



Original article

## Malaysia Automotive Policy towards to MERCOSUR regime trade market

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### Abstract

The multilateral trade relations between Malaysia and MERCOSUR is a new market. This study focuses on automotive policy areas towards the MERCOSUR regime which focus on trade ties. The purpose of this study is to expand national automotive policy to penetrate the automotive sector in the MERCOSUR. While it create opportunities to penetrate the automotive sector in MERCOSUR where Malaysia needs to enhancement national trade performance of FTA potential within MERCOSUR regime especially on investment and trade. The main issue is the lack of progress and process are restrictions on Malaysia's within MERCOSUR in the automotive field. Malaysia does not pursue trade within respective nation but in statistical shows have a large and positive market economy with the southern continent of America, especially the automotive industry and lack of performance of Malaysian counterparts and MERCOSUR and unsuccessful automotive investment and exporters. This research uses qualitative research methods, data collection, interviews, and content analysis methods for this study. Expert from respective agencies as interviewees such as the Ministry of Foreign Affairs (MOFA), Malaysia Trade Relations Division (MATRADE), the Department of Robotics and the automotive trade policy of Malaysia and the IoT Institute. Coding techniques are used for coding processes in content analysis. Hereby, the analysis by using the Economic Integration theory with SWOT Analysis to find out the implementation of Malaysia FTA within the MERCOSUR. Hence, research findings show that Malaysia's multilateral within MERCOSUR relations have a potential to be strengthened with a variety of positive and initiatives from the Malaysia government.

*Keywords: Automotive Sector, Strategic Alliance, Negotiation Trade, Free Trade Agreement (FTA)*

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## 1.0 Introduction

The automotive industry is a wide range of companies and organizations involved in the design, development, manufacturing, marketing, and selling of motor vehicles, some of them are called automakers. It is one of the world's most important economic sectors by revenue (René Bohnsack, 2014). The automotive industry does not include industries dedicated to the maintenance of automobiles following delivery to the end-user, such as automobile repair shops and motor fuel filling stations.

Besides that, automobile industry, the business of producing and selling self-powered vehicles, including passenger cars, trucks, farm equipment, and other commercial vehicles. By allowing consumers to commute long distances for work, shopping, and entertainment, the auto industry has encouraged the development of an extensive road system, made possible the growth of suburbs and shopping centre around major cities, and played a key role in the growth of ancillary industries, such as the oil and travel businesses.

The automotive industry has become one of the largest purchasers of many key industrial products, such as steel. The large number of people the industry employs has made it a key determinant of economic growth. Some of countries, mainly in Southeast Asia, face a proactive and challenging competition in regional and global automotive markets. In this situation, countries with a large market will focus on the development of technology, skills and creativity to enhance the power of the automobile market domestically and internationally.

### 1.1 Background of Study

The Free Trade Agreement (FTA) is an international agreement between two or more countries to reduce or eliminate trade barriers and bring closer economic integration. FTAs are formed between various partners: among individual countries in the same region, each country in a different region, between individual countries and regional groups, between regional groups, between developing countries or between developed countries and developing countries. FTA's main goals also include areas such as government procurement, intellectual property rights, and competition policies. Reducing trade barriers helps the industry access new

markets; increasing their reach and the number of people they can sell their products. The FTA is finally designed to benefit users. In theory, increased competition means more products on shelves and lower prices. To date, Malaysia has implemented 7 bilateral FTAs and 6 regional FTAs. FTAs or merely trade components encompassing the trade of agricultural and industrial goods, trading in services, investments in all categories, original rules people movements, custom procedures, protection, standards and suitability, intellectual property rights, competition policies, promotion of business environment, and measures to protect common interests and dispute resolution. On the merchandise trade, the agreement provides for elimination of duties on selected items, progressive reduction elimination of duties within some duration years, flexible treatment for sensitive sectors, and cooperation in the automotive sector. On investment, it includes liberalization of the regime to promote, facilitate, and protect investment. Regarding trade in services, it introduces forms for liberalization, early commitment and mechanisms for transparency and subsequent negotiations to achieve the ultimate goal of progressive liberalization.

MERCOSUR (the Common Market of the South) is an integration scheme formed by Argentina, Brazil, Paraguay and Uruguay, whose central nucleus has been constituted by the first two countries from the very beginning, due to their development level. In addition to a set of shared features, these countries are significantly different in terms of structure, geographic and demographic; economy – development levels and productive structures; and politics and institutions – bureaucratic and administrative handling, political party system, political traditions, constitutional forms, etc. Most analysts identify two levels of asymmetry: on the one hand, there are the differences between Brazil and Argentina compared to Paraguay and Uruguay and on the other hand, the differences between the two members of higher relative power, in relation to productive structures and growth dynamics.

Malaysia has had a strong presence in the automotive sector since the British colonial era. Where Ford Malaya has been in existence since 1926 and Malaysia has emphasized the automotive sector through foreign investment of these disectors around 1967 by providing investors with the opportunity to build local assembly of vehicle and manufacturing of automotive components.

In fact, Malaysia built its first vehicle in 1983 with the construction of the national car, PROTON and then Perodua in 1993. In addition, PROTON has jumped to 11th in car production and achievements in fully design, engineer and manufacture cars. Currently, Malaysia is cooperating with foreign vehicle companies and has imported 'complete knock down' (CKD) kits. In addition, the automotive industry in Malaysia is also meeting the demand for domestic services and Malaysia is also meeting the needs of 'complete built up' (CBU) vehicle are exported to foreign market.

