



**Asia-Pacific
Economic Cooperation**

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

32nd APEC AUTOMOTIVE DIALOGUE

28 August 2020

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

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- 2. Challenges for Automotive Industry**
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1. Current Market Situation

SNAPSHOT OF THE MOTOR VEHICLE INDUSTRY 2019



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TOTAL INDUSTRY VOLUME (TIV)
604,287



TOTAL PRODUCTION VOLUME (TPV)
571,632



EEV PENETRATION
87.6%



**RM 15.45
BIL**

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



GROSS DOMESTIC
PRODUCT (GDP)
EST 4.3%



**423
COMPANIES**

VENDORS
WITH SCL 3 AND
ABOVE
(2014-2018)



TOTAL INVESTMENT
(2014-2019)
RM 15.55Bil



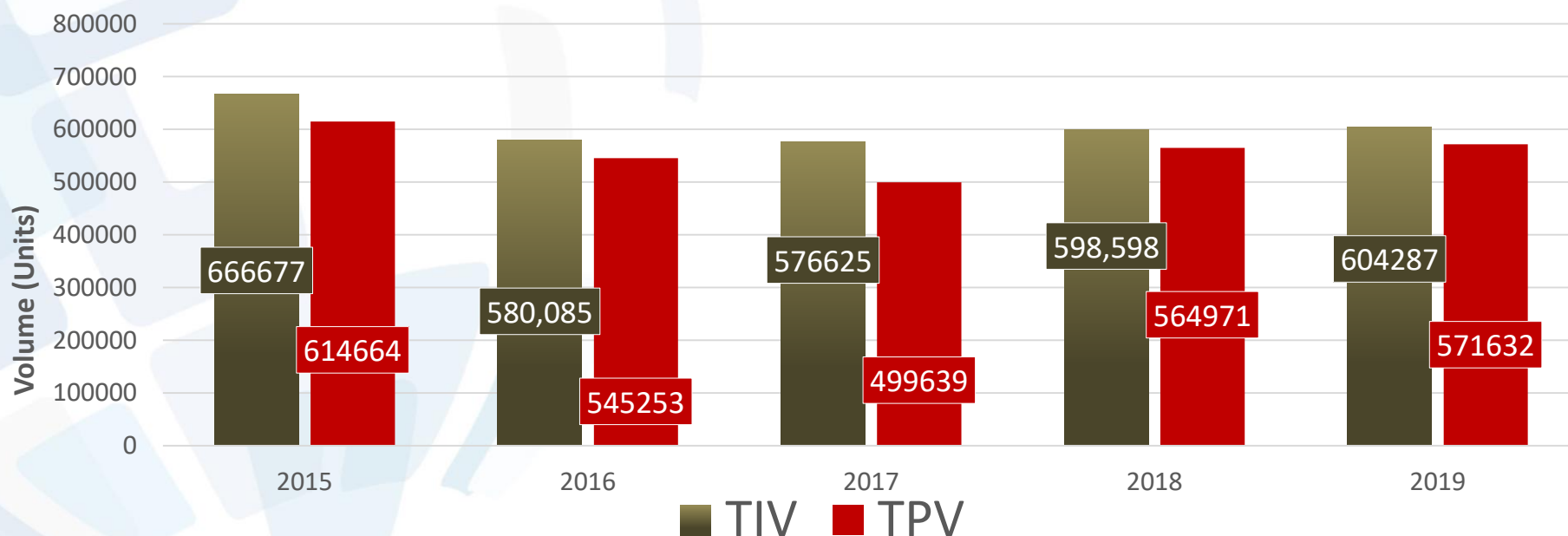
65,388

TOTAL JOBS
CREATED

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

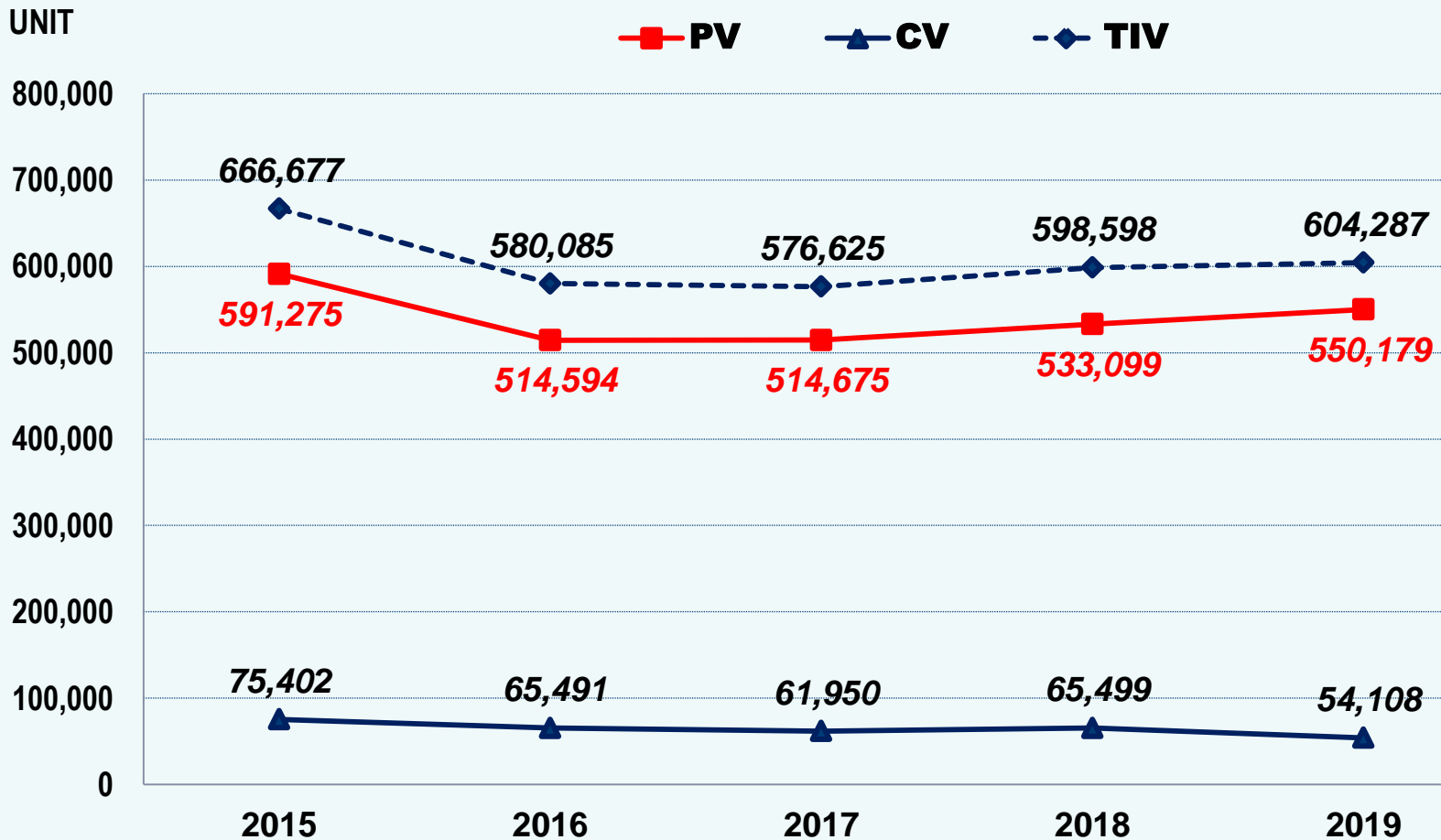


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| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------|---------|---------|---------|---------|---------|
| TIV | 666,677 | 580,124 | 576,625 | 598,714 | 604,287 |
| TPV | 614,664 | 545,253 | 499,639 | 564,971 | 571,632 |
| TIV:TPV | 92% | 94% | 87% | 94%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

