



MINISTRY OF  
INTERNATIONAL TRADE AND INDUSTRY

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GLOSSARY

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FREQUENTLY USED ACRONYMS  
&  
TERMINOLOGIES

# CONTENT

- PART I : Acronym
- PART II : Terminology
- PART III : Fact Sheets
- PART IV : References

PART I

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ACRONYM

## A

### AANZFTA

- ASEAN-Australia - New Zealand - Free trade Area. The Agreement was signed on 27 February 2009 in Thailand. It entered into force on 1 January 2010.

### ABAC

- **APEC Business Advisory Council** - provides business-specific advice to APEC Leaders on implementation of the Osaka Action Agenda (OAA), trade and investment liberalization and facilitation (TILF), economic and technical cooperation (ECOTECH), and other priorities specifically related to the business sector. Membership is composed of up to three senior representatives of the business sector from each member economy. Established in 1995 and formally recognized by the APEC Ministers in 2005 as one of the five categories of delegates to attend APEC official meetings.

### ABDC

- **Automotive Business Development Committee** – chaired by MITI and discusses incentive applications under the Multi Sourcing Parts Programme (MSP) and Industrial Linkage Programme (ILP) schemes for the automotive industry.

### ABTC

- **APEC Business Travel Card** - allows business travelers pre-cleared, facilitated short-term entry to participating member economies. Card holders benefit from faster immigration processing on arrival via access to fast-track entry and exit through special APEC lanes at major airports in participating economies. All 21 APEC member economies participate in the ABTC scheme, 18 namely Australia; Brunei Darussalam; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico, New Zealand; Papua New Guinea; Peru; Philippines; Singapore; Chinese Taipei; Thailand and Viet Nam are full members while Canada, the United States and Russia are transitional members.

### AD

- **Automotive Dialogue** - serves as a forum for APEC member economy officials and senior industry representatives to work together to map out strategies for increasing the integration and development of the automotive sector within the region. Participants discuss the current status of the automotive sector in the Asia-Pacific region, identify barriers to growth, and develop effective cooperation mechanisms for APEC economies to address and reduce these impediments. The first Automotive Dialogue was held in Bali, Indonesia, in July 1999. Sectoral Division of MITI represents Malaysia at AD.

### AELM

- **APEC Economic Leaders' Meeting** – the annual meeting of the Leaders of the member economies, at which the policy agenda is set for APEC. Leaders consider

proposals and recommendations from Senior Officials' Meetings (SOM), Sectoral Ministerial Meetings, APEC Business Advisory Council (ABAC), and Joint Meetings of Ministers for Foreign Affairs and Ministers Responsible for Trade (AMM), and issue Leaders' Statements on future development directions for the years to come. The first AELM was held in 1993 at Blake Island, United States. The Honorable Prime Minister of Malaysia attends the AELM annually.

#### **AEC**

- **ASEAN Economic Community** - Is one of the three main pillars for the establishment of the ASEAN Community 2015 and future economic integration.

#### **AEM**

- **ASEAN Economic Ministers** - The AEM includes ten ASEAN Member States Economic Ministers. The AEM meets twice a year.

#### **AFTA**

- **ASEAN Free Trade Area** - It was agreed in 1992 with main objective to create a single market and an international production base in ASEAN.

#### **AFAS**

- **The ASEAN Framework Agreement on Services (AFAS)** - was signed by ASEAN Economic Ministers on 15 December 1995 in Bangkok, Thailand. It aims to enhance cooperation to improve the efficiency, competitiveness and supply of services, and liberalise further the trade in services among ASEAN Member State. The 12 broad sectors covered for liberalization in ASEAN are: Business Services; Communication Services; Construction and Related Engineering Services; Distribution Services; Educational Services; Environmental Services; Financial Services; Health Related and Social Services; Tourism and Travel related Services; Recreational, Cultural and Sporting Services; Transport Services; and other Services not included elsewhere. To date, all ASEAN Member States, including Malaysia has committed nine Packages of Services Liberalization commitments under AFAS.

#### **AJCSD**

- The ASEAN-Japan Chemical Safety Database - free database which includes chemical regulatory information, GHS classification results, risk and hazard information, etc.

#### **AKFTA**

- **ASEAN – Korea FTA** - Korea is the second Dialogue Partner with whom ASEAN has forged a free trade agreement. In 2005, ASEAN and Korea signed the Framework Agreement on Comprehensive Economic Cooperation (Framework Agreement), and subsequently, signed four (4) more agreements that form the legal instruments for establishing the ASEAN-Korea Free Trade Area (AKFTA).

#### **AMM**

- **APEC Ministerial Meeting** – a joint meeting of Ministers of Foreign Affairs and Ministers Responsible for Trade of APEC member economies organized annually.

