

GLOBAL AUTOMOBILE DEMAND

Major Trends in Emerging Economies; Volume 2

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Global Automobile Demand is a two-volume work analysing the impact of the Great Recession and the structural factors which shape automobile demand in developed and emerging countries. Geography, demographics, local culture, public policies, and the existence or the absence of a strong local automobile industry are obvious candidates to explain the peculiarities of national automobile demands and these factors are examined... [show more](#)



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Crisis, Socioeconomic Development and Car Demand in Malaysia

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1 Introduction

The global crisis that started in September 2008 has demonstrated the magnitude of its uncertainty and the extent of its impact. While the impact has been largely felt in the United States, the emerging economies nevertheless have been also impacted to a greater extent. Malaysia, for instance, recorded a slowdown in which its economic growth contracted by 1.6% in 2009. However, Malaysia was able to rebound and recovered from the crisis much faster than others. Malaysia, with its various economic stimulus, recorded a real growth rate of 7.2% in 2010, but growth later slowed in 2012 and 2013 by 5.6% and 4.7%, respectively. Generally, the crisis is found to have had a profound effect on varying aspects: from demand to income to the ability of customers to secure credit. There is no exception in the car industry in Malaysia.

Apart from the global crisis, various factors, especially the external environment, also shape the competitiveness of the car industry. China and India show no impact of the recent crisis, while in Malaysia and Indonesia, the industry recorded negative growth in 2009. This may suggest that the impact of the crisis varies depending on the dynamics of other factors that includes the overall macroeconomic conditions as well as household behaviour. Indeed, the industry is more vulnerable than others, given the recent changes in the external environment, which took the industry by storm. Among them, rising income disparity, demand for environmental compliances, and rising food prices have had a profound impact on household income. In addition, national income distribution is of great importance in driving the demand for the

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