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

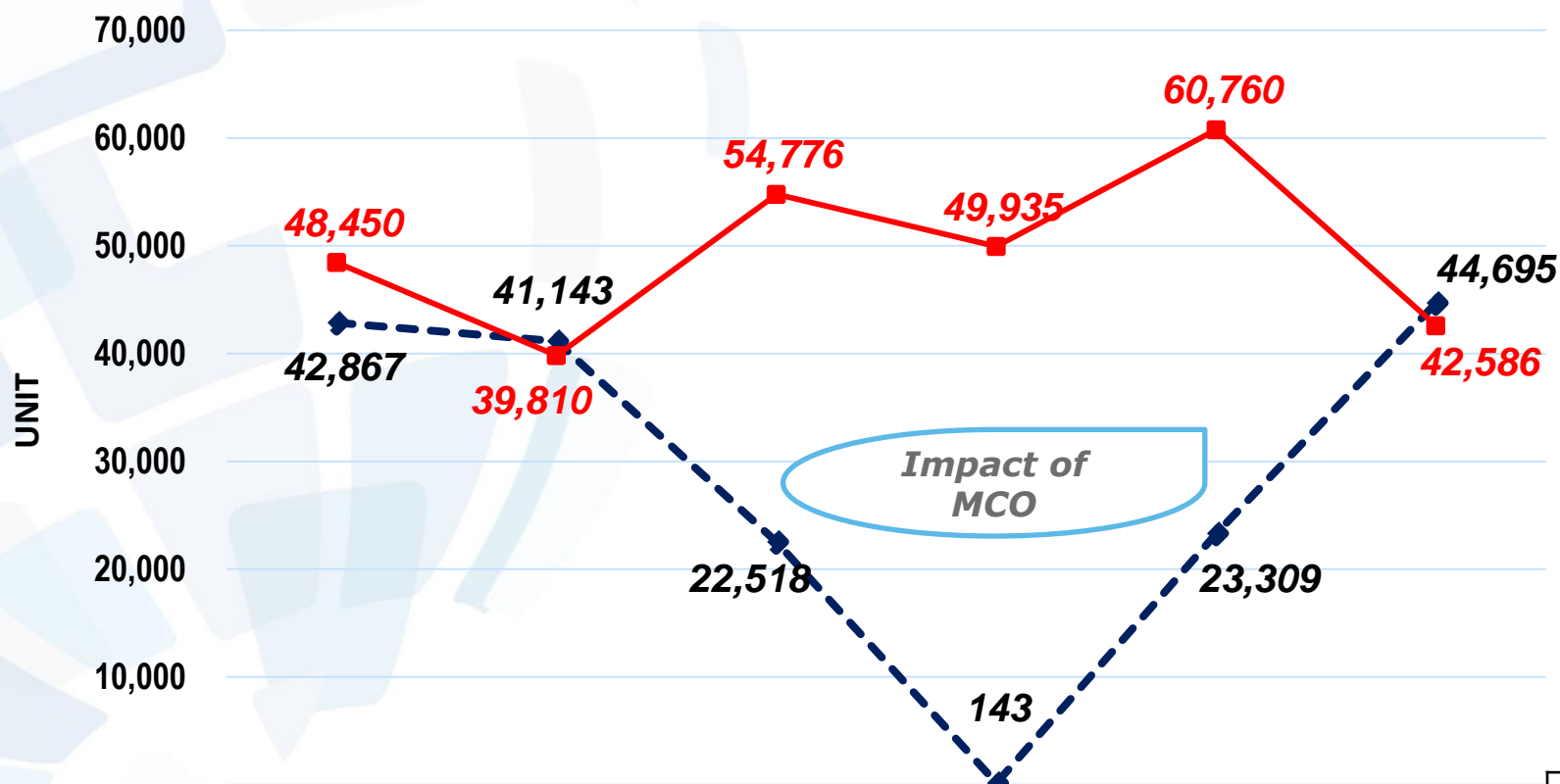


Source: Malaysia Automotive Association (MAA)

