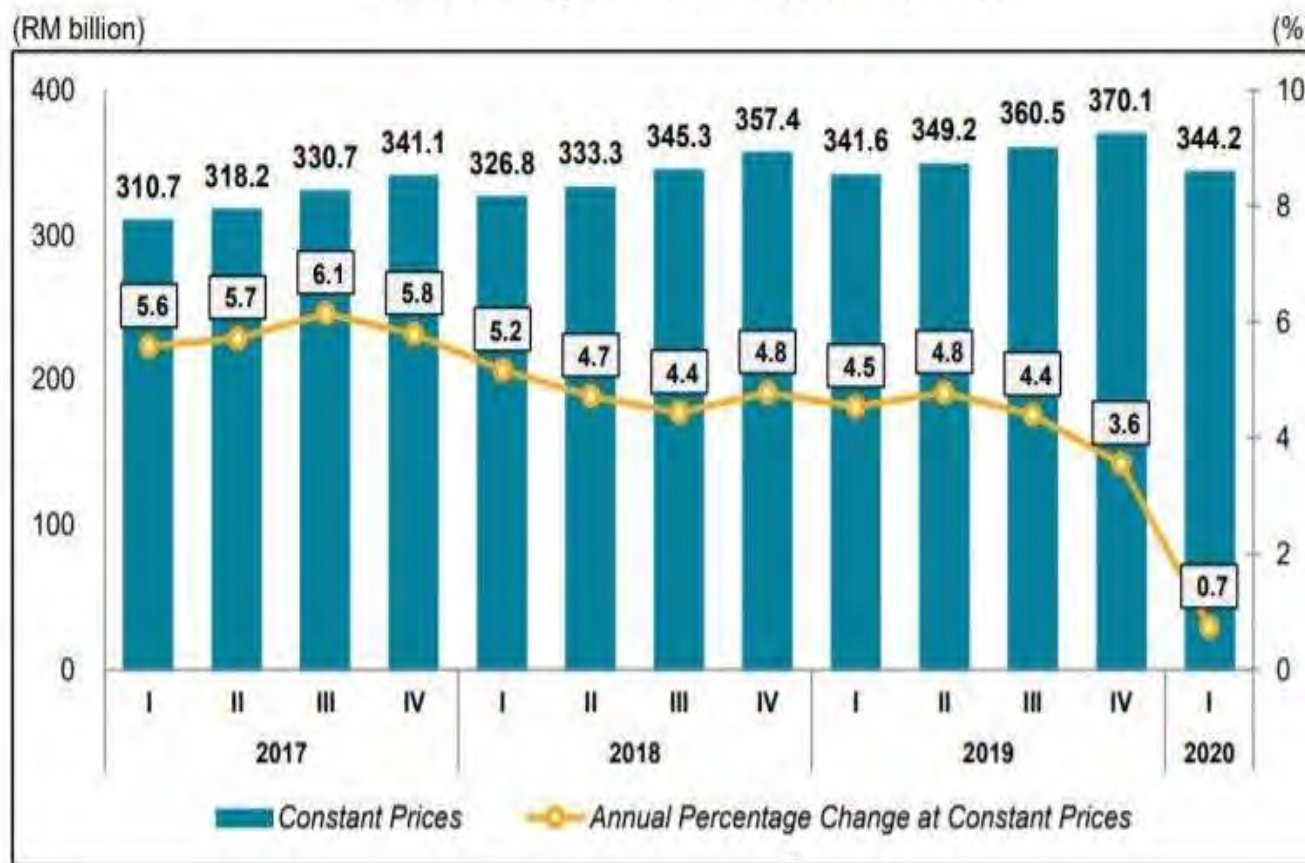
### COVID-19 Effect

- TIV and TPV reduction
- Disruption of global and domestic supply chain (difficulty in importing and exporting components and parts)