The National Automotive Policy (NAP) was formulated in 2006 aimed at strengthening automotive facilitation and the global level of automotive integration competitively named as 'energy-efficient-vehicle' (EEV) to be achieved in 2020. Therefore, the NAP is in great demand support from automotive key players by emphasizing incentive privileges by providing a conducive business environment among automotive key players by complementing business strategies and thus forming a comprehensive new blue print. Most recently, through NAP 2019 is the amendment by adding the next-generation vehicle (NxGV), which Malaysia will soon become the hub of NxGV production. Indeed, in the 2020s, Malaysia has the potential to enhance the national automotive power for further marketing.

It is questionable why MERCUSOR is a great potential for Malaysia in the FTA. In retrospect, Malaysia has only established FTA trade relations with Chile, which is a huge disadvantage as the expansion of the merchandise market is limited. Moreover, trade relations with Chile are bilateral only compared to MERCUSOR is multilateral. Of importance, MERCUSOR to Malaysia will be able to contribute a wide range of export and import goods including from the CKD and CBU aspects. Having an entrepreneur actively involved in the manufacture of vehicle parts will increase the chances of automotive dispatcher involvement in MERCUSOR member countries. This ability of Malaysian manufacturers will be attractive to vehicle operators in MERCUSOR in the country due to the ability to buy due to the economic background of MERCUSOR member countries which is equivalent to the Malaysian economy.

## 1.2 Research Problem Statement

The introduction of National Automotive Policy (NAP) has helped to advance the country's automotive industry market to world markets especially the Asian, Asian and European markets. The efficacy of the NAP does not help greatly increase local competition to a more remote area and the quality of high-tech local products is only at a moderate level with a small trade agreement involving such a company from Japan and China. Malaysia is an economically open country in trade deals in various fields, especially in the automotive industry but we are still failing to dominate the world market in the southeast countries of the country with large trade power in the region.

1.2.1 Non Malaysia collaboration within MERCUSOR agreement trade especially automotive. Malaysia did not create a market for the nation in a memorial that has a relatively large economic market in the southern continent, especially the automotive industry.

1.2.2 Lack of Malaysia and MERCUSOR counterpart performance. With the opening up of Malaysia's trade relations with any country in the world, Malaysia still does not establish trade relations with the countries of the world's leading firecrackers and world economic markets that will cause a huge loss to Malaysia in the automotive industry.

1.2.3 Unsuccessful Malaysia automotive investment and exporter to MERCUSOR regime. Countries under the masters have a huge market. Malaysia is not in the best interest of investing and exporting in the region which is capable of increasing the pro-active local production.

## 1.3 Research Objective

1.3.1 To strengthen automotive policy penetrate automotive sector in MERCUSOR regime.

1.3.2 To enhance Malaysia trade performance within performance within potential FTA with MERCUSOR.

1.3.3 To expand new regime investment and trade area between Malaysia and MERCUSOR.

## 1.4 Research Question

1.4.1 How automotive industry in Malaysia having trade

with MERCUSOR counterpart?

1.4.2 Why Malaysia trading system ineffective in MERSUCOR regime?

1.4.3 How Malaysia automotive policy and investment could penetrate in Malaysia regime?

## 1.5 Scope of study

This research study on the potential of Malaysia automotive police to trade giant regime trade through multilateral or bilateral relations. Multilateral relations must be carried out comprehensively covering all countries with a mutually agreed agreement which will be resolve through the Free Trade Agreement (FTA) in the automotive field involving tariffs, imports and technology. The ultimate goal is to create a policy to the country which formulates the vision to expand the automotive country to further enhance the local entrepreneurship product market and create a more systematic system on long-term in the countries that lead the regime. MERCUSOR countries and Malaysia have the same climate and environmental features that cause this FTA to be set up relation to create broad product and market capabilities in the world automotive industry.

## 2.0 Literature Review

Malaysia's automotive policy toward the MECUSOR regime trade is a multilateral trade relationship through the Free Trade Agreement (FTA) policy involving Malaysia and the state of MECUSOR in the automotive field involving the market and the entire cooperation. This research is conducted to address the advantages and interests gained through the existence of Malaysian trade relations with the country of the MERUSOR through the FTA can help achieve the objectives implemented by the National Automated Policy (NAP) to improve the quality of competitiveness in the global market. The following is a keyword that might be a reference in solving this research

In this chapter emphasized the Systematic Literature Review to apply in studying previous research about Malaysia Automotive policy toward to MECUSOR regime trade which is linked or related to with research. Besides, the information based on previous research can guide for the research in continuously to study issue in

research. According to Mishra Punya (2006) literature review involving the systematic sound, location, and research of documents was containing information that related issue in research. This term was also used to describe the components of writing a report or research plan discusses check out the document. These documents may include articles, abstracts, reviews, monographs, dissertations, research reports, and other electronic media. Literature The study has some important purpose that makes it valuable and timely. The main purpose of a literature review is to determine related problem statement and also prevent from accidentally duplicating other people's research.

Therefore, using literature review's technique can guide studying of Malaysia Automotive policy toward to MECUSOR regime trade market which is use systematic literature review. Besides that, past research review used as an evidence to this research study.