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



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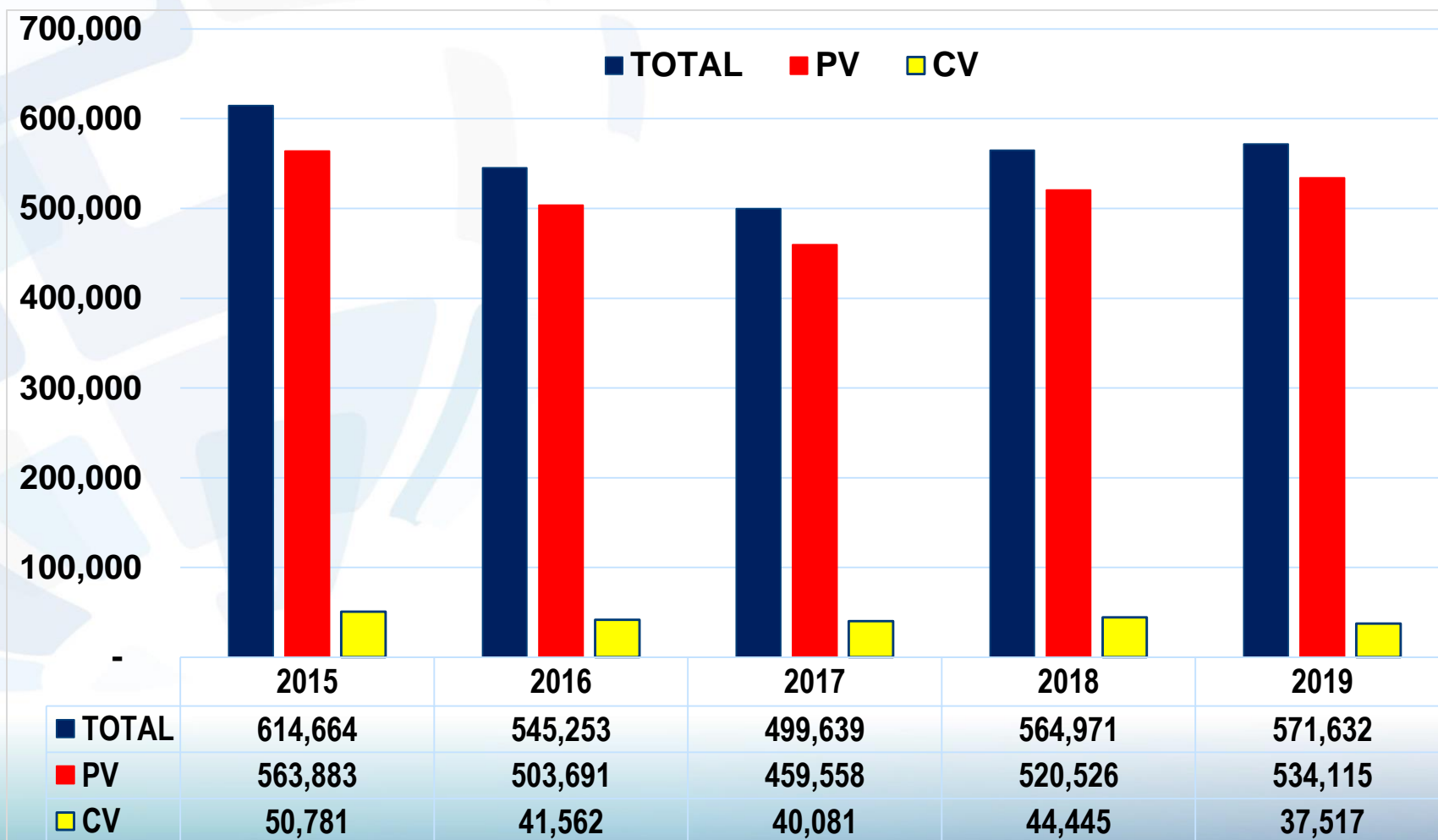


| | Jan | Feb | Mar | Apr | May | Jun | TOTAL |
|--------------|---------|--------|----------|----------|----------|--------|-----------|
| ◆ - TIV 2020 | 42,867 | 41,143 | 22,518 | 143 | 23,309 | 44,695 | 174,675 |