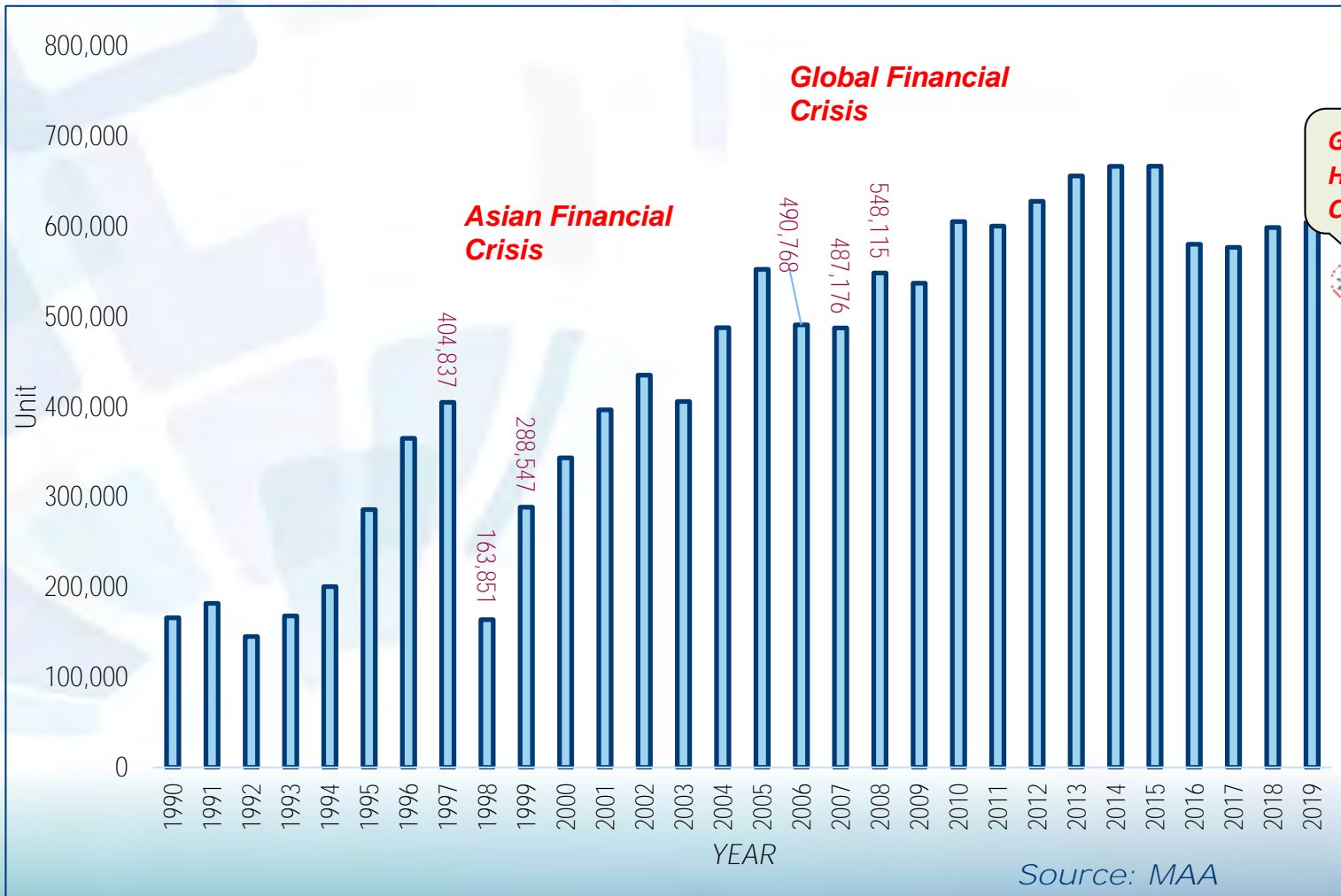
# Malaysia's GDP Growth

Chart 1: Malaysia's GDP Q1 2017 – Q1 2020



**Malaysia's GDP growth for 2020 between (-3.5 to -5.5%)**

# Strong correlation between the economic performance and TIV



Source: MAA

**Impact of  
COVID-19  
pandemic  
on TIV**

### **3. Strategies for the Automotive Industry**

- **Economic Recovery Plan**
- **Key Strategies and Directions of NAP 2020**

# ECONOMIC STIMULUS PACKAGES



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## penjana

Pelan Jana Semula Ekonomi Negara

### Building the Economy Together



Supporting the economy  
to operate in the New Normal  
via 3 thrusts



# Highlights of initiatives

## EMPOWERING THE PEOPLE

- Wage Subsidy
- Hiring and training assistance
- Reskilling and upskilling
- Gig economy social protection
- Childcare subsidy
- Flexible work incentive
- Social assistance for vulnerable
- Internet connectivity