Referring to each table in the Systematic Literature Reviews (SLR) section highlights each of the authors in their respective studies based on the automotive sector, supported by the scope of the study and the study dimensions of each of the literature in question. Therefore, this SLR analysis will give you a different picture based on each of your keywords and will then debrief each view in reference to the different study scope and dimensions of the study. Why is the debate needed for this study? It aims to gauge the extent to which this debate undermines the strength of the automotive sector by referring to the table presented (Table 2.1, 2.2,2.3 and 2.4).

### 2.1 Automotive sector

Table 1: Literature review keyword of automotive sector

No	Name of author	Year	Scope of Study	Dimension	Area
1	Richard Senter	1999	Supply chain	Competition	North American
2	Andrew May, Chris Carter	2001	Supply chain	Materials producers	European
3	Edwards	2004	Demand factor	Competition	General
4	Krisztina Demeter	2006	Supply chain	Cooperation strategic	Hungary
5	Henri Pierreval	2007	supply chain	Cooperation strategic	General
6	Fabien Petitjean	2007	supply chain	Competition, customer Demand	General

7	K. Säfsten	2007	Manufacturing Strategy	Competition	Sweden
8	Jörn-Henrik Thun	2011	supply chain	Management	Germany
9	Deepika Joshi	2013	supply chain	Competition , Business Environmenta l	India
10	Antonio Márcio T. Thomé,	2014	supply chain	Business Environmenta l	Brazil
11	Sandu	2015	Reputatio n	Profit	General
12	Lixandru, Catalina Gabriela	2016	Customer Behaviour	Business Environmenta l, Profit	General
13	Abolfazl Fathi	2016	Manufacturing Strategy	Competition	Iran
14	Adriana Marotti de Mello	2016	Manufacturing Strategy	Innovation	Brazil
15	Christian Küber	2016	supply chain	Business Environmenta l	General
16	Radka Pechancová	2017	supply chain	Innovation	Czech Republic
17	Cláudia Viviane Viegas	2017	Manufacturing Strategy	Innovation, Sustainability	General
18	Amir Abolhassan	2017	Manufacturing Strategy	productivity	General
19	Zhaoguang Xu	2018	Manufacturing Strategy	Quality production	General
20	Stella Stoycheva	2018	Manufacturing Strategy	Sustainability	General
21	Antony Potter	2019	Manufacturing Strategy	Innovation	General

Based on the table 1, it is a systematic literature on the automotive keyword sector that references several journals and articles for a detailed analysis of Malaysia's automotive policy towards MERCOSUR. According to (Richard Senter, 1999) the automotive industry began to grow in North America following extensive changes in organizational and supply chain changes in 1999 that focused on changes in the automotive supply chain that reflected competition for firms' manufacturers and vendors in the industry. such as Chrysler or Ford who put together the most influential and controversial vehicles.

According to Andrew May, (2001) the change was interpreted in terms of market level and industry factors that required a strong supply chain and the firm's operating cost to materials producers. Reviews of port competitiveness indicate that attention to network competitiveness has shifted to ways of creating and maintaining them while meeting customer expectations (Edwards, 2004) .

In 2006, the supply chain and competition moved in line with advanced technology and market quality. In the automotive supply chain, several factories work together to produce products such as cars, engines, and so on (Krisztina Demeter, 2006). According to Henri Pierreval, (2007) to meet customer needs, they need to be designed and organized in the right way according to customer and industry needs in collaboration with various factors including technology availability, economic size, efficiency, productivity, cost factors.

The role of the industry has evolved into a strategic foundation from which various manufacturing strategy activities operate, and has become an integral part of connecting the elements of the supply chain more effectively in an increasingly competitive environment, leading to a growing automotive industry in technology and innovation. (K. Säfsten, 2007)

According to Deepika Joshi, (2013) said the automotive field showed a lot of changes in design and technology. The most automotive companies are starting to innovate in products to improve the quality of technology and safety to their consumer expectations and to improve the quality of their product brands in the global and domestic markets based on product experience.

Therefore, in order to implement strategies to maintain or enhance competitiveness, automotive manufacturers need to understand their current competitive position and the factors that influence the business marketing environment for stability in the industry (Sandu, 2015).

In addition, according to Lixandru, Catalina Gabriela, (2016) said the automotive field showed a lot of changes in design and technology to enhance brands and products in the market. Hence, Adriana Marotti de Mello, Roberto Marx, Flavia Gutierrez Motta, (2016) also believes that most automotive companies are starting to innovate in products to improve the quality of technology and safety to their consumer expectations and to improve the quality of their product brand in the global and domestic markets based on product experience.

Therefore, according to Amir Abolhassani, (2017) to implement strategies to maintain or improve competitiveness, automotive manufacturers need to understand their current competitive position and the

factors that influence the business marketing environment for stability in the industry.

Therefore, every global automobile manufacturer needs to increase its technologically and technologically competitive market due to many innovations that some of the crises in the car market have been caused by the global economic downturn (Stella Stoycheva, Dayton Marchese, Cameron Paul, Sara Padoan, and Igor Linkov, 2018)

Reviews of competitive cooperation indicate that attention to the competitiveness of companies has combined technology to innovate and sustain it while meeting consumer expectations (Antony Potter, 2019). Table 1 shows a summary of the Strategic Alliance compiled from 1999 to 2019 worldwide from various articles and authors.