| ■ - TIV 2019 | 48,450 | 39,810 | 54,776 | 49,935 | 60,760 | 42,586 | 296,317 |
| Difference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

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



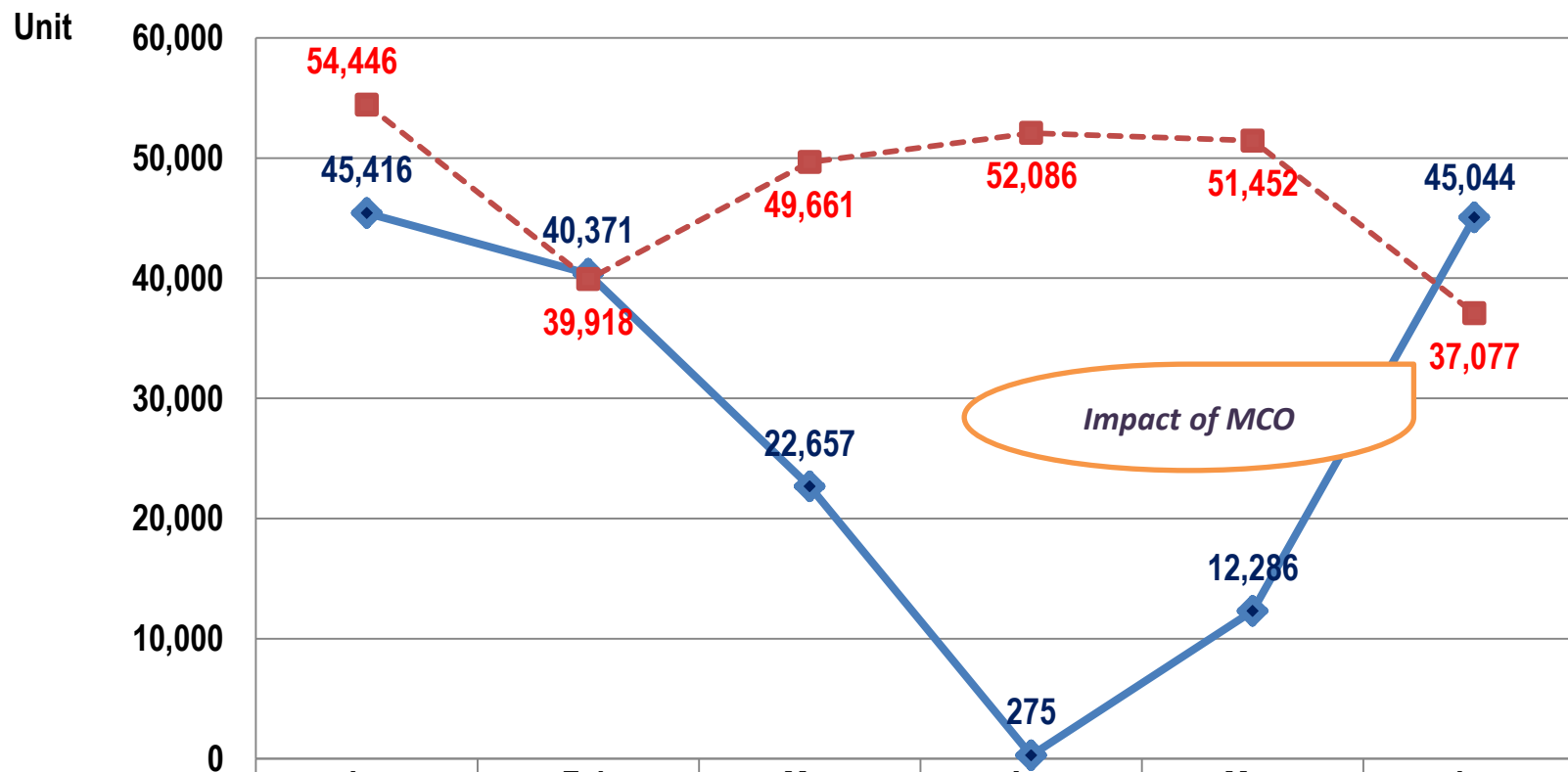
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MOTOR VEHICLES: TPV 1H2020 vs. 1H2019; BY MONTH