## PROPEL BUSINESSES

- eCommerce campaign
- Technical and digital adoption
- Financing and liquidity support
- Spur Set Up of New Businesses
- One Stop Shop
- Tax Relief for COVID-19 Related Expenses
- Social Enterprises Elevation

## STIMULATE THE ECONOMY

- National Technology and Innovation Sandbox
- Digitalisation of Government Service Delivery
- Incentives for Property Sector
- Tax Incentives for Purchase of Passenger Cars
- National “Buy Malaysia” Campaign

# Tax Incentives for Purchase of Passenger Cars



From 15 June 2020 to 31 December 2020

- i. Exempt sales tax up to 100 per cent for completely-knocked down (CKD) passenger vehicles ; and
- ii. 50 per cent on completely built up cars (CBU).

# STRATEGIES FOR THE AUTOMOTIVE INDUSTRY

## - Key Strategies and Directions of NAP 2020



### STRATEGIES AND DIRECTION

DIRECTION			STRATEGIES		
Technology & Engineering	Investment	Market Expansion	Value Chain Development	Human Capital Development	Safety, Environment and Consumerism
To expand the EEV technology and engineering of the automotive sector to NxGV, MaaS and IR4.0 in unison.	To introduce initiatives that can attract strategic investments and high technology adaptations in line with NAP 2020's technology thrust to ensure the sustainability of the automotive industry's competitiveness in tandem with the development of global technology.	To focus the market expansion of local automotive industry including companies in the aftersales and service sector.	To enhance supply chain competitiveness and become more competitive in the pursuit of high quality products that meet the standards of vehicle manufacturer and consumer needs.	To develop human capital in tandem with the development of current and future automotive technology.	<p>To promote the adoption of a new, more environmental friendly elements of technologies that will address the issue of pollution.</p> <p>To emphasise on the safety of vehicles and consumers.</p> <p>To include consumerism element to protect consumer rights.</p>
<b>Next Generation Vehicle</b>					
<b>Mobility as a Services</b>					
<b>Industrial Revolution (IR) 4.0</b>					

# STRATEGIES FOR THE AUTOMOTIVE INDUSTRY

## - Key Strategies and Directions of NAP 2020

### NEW ELEMENTS OF NAP 2020

#### Next Generation Vehicle (NxGV)



##### Next Generation Vehicles

- Energy efficient powertrains
- Advanced driving capabilities
- Connected Vehicles

#### Mobility as a Service (MaaS)



##### Mobility as a Service

- Transportation that is consumed as a service
- Preparing for new ownership models

#### Industrial Revolution 4.0 (IR4.0)



##### Industry 4.0

- Smarter and leaner manufacturing
- Businesses that are future-proof
- Competitive in global markets