## 2.2 Strategic Alliance

Table 2: Literature review keyword of Strategic Alliance

No	Author	Year	Scope of study	Dimension	Country
1	Khanna	1995	Technology	Competition	General
2	Bruce Kogut	1995	Technology	Competition	General
3	John Bessant	1995	Technology	Innovation	General
4	Howells	1997	Technology	Innovation	General
5	John Hagedoorn, Judith B Sedaitis	1998	Technology	Cooperation	Russia
6	Georghiou	1998	Relationship	Cooperation	General
7	Daniele Archibugi	1999	National Policy	Innovation	General
8	Esteban Garcia-Canal	2008	Relationship	Patent intellectual	General
9	Jeho Lee	2010	Cost	Cooperation	General
10	Isabel Estrada	2010	Technology	Cooperation	General
11	Pedro de Faria,	2010	Relationship	Cooperation	General
12	Soogwan Doh	2014	Technology Innovation	Cooperation	South Korea

Based on the table 2, it is a systematic literature on the Strategic Alliance keyword sector which references several journals and articles for a detailed analysis of Malaysia's automotive policy towards MERCOSUR. (Khanna, 1995) defines traditional automotive as replaced by a variety of ecosystems,

partnerships and partnerships as a company strives to stay on top of the latest technological trends.

John Hagedoorn, Judith B Sedaitis, (1998) has also said that many of these new combinations involve players from outside the automotive world, such as Silicon Valley start ups or semiconductor companies, who are bringing new skills and new ways of doing business with technology changers. They allow auto companies to accelerate the development time of autonomous driving, electrification and mobility as a service and share the huge costs involved.

According to Georghiou, (1998) says the technology world is fast moving and needs a shared partnership to form a business bond that can benefit society. Among the largest alliances is monition, a consortium that includes BMW Group, Ford Motor, Daimler, Porsche, Audi and Volkswagen brand. The partners seek to build a high-power electric vehicle charging network across Europe.

Therefore, in order to implement strategies to maintain or enhance competitiveness, industries need to understand their current competitive position and the factors that influence their business environment (Daniele Archibugi, Simona Iammarino, 1999). However, Jeho Lee, (2010) stated that the power of technology is very much on the marketing objectives as well as the quality and availability of investment cost and innovation cost data.

In addition, the role of various port companies has evolved into a strategic foundation from which innovation cooperation activities carry out various services, and has become an integral part of connecting supply chain elements more effectively. The main factors affecting the competitiveness of technology and competition are the changing environment, quality of service and interior conditions, accessibility, strategy differentiation, level of technological operation efficiency (Isabel Estrada, Gabriel de la Fuente, Natalia Martín-Cruz, 2010).

Reviews of competitive cooperation indicate that attention to the competitiveness of companies has combined technology to innovate and sustain it while meeting consumer expectations (Pedro de Faria, Francisco Lima, Rui Santos, 2010). Table 2 shows a summary of the Strategic Alliance compiled from

1995 to 2014 worldwide from various articles and authors.

### 2.3 Trade Negotiation

Table 3: Literature review keyword of Trade Negotiation

No	Name of author	Year	Scope of study	Dimension	Country
1	Rexene A. Hanes	1995	Political	Environmental	Venezuela
2	Karl D. Meilke	1996	Political	Agricultural	Uruguay
3	Taiji Furusawa, Quan Wen	2002	Political	Tariff	General
4	McCalman	2002	Political	Bilateral Negotiation	General
5	Ligia M Pinto	2003	Economy	Bilateral Negotiation	General
6	Kyle Bagwell	2004	Economy	Bilateral Negotiation	General
7	Salem Y. Al-Agtash	2005	market environment	Negotiation strategy	General
8	Ernest Bamou	2006	Economy	Agricultural	General
9	Baldwin	2009	Economy	Tariff	General
10	James Lake	2017	Economy	Free Trade Agreements (FTA) strategy	General
11	Daniel Flentø	2017	Political	Negotiation strategy	General
12	Pascal Raimondos	2018	Political	Negotiation strategy	General

Based on the table 3, it is a systematic literature review on the keyword Trade Negotiation which references several journals and articles for a detailed analysis of Malaysia's automotive policy towards MERCOSUR. According to (Rexene A. Hanes, 1995) in Venezuela relied on renewed political stability and the emergence of social power strong enough to suppress the government and thus strengthen its desire to improve environmental protection as a result of investment inflation from American companies to the environment.

Hence, initiate a sustainable and competitive partnership requires strong political power to impact strong international relations and to maintain when the country is pursuing policy and politics and open economy, it can promote foreign investment including tariffs (Taiji Furusawa, Quan Wen, 2002).

According to Kyle Bagwell, (2004) the value of concessions a government in its current negotiations

may erode in future bilateral negotiations in which it relies on universal politics in the interests of a national economy. A country position in the international distribution of labor is determined by its trade competitiveness, its structure that exposes and preserves comparative advantage (Salem Y. Al-Agtash, 2005).