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| | 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



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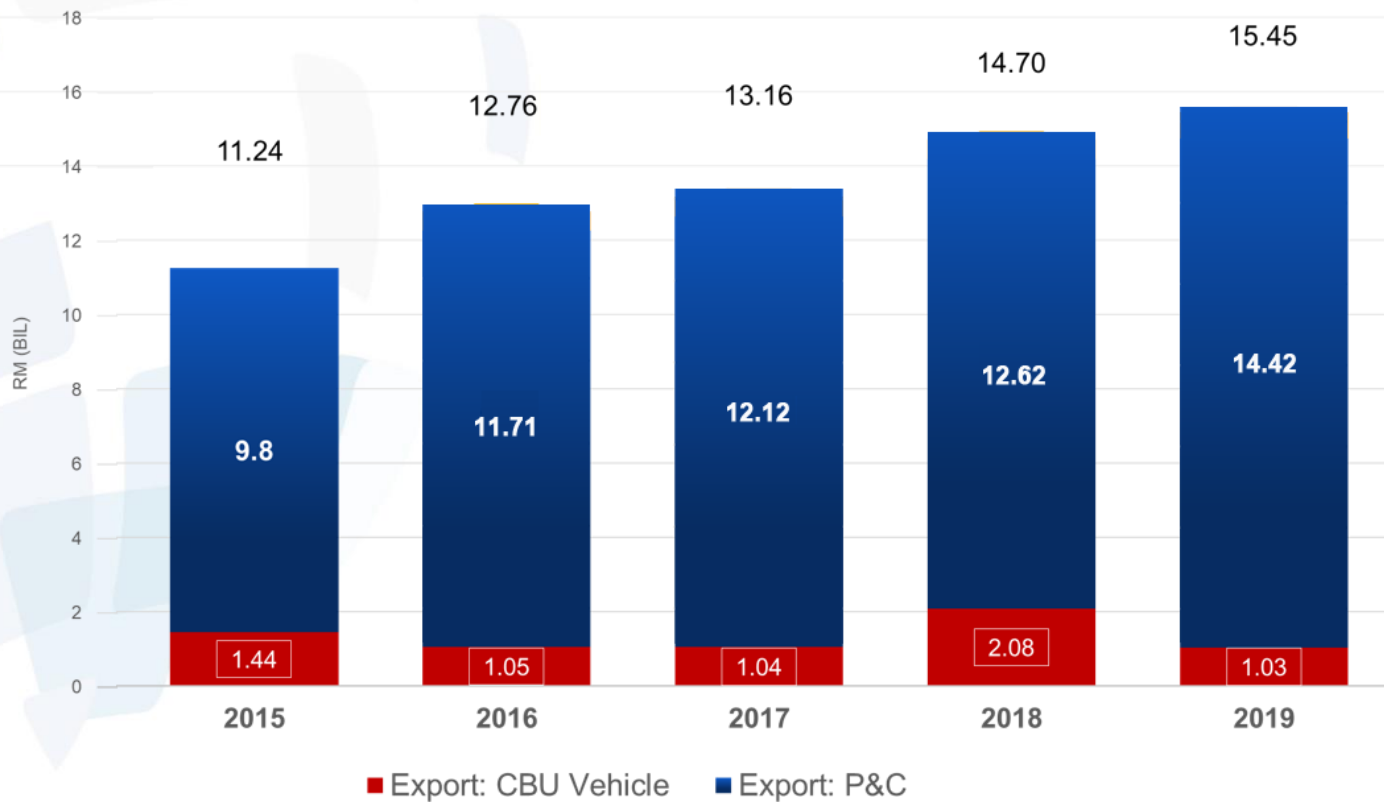
| | | | VARIANCE | |
|---|------------------|------------------|-----------------|---------------|
|  | JAN-JUNE 2020 | JAN-JUNE 2019 | UNITS | % |
| Production | 181,223 | 258,784 | (77,561) | (30) |
| Sales | 187,444 | 257,480 | (70,036) | (27.2) |

