



AUTOMOTIVE AFTERMARKET CONFERENCE

**“AUTOMOTIVE AFTERMARKET:
TOWARDS SUSTAINABILITY DEVELOPMENTS”**

**7TH MARCH 2013
PLANERY THEATRE
KUALA LUMPUR CONVENTION CENTRE**

“DEVELOPING THE MALAYSIA AUTOMOTIVE AFTERMARKET THROUGH SUSTAINABILITY DEVELOPMENTS”



Presented By
AUTOMOTIVE AFTERSALES DEVELOPMENT DIVISION
MALAYSIA AUTOMOTIVE INSTITUTE

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ABOUT MAI

WHAT IS SUSTAINABILITY DEVELOPMENT?

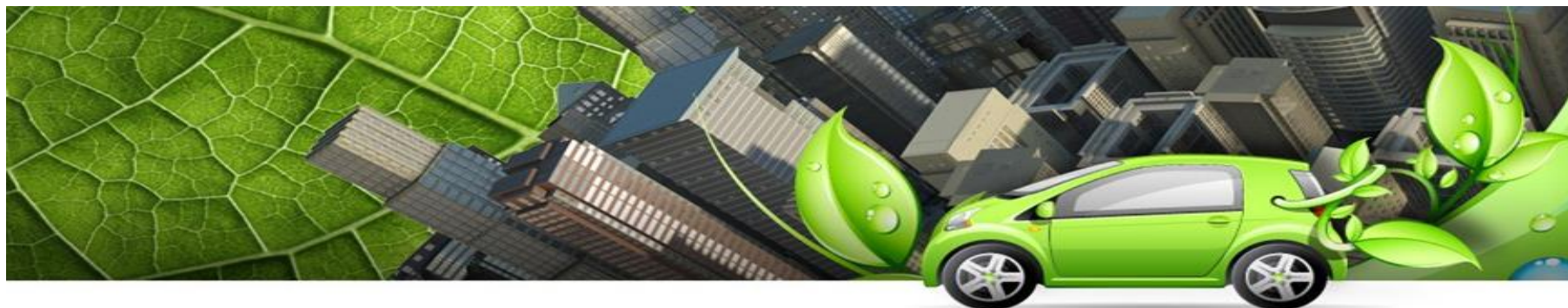
SIZE OF MALAYSIA AUTOMOTIVE AFTERMARKET

GLIMPSE OF THE REVIEWED NATIONAL AUTOMOTIVE POLICY

END-LIFE-VEHICLE POLICY

BUSINESS MODEL FOR SUSTAINABILITY DEVELOPMENT

SUSTAINING SUSTAINABILITY DEVELOPMENT





The Malaysia Automotive Institute (MAI) is an agency of the Ministry of International Trade and Industry (MITI).

MAI serves as a focal point and coordination centre for the development of the local automotive industry, which includes:

- **formulating national automotive policy**
- **managing manpower development programme,**
- **formulating and coordinating automotive related research and development**

MAI's functions includes :

- **strategic research**
- **market intelligence & outreach**
- **capacity building encompassing technology development, human capital development and supply chain management**



What is Sustainability Development?

Sustainable development is usually defined as “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*”

Development takes place in the **environment**, in **society** and in the **economy** as people seek to maintain and enhance their quality of life.

Sustainable development is not only about protecting the environment. It includes a healthy economy to generate resources and an equitable and cohesive society where there is personal well being.

AUTOMOTIVE AFTERMARKET

Establishments, People & Output



	<u>No. of Establishments</u>	<u>No. of People</u>	<u>Output (RM)</u>
Sales of Motor Vehicles	3,515	42,994	13.3 Billion
Repair & Maintenance MV	18,834	81,726	5.2 Billion
Sales of Parts & Accessories	10,589	68,971	6.9 Billion
Sales, R&M, Parts & Accy M/C	<u>10,458</u>	<u>40,522</u>	<u>3.1 Billion</u>
TOTAL	<u>43,396</u>	<u>234,213</u>	<u>28.5 Billion</u>

NB: As at December 31, 2011, there were **21,401,269 vehicles** registered with the JPJ

NATIONAL AUTOMOTIVE POLICY

The National Automotive Policy (NAP) was first introduced back in 2006 by the Ministry of International Trade and Industry (MITI) as a guide in strengthening the automotive sector under the Third Industrial Master Plan (IMP3) 2006–2020.

The measures in NAP, as for the **2006 Initial Release** and **2009 Review**, mainly focus on:

- the well-being of the automotive sector in Malaysia in terms of competitiveness (protective measures for domestic ventures),
- industry expansion,
- Bumiputera participation in the industry, and
- consumers' interests.



NAP REVIEW 2012

The **2012 Review** will enhance competitiveness of the Malaysian automotive industry through resolution of structural issues, which will lead towards promoting Malaysia to be a regional hub for **Energy Efficient Vehicles (EEV)** with high technology uptake among industry players for domestic and regional, as well as international exports.