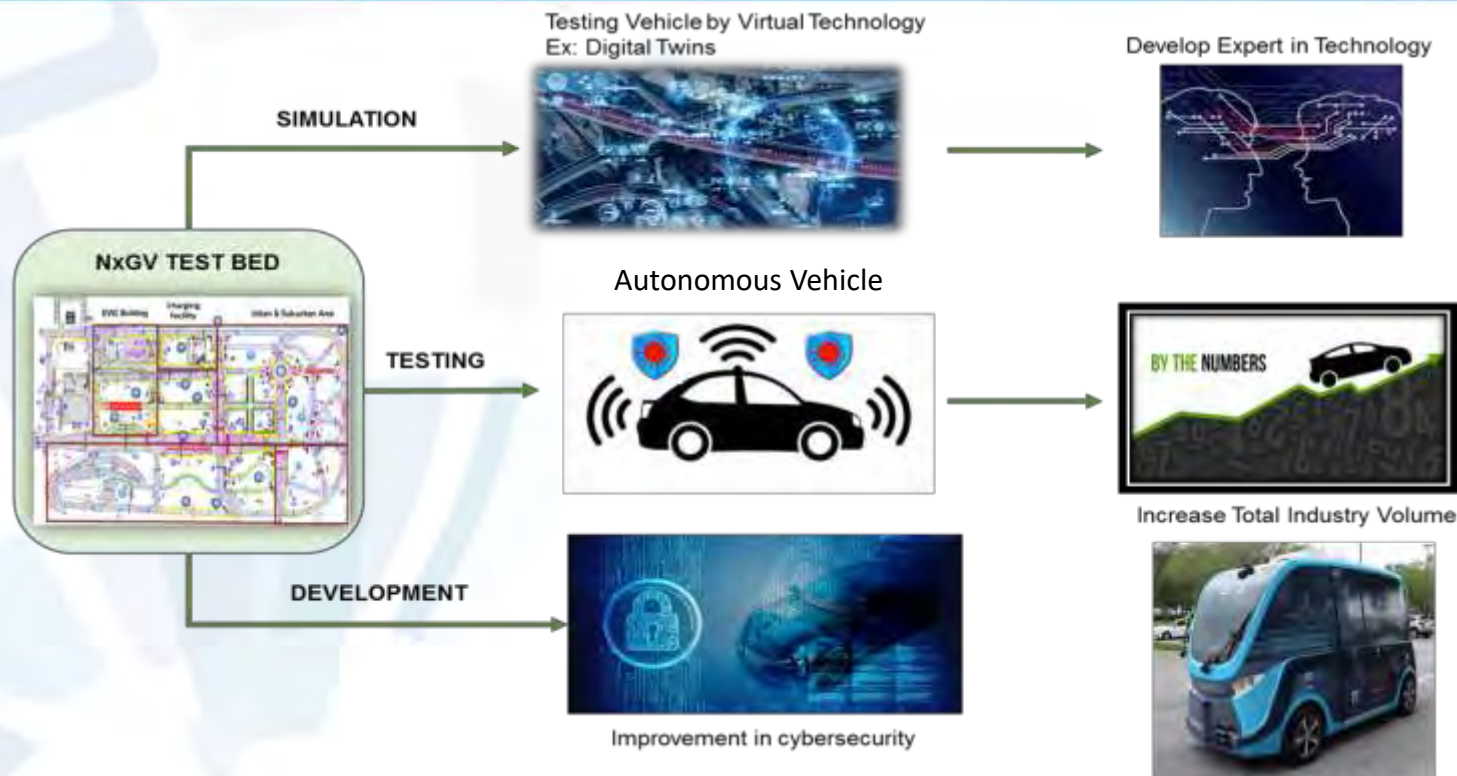
INTEGRATION OF SERVICES AND ELECTRIC & ELECTRONIC (E&E) SECTOR IN THE AUTOMOTIVE SECTOR

# STRATEGIES FOR THE AUTOMOTIVE INDUSTRY

## Way Forward : Development of NxGV



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- NxGV Test Bed will support the development of Autonomous Vehicle of which will establish limited contact Vehicle.
- This development of simulation testing will develop the expertise as well as create new services.
- Malaysia is undertaking development of NxGV Test Bed.

# STRATEGIES FOR THE AUTOMOTIVE INDUSTRY

## Way Forward : MaaS deployment

The listed technology below is the focus and critical technology that need to be develop towards creating a connected mobility ecosystem as well as MaaS.

- **Big Data Analytics (BDA)**
- **Internet of Thing (IoT)**
- Additive Manufacturing
- Advanced Material
- Battery Management System (BMS)
- Thermal Management System (TMS)
- Battery Pack and Capacity
- Recycling Process
- Light Detection and Ranging (LIDAR)
- **Cloud computing**
- **Cybersecurity**
- **System Integrator**
- **Artificial Intelligence (AI)**
- On-boards Charging
- Charging Infrastructure





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## 4. Market Outlook for 2020

# MALAYSIA'S GDP GROWTH



PERIOD	GROWTH
<b>2019 (Actual)</b>	<b>4.3%</b>
<b>1Q 2020 (Actual)</b>	<b>0.7%</b>
<b>2020 (Forecast)</b>	<b>-3.5% to -5.5%</b>

Source: BNM

# FORECAST OF MOTOR VEHICLE'S TOTAL INDUSTRY VOLUME



MARKET SEGMENT	2020 (FORECAST)	2019 (ACTUAL)	VARIANCE	
			UNITS	%
Passenger Vehicles	427,700	550,179	(122,479)	(22.3)
Commercial Vehicles	42,300	54,108	(11,808)	(21.8)
Total Vehicles	470,000	604,287	(134,287)	(22.2)

Source: Malaysia Automotive Association (MAA)