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

EXPORT P&C AND CBU



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| | 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

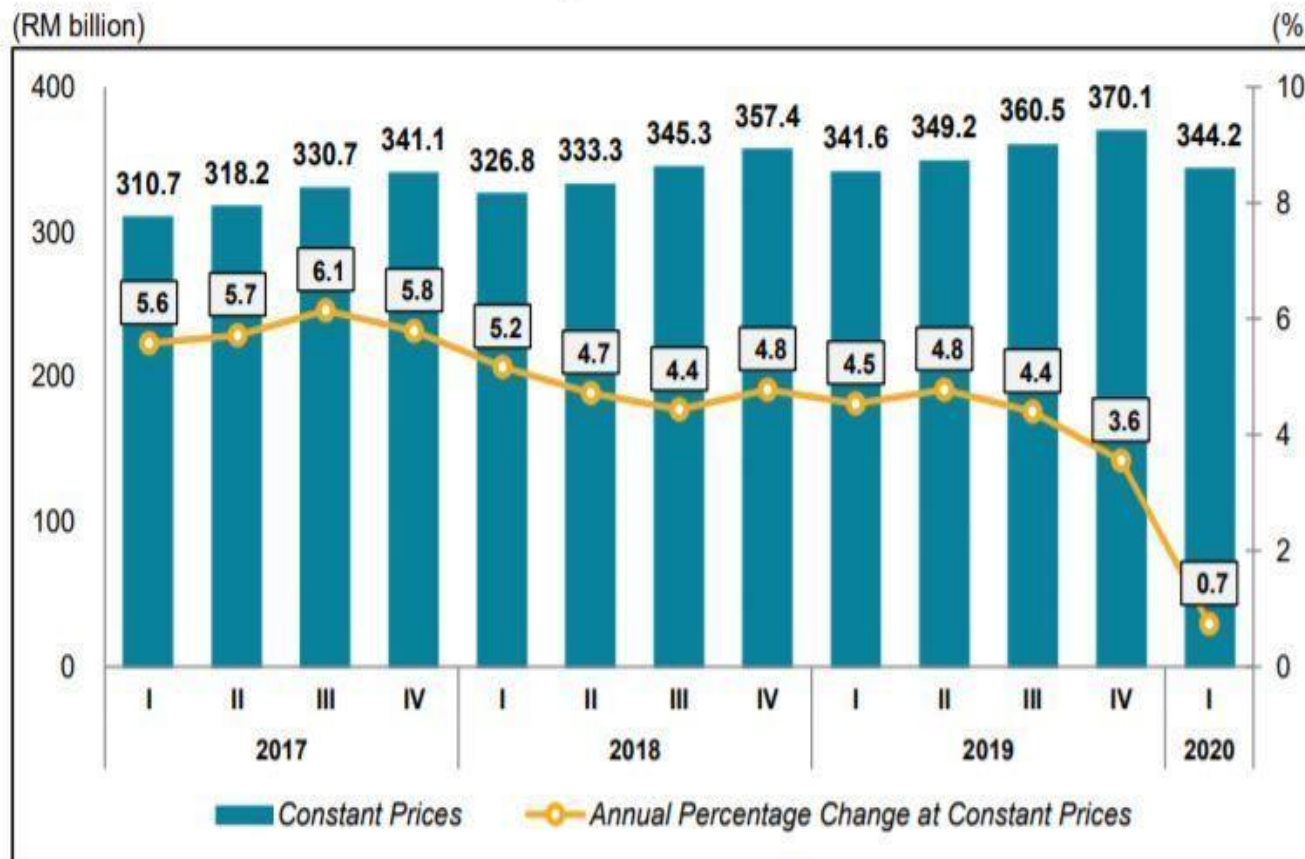
COVID-19 Effect

- 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

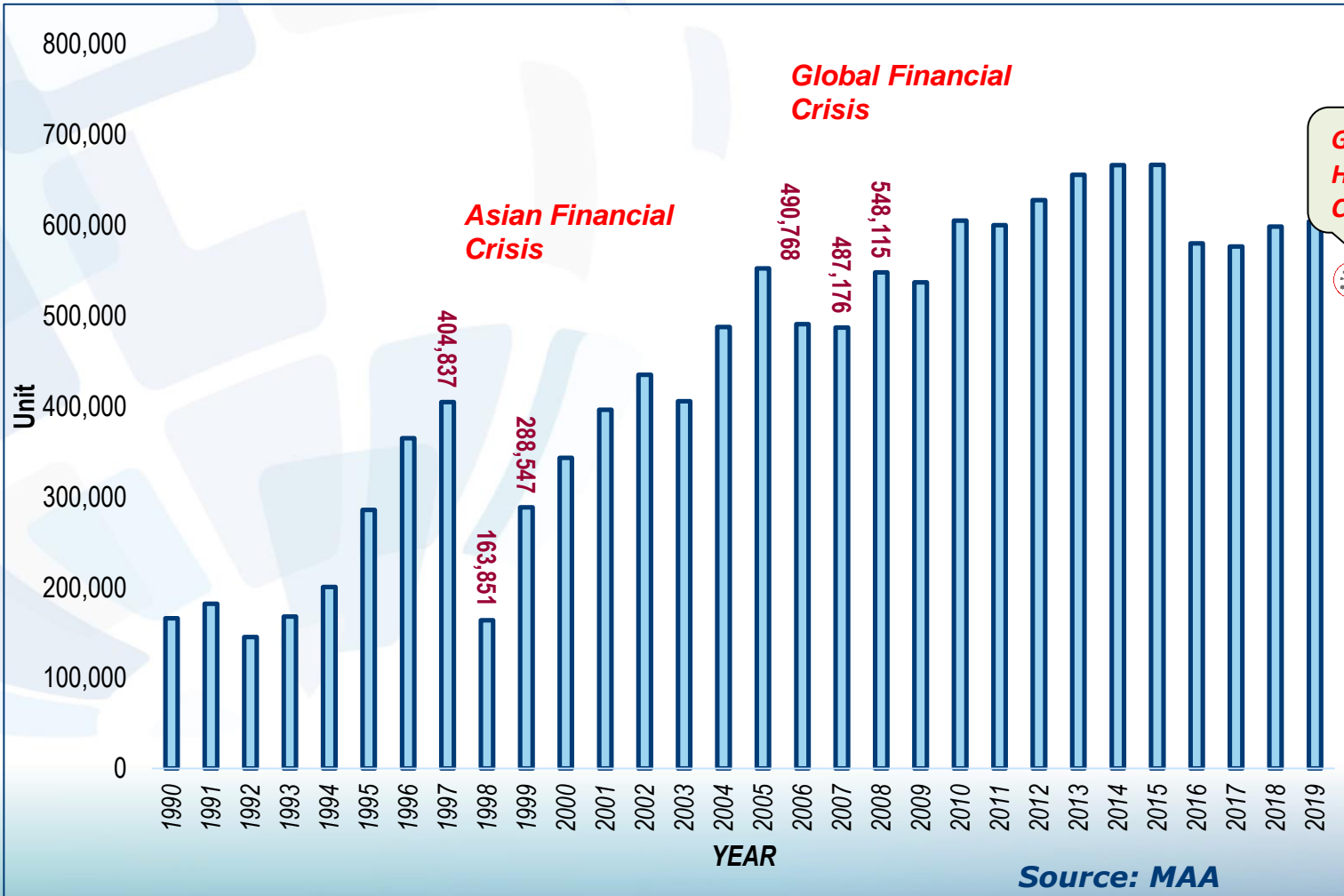


Malaysia's GDP growth for 2020 between -3.5 to -5.5%

Strong correlation between the economic performance and TIV



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Source: MAA

Global
Health
Crisis?