NAP 2012 Review on Safety, Security and Environment

Promote Vehicle Safety through:

- Introduction of **Standards** across safety related Used and New Parts
- Voluntary **Vehicle Inspections**
- Transform Rebuilt activities to **Remanufacturing industry** for Commercial Vehicles
- Value Add Parts Recycling to **Parts Remanufacturing**

Promote Environment through:

- Adoption of 3R – **Reduce, Reuse and Recycle** Standards
- Product Stewardship and **End-Life-Vehicle**
- **Transform** Aftersales sector into regulated and governed industry
- Continue with implementation of **Euro 4M**

NATIONAL AUTOMOTIVE POLICY (NAP) REVIEW.....

- The NAP Review 2012 will see the possibility of the inclusion of the end of life vehicle policy that would not only drive **TIV growth**, but also promote environmental factors like **Clean Air** and the adoption of the **3Rs** – Reduce, Reuse & Recycle
- The NAP goal of putting in place laws or policies relevant to end-of-life vehicles is to **eliminate waste** and hazardous materials while **creating jobs** and economic activity....as well as **promoting safety**.....

Moving Forward:

The following possible pathways will be considered with the intention of guiding the auto industry to a sustainable auto industry, while addressing the environmental and safety issues:

Regulate facilities that handle ELVs in order to ensure the proper collection, depollution and dismantling of all end-of-life vehicles.

Establish a set of **minimum technical standards** as part of the permitting process, including mandatory depollution.

Possible Pathways:

Require decertification and certificates of destruction for end-of-life vehicles.

Optimize dismantling prior to shredding with the goal of increasing materials recovery, reducing shredder residue volumes, and reducing contaminants.

Set recycling targets for parts and materials

Possible Pathways:

Require manufacturers and importers of cars to **label parts and to provide manuals** for disassembly to auto recyclers.

Enact regulations to **reduce and eliminate toxic chemicals** from use in vehicles and their components.

Require **“green deposits”** on new vehicles, and return these “green deposits” to owners when the vehicles are disposed of at licensed facilities.

Possible Pathways:

Ban recyclable materials such as tyres, windshield glass and polypropylene plastic **from landfills**, and/or impose high “green taxes” on landfilled shredder residue

Require the **use of** a certain percentage of **recyclable materials** in new cars as part of a shift to emphasizing design for the environment.

Possible Pathways:

Promote and facilitate research and development among vehicle manufacturers who have the most control over the potential recyclability of components and materials through vehicle design

Promote the **economic incentive of recycling fees** to encourage the public to buy, and manufacturers to design, vehicles which are more easily recycled

A Business Model to Support Sustainability

Promoting Extended Producer Responsibility

OEMs are working with industry partners to:

- Eliminate the remaining trace amounts of mercury in automobiles.
- Increase the use of recycled content by recycling it into uses with higher material and performance requirements than the virgin material.
- Expand the use of renewable materials presently used and develop new materials and applications for other renewable materials
- Publication and sharing of dismantling manuals for recyclable components
- Develop standards for labelling, transportation, testing, packaging and recycling of high voltage batteries
- Use life-cycle methodologies as guidance to reduce the environmental impacts from raw material extraction to ELV recycling.

A Business Model to Support Sustainability

Promoting Extended Producer Responsibility

Design for Recycling

- A voluntary standard for manufacturers to follow when designing their products.
- Design for recycling calls upon manufacturers to reduce their use of hazardous or toxic materials, to design their products so that they are readily recyclable at the end of their useful lives, and to the maximum extent practicable, to increase their use of recycled materials in the manufacture of their products.

Standard Operating Practices & System Compliance

RECYCLERS

The Recycling Community needs to collaborate to develop and established program which implements best management practices and standard operating procedures across the industry

Automotive recyclers follow these practices to prevent adverse impacts on the environment. For example:

- Engines and transmissions removed from vehicles to be resold or recycle are stored under a permanent roof on an impervious surface, or in an outdoor covered, weather-proof container.**
- Spent solvents from parts cleaning systems are disposed of with an authorized processor. Wash water from water-based parts washers is either recycled or collected for disposal in an approved manner.**

A Business Model to Support Sustainability

BRANDING

Developing the “Green Recycled Parts” brand that promotes the reuse of original equipment manufacturer (OEM) parts from end-of-life vehicles. By using “Green Recycled Parts” recyclers are reusing quality parts, thus preventing a mountain of waste from ending up in landfills, reducing the need for production of new parts and saving energy and vital resources.



A Business Model to Support Sustainability

STANDARDS

Developing the operating guidelines for shredder plants that are designed to protect the health and safety of everyone at the shredding facility and in the surrounding community and to protect the environment.

STANDARDS
MALAYSIA



A Business Model to Support Sustainability

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For Sustainability Development to happen:

- 1) Government and the private sector need to **make changes** in the way we operate; like changes in industrial systems, business models, economic assumptions, market rules and governance frameworks
- 1) Private sector and businesses should be an integral part of the solution; and there should be **constructive collaborations** between the business community with governments and civil society.
- 2) Private sector should promote and use their **innovativeness to build** a sustainability component into their business strategy, with product and services that address global challenges such as energy supply and access, climate change, pressure on ecosystems



Thank You