In a simple model in which global negotiations precede the Free Trade Agreement (FTA) for all bilateral relations. According to Baldwin (2009), show that the formation of the FTA can extend to global free trade without global tariffs but global free trade it never came to light when global tariff negotiations preceded the formation of the FTA because agreements that it did not have the power to benefit the country economy. According to Pascalis Raimondos (2018) which trade negotiations rarely occur as planned, such as subconscious desires, desires, inequalities, and emotions that always disrupt the new end result to the economy. However by taking a risk and planning a negotiation strategy, a country can put itself in a much better position to achieve greater value than they initially thought. Table 3 shows a summary of negotiation trade the collected from 1997 to 2018 worldwide from various articles and authors.

### 2.4 Free Trade Agreement (FTA)

Table 4: Literature review keyword of Free Trade Agreement (FTA)

Based on the table 4, it is a systematic literature review on the keyword Free Trade Agreement (FTA) which references several journals and articles for a detailed analysis of Malaysia's automotive policy towards MERCOSUR.

The United States and Canada signed the US-Canada Free Trade Agreement (FTA), creating one of the largest free trade areas in the world. While the US and Canadian banking industries work very differently, the FTA has reduced various banking regulations and created greater competition among US and Canadian banks. The research issue addressed in this study is whether the relaxation of regulations by the FTA actually benefits the US domestic banking market. The overall results of this study indicate that the market responds positively to the FTA route for US banks with significant Canadian operations (Harriott, John & Hatfield, Gay & Walker, Milan., 1997)

Over the past few years, a simple model has led to global negotiations leading to the Free Trade Agreement (FTA) for all bilateral relations in NAFTA. According to John Sargent, (2001) says Export Processing Zones (EPZ) and regional trade agreements or NAFTAs are two common initiatives used by developing countries to fail to enhance the wealth creation of the international trade and investment system today.

According to Buhr, (2001) also argues that both of these initiatives are driven by a somewhat inappropriate economic rationale. Based on North America's attempt to integrate the main EPZ (Mexico maquiladoras) in terms of a regional free trade agreement (North American Free Trade Agreement), are testing to determine whether the logic of regional integration initiatives or EPZs is dominant. Results suggest that Mexico's EPZ industry competition dynamics are not fundamentally altered by NAFTA regional incentives conclude with the recommendations of policy makers in other developing countries that may consider applying regional development schemes to large TNC and the politics that dominate the global EPZ industry

The NAFTA is expected to raise wages in Mexico; however, ten years later, the opposite happened. Aggregate data for the first decade showed a significant decline in wage wages, a slight increase in wages in maquiladoras and, for the first time in history, a synchronization of wages paid in both industries (Gambrill, 2005). According to Thomas Hertel, David Hummel, Maros Ivanic, Roman Keeney, (2007) said FTA results have proven to be highly sensitive to trade elasticity, with small trade elasticities producing large trade effects and relatively simple efficiency gains, while large trade elasticities result in greater returns. Scott L. Baier, (2009) argues that the effect of free trade agreements (FTA) on trade flows creating the Gravity equation is subject to the same economic critique as previous industry studies of tariff barriers and U.S. barriers and U.S. multilateral imports due to the government's non-variable trade policy.

The recent development of the free trade agreement (FTA) has led to an increasingly complex network of special trade relations and both theoretical and empirical that the decision to enter the FTA also relies heavily on the existing FTA relations of participating countries with third countries (Chen, Maggie Xiaoyang & Joshi, Sumit, 2010).

According to Bejan, (2011) said North American Free Trade Agreement could be the explanation. NAFTA generated not only an increase in the volume of trade but also a change in the elasticity of substitution between imports and exports.

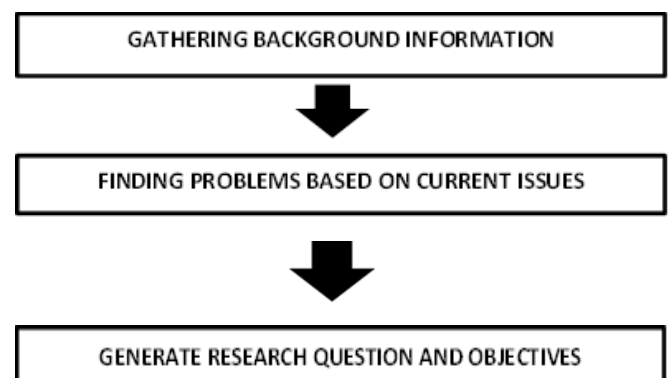
Tzu-En Chang, Kuo-I Chang, Tzu-Ting Wang, Chung-Hsuan Wei (2016) Free Trade Agreement (FTA) in exports from Taiwan to China estimate the selection equation to see what type of product was included in the initial harvest list. As a result found that Taiwan included products with moderate magnitude benefiting from tariff removal in the initial harvest list.

ASEAN contributes positively to the country's trade efficiency while the original rules and non-membership of the EU and NAFTA have a negative impact. The findings suggest that Vietnam should enter into more FTA with trade partners and adopt the original rules at play in the FTA negotiations; and attractive export-oriented FDI and increasing export mix can significantly improve the country's trade efficiency (Doan, 2017). Table 4 shows a summary of free trade agreement (FTA) the collected from 1997 to 2018 worldwide from various articles and authors.