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



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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



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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



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| 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> |
| Next Generation Vehicle | | | | | |
| Mobility as a Services | | | | | |
| Industrial Revolution (IR) 4.0 | | | | | |

STRATEGIES FOR THE AUTOMOTIVE INDUSTRY

- Key Strategies and Directions of NAP 2020



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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

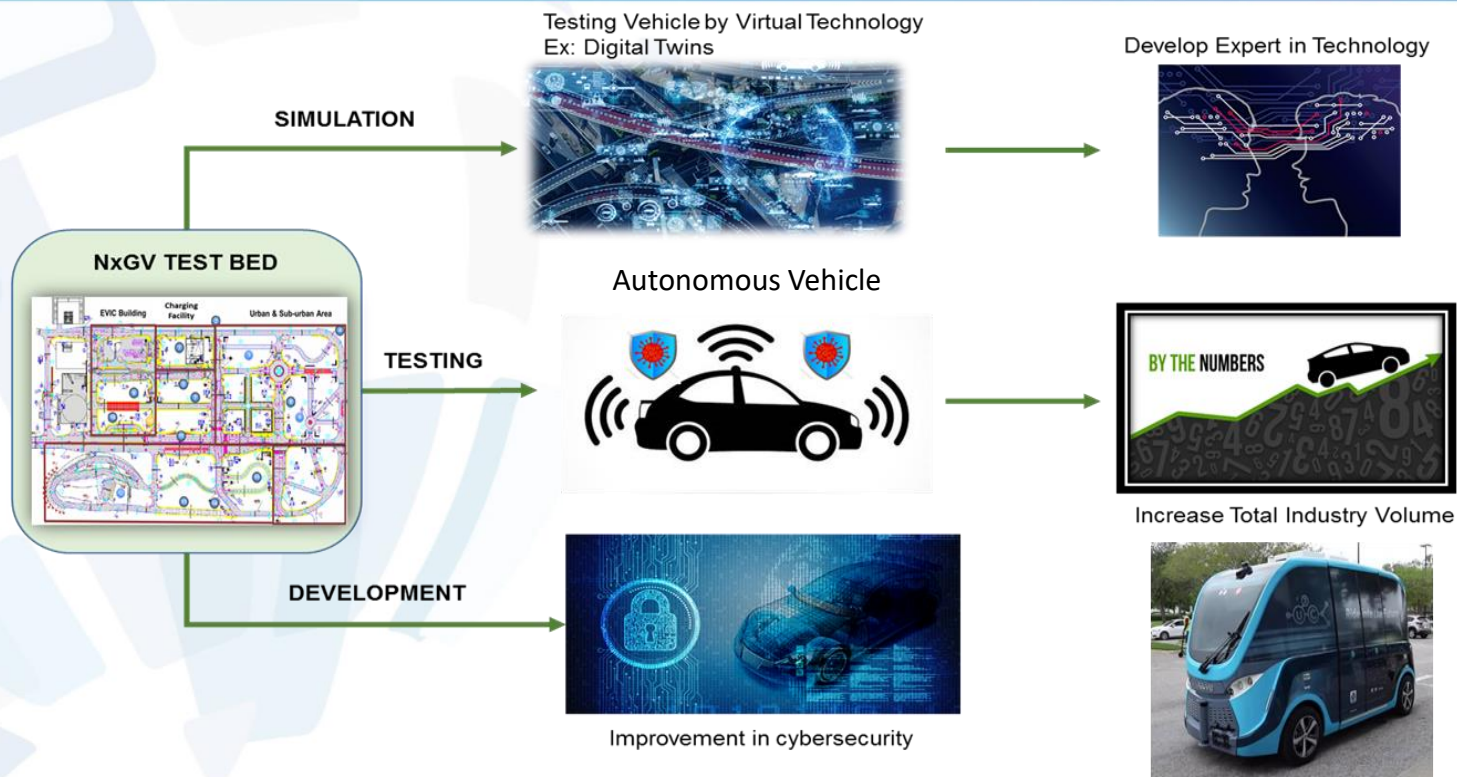
INTEGRATION OF SERVICES AND ELECTRIC & ELECTRONIC (E&E) SECTOR IN THE
AUTOMOTIVE SECTOR

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



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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



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| PERIOD | GROWTH |
|-------------------------|-----------------------|
| 2019 (Actual) | 4.3% |
| 1Q 2020 (Actual) | 0.7% |
| 2020 (Forecast) | -3.5% to -5.5% |

Source: BNM

FORECAST OF MOTOR VEHICLE'S TOTAL INDUSTRY VOLUME



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| 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)