### 3.0 METHODOLOGY

#### 3.1 RESEARCH STRATEGY

The aim of propose research strategy to find out the possible answers to fulfil research questions. This research will use appropriate methods to get that accurate data, which is based on objectives end of research. Furthermore, more important to utilize tools and research methods that ensuring the reliability and variability material and data obtained. Hence, all of the material and data that particular obtained is very crucial to analyse accurately and are reviewed its validity.





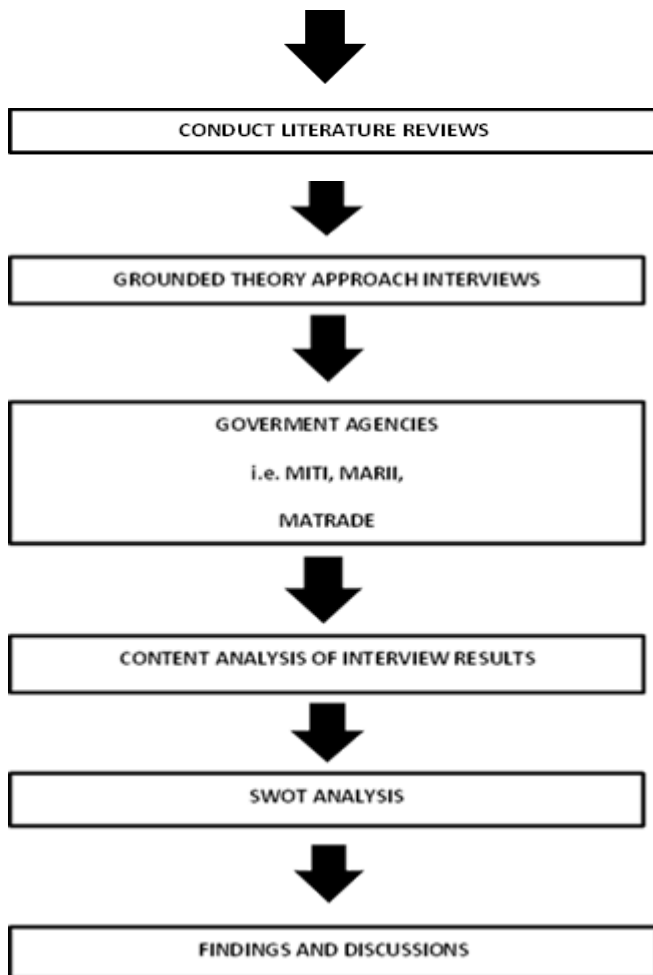


FIGURE 1: DIAGRAM OF RESEARCH STRATEGY

### 3.2 QUALITATIVE RESEARCH METHOD

Qualitative research method is a primarily exploratory research which tends to induction in study from general to in-depth. According to Bendassolli, (2013) states qualitative study of inductive approach is right for introduction the problem, formation of theory and concept development. Besides, researchers depend on the views of the experts asked some questions that are general and depth to collect data in the form of words or text from an expert party to conduct an analysis of words such as these themes and at the times carries out inquiry into the subjective and wide.

### 3.3 INTERVIEW

In research for process research studies established by using the approach not probability in undertaking this study looks appropriate to the review of the qualitative method. With this sample that take wear non-random sample but selected samples relating to the study. In

addition, the Government agencies involved are also selected based on this study.

In order to ensure that the study went smoothly, the researchers interviewed three experts from different organizations for their insights on NAP by referring to the organization's own interests; and why Malaysia sees the prospect of MERCUSOR as the best option as a new market in trade. The smoothness of the interview process is crucial to getting as much information as possible from the website as the information is intended to refer to the expertise and experience of the interviewee. The findings of this information will be analyzed through the selected methods such as the next section below.

- 1) **Malaysia Automotive Robotics and IoT Institute (MARII)** (Executive Department Policy and Policy)
- 2) **Ministry of Foreign Affairs Malaysia** (Department Americas Relation Policy MOFA).

### 3.4 CONTENT ANALYSIS

Researchers use content analysis in their thesis as it will be used for describe the impact of a new market involving Malaysia and MERCOSUR by using an interviews session within expert in the area on international trade. In addition, each interview in is compulsory to record during the interview and then to produce the next transcription process. The transcripts in approach are coded comprehensively and dedication to avoid Overlapping error in data transfer. Additionally, the code is supposed to have their Group entered categories according to the discovery pattern of phenomena related to research, Reliability negotiation is a term used extensively for the extent to which the non-assesses sable Code have a sequence and reach the same conclusions.

Figure 2 below indicate the following are coding process in content analysis which is crucial to the researcher. This process involves analyse the data line by line, every sentences and even word by word. Moreover, coding process is also called as line-by-line coding is important to make up concepts and categories. But based on research needs, researchers will also look for scale and the code a bit more spacious than the

sentences, paragraphs, chapters, etc. There are situations that may just need to define the concept for the whole document. Next, open code are divided into various parts of other axis coding code open and selected encoding will also be used in the coding process.

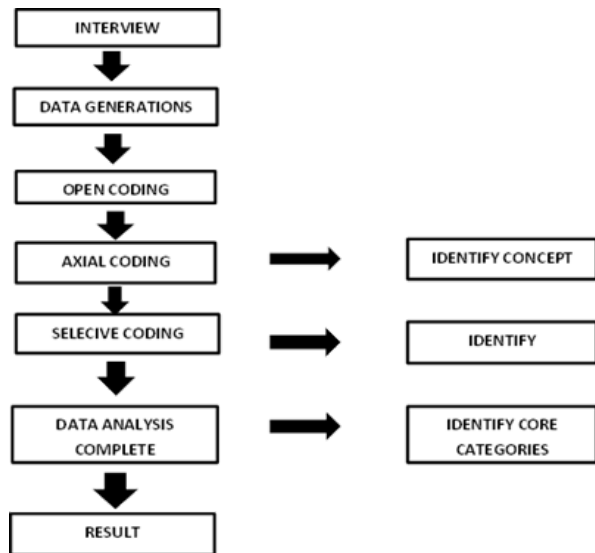


FIGURE 2: CODING SYSTEM

#### 4.0 RESULT AND DISCUSSION 1

The results and discussion 1 were to address the first objective are question raised by us to MOFA and MARI (RO1) based on the MOFA and MARI expert interview sessions in experts in multilateral MERCOSUR emphasizing that implementing any policy would be in line with current government requirements and to refine policy could impact positive for the long-term industry in various fields, especially in the automotive field with using method research content analysis and Integration economy.

According to MOFA (POLi) and (POLii) (RO1), the Strategic Trade Secretariat explained "Now the new government can tell me a lot of the initiatives that Malaysia has taken and done for the country under the auspices of the regime (MERCOSUR)" (Endut, 19 march 2019) and "Tun Mahathir is having discussions with the various South American countries and updated every policy, so if the new government had a positive reaction it is capable of establishing a new understanding of Prime Minister Tun Mahathir and it is doing a lot of bilateral work with the American south " ( Endut, 19 march 2019)

Based on the MOFA (POLi) and (POLii) (RO1) supported by the MARI (IMPiv) (RO1), it said "MARI has also found that the new government is looking for investment opportunities with southern American countries and we seem to have the opportunity to the national automotive carrier brought it there (MERCOSUR)." (Razak, 20 March 2019)

According to MOFA (POLii) (RO1), "In addition, Tun Mahathir is keen to make many new appointments with the South American country and also develop new policies for the country's economic policy and when the new government reacts positively to it bilateral relations with the southern American states." (Endut, 19 march 2019)

Based on the research findings to achieved objective 1, there is a useful overview of how policies are in the form of consolidation to avoid losses and show that Malaysia is committed to policies designed to enhance multilateral relations in various automotive fields using coding analysis and integration economy theory. Experts MOFA (EDUi) (RO1) and (EDUii) (RO1) during the interview were "In the course of these bilateral discussions we have been following ministers visiting Argentina so that we will gather input from the ministry and always look for reasons and evidence that generate trade figures" about how much exports to this country and how much imports to this country. This approach can help improve the quality of future negotiations and improve bilateral and multilateral relations." (Endut 19 march 2019)

While an interview with a MOFA expert to confirm that the key data set for automotive, South American-linked. Malaysia has more relations with MERCOSUR country. "Malaysia has been importing a lot of polo horses from Argentina because our sultan's horses are interested in polo so we are importing them from Argentina." (Endut, 19 march 2019).

In addition, "For example if you want to know South American countries, they have a lot of meat. They are trying to get a halal certificate to work with JAKIM so that their meat brings halal to market in the world market." (Endut, 19 march 2019)

Hence, support by MARI (POLii) (RO1) shows that "They (MERCOSUR Member) have gained a lot of data for our domestic market and are mainly known as

*the ASEAN hub". (Razak, 20 March 2019)*

Finally, the discussion of the interview with the expert has its advantages and disadvantages. The discussion was also the achieve to the second research objective which was discussed with the enforcement of MOFA and MARII.

## 5.0 RESULT AND DISCUSSION 2

The results and discussion 2 were to address the second objective was a questions raised by us to MOFA and MARII (RO1) based on the MOFA and MARII expert interview sessions in experts in multilateral MERCOSUR emphasizing that implementing any policy would be in line with current government requirements and to refine policy could impact positive for the long term industry in various fields, especially in the automotive field with using method research content analysis and Integration economy.

Based on the findings of the research for Objective 2, there is a useful overview of how policy in the form of consolidation shows that Malaysia is fully committed to the policies of the Free Trade Agreement designed to enhance multilateral relations in various fields, especially automotive policy. Experts MOFA (POLI) (RO2) and (POLII) (RO2) in the interview answered the question: *"What I see is that the new government and the new prime minister are planning to renew relations between Malaysia and southern American countries via Free Trade Agreement (FTA) in various sectors ". and "But it has taken a long time for governments to change their policies and more towards developed countries such as corporate America and China and when the new government responded, it has established a policy of having bilateral relations with South American countries."*

According to MOFA (POLI) and (POLII) (RO2) supported by MARII (IMPi) (RO2) *"It is policy based on the government itself in favour of trade and economic areas"*

In establishing a trade policy it is necessary to investigate the policy of the government of the country on the restrictions on goods and taxes imposed on export and import matters. *"South American countries have many trade barriers such as imposing safety, taxes that*

*will make our countries difficult to do business there."* (Endut, 19 march 2019)

The government also has a discretionary and budgetary allocation to negotiate with the mercenary states in the Free Trade Agreement which has been provided under MARII (ADVi) (RO2) and (ADVii) (RO2) *"We will only supply vendors and suppliers. And we will support whatever project is being implemented. "And" we (MARII) have a government-sponsored initiative in terms of financial support and who want to invest in this business for our loan in the automotive field to improve the quality and penetrate new markets such as the country of MERCOSUR."*

Based on MARII (ADVi) (RO2) and (ADVii) (RO2) on that support by MOFA (FACi) (RO2) and (FACii) (RO2) *"For example, South American countries also export their meat to Malaysia. They are trying to get the halal certificate to work with JAKIM to allow them to send their meat to Malaysia". (Endut, 19 march 2019)*

Here's an interview with an expert to reinforce the primary data stated from MOFA *"back then Malaysia had the idea of bringing our national automotive policy to a few countries South American but Chile was able to penetrate the market but not for long. Export of 1 million USD for the component to MERCOSUR. "And "a total value of 2.4 billion makes it a very small amount for component production near Malaysia". (Razak, 20 March 2019)*

This suggests that have a trade balance still less with the state of the state in the stated state. The government needs to refine the talks with MERCUSOR to increase the goodness of national automotive to a more competitive and competitive market.

The amount of economic integration indicates a full national unity economic policy as well as establishment of central authorities its decision binds all member states. The integration then takes the form of complete political integration based on (FACiv) (RO2). *"We will also see the political stability of each country. Maybe he has a good market. With all that was ok but the unstable political stability affected their trade."* (Razak, 20 March 2019)

Therefore, the session interview session discussions with experts which have the advantages and

disadvantages arising from government and private sectors. The discussion also achieve from second research objectives have been addressed in knowing enforcement from MOFA and MARII

### 6.0 RESULT AND DISCUSSION 3

The result and discussion 3 were to address the third objective was a questions raised by us to MOFA and MARII (RO3) based on the MOFA and MARII expert interview sessions in experts in multilateral MERCOSUR emphasizing that implementing any policy would be in line with current government requirements and to refine policy could impact positive for the long term industry in various fields, especially in the automotive field with using method research content analysis and SWOT Analysis.

Based on research findings, there is a useful overview of how policies in the form of consolidation to show that Malaysia is fully committed to the Free Trade Agreement policy designed to enhance multilateral relationships in various areas, especially automotive policy. MOFA (ST.MOFA.RP.01) and (ST.MOFA.RP.02) experts during interview *“What I see is this new government and the new prime minister have established a new trade policy between Malaysia also South America”* and *“Prime Minister Tun Mahathir has always tended to be in South America before focusing on East Asia.”* And *“So when this new government has reaction from Tun Mahathir there is a lot of history of bilateral relations with the South American countries in various fields especially the automotive sector”*.(Endut, 19 march 2019)

Based on MOFA (ST.MOFA.RP.01) and (ST.MOFA.RP.02) that support by MARII (WK.MARII.RQ.01) *“He relies on the government itself to create new policies.”*(Razak, 20 March 2019)

Malaysia's main focus is to expand its trade and compete internationally to seek opportunities with the world with agreements that will boost the country's economy. This agreement takes time to address and discuss various issues related to government's implementation and policy by focusing on international relations and related issues in advance. Participants gain valuable insights into this topic, and discuss challenges and opportunities for cooperation. Performance reflects

different country systems, risk management strategies, and achievements and challenges related to discussing policies that require a great deal of source and knowledge *“Every country with this trade barrier will impose safety, the tax that will make our countries difficult to do business there. It is true that we see him inform with us before the signing is signed.”* (Razak, 20 March 2019)

The government also has a discretionary and budgetary allocation to negotiate with the mercenary states in the Free Trade Agreement (FTA) which has been provided under MARII (OP.MARII.RP.01) and (OP.MARII.RP.02) *“The plan that we have made is a platform agreement with the friendly country. They have also met us and they have also come here to see us.”* (Razak, 20 March 2019)

Based on MARII (OP.MARII.RP.01) and (OP.MARII.RP.02) on that support by MOFA (OP.MOFA.RQ.01). *“Now a new government I can say a lot of Malaysia initiatives to trade with MERCOSUR in the automotive sector”*.(Endut, 19 march 2019).

Therefore, the discussion of the interview with the expert has its advantages and disadvantages. The discussion was also the answer to the second research objective which was discussed with the enforcement of MOFA and MARII.

### 7.0 CONCLUSION

Malaysia's decision to enforced NAP towards trade ties between MERCOSUR and Malaysia is important. It allows the nation to receive instant recognition as one of the participating countries in the struggle for global growth. The added advantage of the new automotive policy with MERCOSUR is the view that it is a safe place to conduct trade and search for investment in products and markets for national automotive. The way to implement requires co-operation between government agencies and private sector and has international relations with Malaysia good trade is able to realize the NAP that is able to make Malaysia a brilliant and competitive in the automotive.

The NAP plays a vital role in ensuring that the Malaysian automotive industry is not only concentrated nationally but it also involves international requirements.

As such, NAP itself will provide special arrangements for operators to expand the automotive parts market, which are automotive parts that are in fact less expensive and difficult to obtain; and the price is quite high in the MERCUSOR area. In fact, it is important for Malaysia to see MERCUSOR as a major expansion of national vehicles as this view was also supported by experts from MARI and MOFA during the interviews conducted (section discussion and result, 6.3).

To that end, it is important to expand the national, progressive and integrated national automotive market for the MERCUSOR regime.

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