Meeting takes place right before the APEC Economic Leaders' Meeting (AELM). At this Meeting, Ministers give their assessments and evaluations of APEC cooperation in the present year, endorse recommendations on cooperation from Senior Officials' Meetings (SOM) and report to AELM for consideration and approval. MITI Minister participates this meeting under the capacity of Minister Responsible for Trade.

#### **APEC**

- **Asia-Pacific Economic Cooperation** - a forum for 21 Pacific-rim member economies that seeks to promote open trade and practical economic cooperation throughout the Asia-Pacific region. Cooperation is based on three pillars: trade and investment liberalization, business facilitation, and economic and technical cooperation. The primary goal is to support sustainable economic growth and prosperity in the region. .Established in 1989, membership comprises Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States; and Viet Nam. APEC accounts for over 1/3 of world population, nearly 54% world GDP and 44% world trade.

#### **AP**

- **Approved Permit** - is an import and export license issued by the Permit Issuing Agencies (PIAs) based on the Customs Act 1967.

#### **ASEAN-6**

- Is an acronym refers to the six advance ASEAN Member States namely Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.

#### **ASEAN**

- **Association of Southeast Asian Nations** - the aims and purposes are to accelerate economic growth, social progress and cultural development; to strengthen cooperation and mutual assistance; and to ensure peace and stability in the region (Bangkok Declaration). ASEAN comprises 10 countries in Southeast Asia, including the five founding members, namely Indonesia, Malaysia, Thailand, Philippines, Singapore, and five others: Brunei, Vietnam, Laos, Myanmar and Cambodia. Established on 8 August 1967.

#### **ASEAN-BAC**

- **ASEAN Business Advisory Council** - was established in 2003. The ASEAN-BAC assumes a strategic role in facilitating engagement between the private and public sector. Each ASEAN Member State is represented by three private sector members, including one from SMEs.

#### **ASEM**

- **Asia-Europe Meeting** - ASEM is an exclusively Asian–European forum to enhance relations and various forms of cooperation between the 53 partners: 51 countries and 2 regional organisations namely the European Union and ASEAN Secretariat.

## **ASEC**

- **ASEAN Secretariat** - ASEC's basic function is to provide for greater efficiency in the coordination of ASEAN organs and for more effective implementation of ASEAN projects and activities. The economic pillar of ASEC is headed by Deputy Secretary General of ASEAN for ASEAN Economic Community.

## **ATIGA**

- **ASEAN Trade in Goods Agreement** - The ATIGA was implemented in 2010 as to replace the old CEPT Scheme which was established back in 1993. The ATIGA is a comprehensive agreement for trade in goods in ASEAN which includes trade facilitation measures and safeguard measures provisions.

## **ATR**

- **ASEAN Trade Repository** - provides a single point of access to all the trade-related information of ASEAN Member States. The ATR is an ASEAN-level IT interface linked by means of hyperlinks to a series of interoperable National Trade Repositories (NTRs) that provide and maintain the national-level trade related information and the actual contents.

## **ATF**

- **Authorised Treatment Facility** - are sites that have been licensed to accept end of life vehicle (ELV) and are able to comply with the requirement of ELV regulations. ATFs are more commonly known as dismantlers, scrap yards, salvage yards or breakers yards.

## B

### BA

- **Bankers Acceptance** - A Bankers Acceptance (BA) is a Bill of Exchange (draft) drawn by an importer/buyer/exporter/seller on his bank to his order, to finance an underlying trade transaction and accepted by that bank. It is termed “accepted” when the drawee bank signifies acceptance by signing on the Bill of Exchange. The drawee bank thereby undertakes the obligation to meet payment on maturity date.

### BEC

- **Broad Economic Categories** - Was originally devised mainly for the summarization of data on international trade by large economic classes of commodities. In addition, it was designed to serve as a means for converting external trade data compiled on the Standard International Trade Classification (SITC) into end use categories that are meaningful within the framework of the System of National Accounts (SNA) namely capital goods, intermediate goods and consumption goods. Each category of the BEC is defined in terms of divisions, groups, sub-groups and basic headings of SITC.

### BEF

- **Business Enabling Framework** - Document prepared by the regulator in support of a regulatory proposal, following consultation with affected parties. It records the key steps taken during the development of the proposal, and includes assessment of the cost benefits of each option.

### BG

- **Bank Guarantee** - A Bank Guarantee is a written undertaking given by a bank to a third party (beneficiary), for payment in lieu of a debt, or performance of an obligation by another person liable in the first instance.

### BMC

- **Budget and Management Committee** - advises SOM on issues concerning budget, administration and project management. BMC also monitors and evaluates project management activities of Committees and Working Groups and submits reports on the efficiency of those projects to SOM. It is one of SOM’s four committees (the other three are Committee on Trade and Investment – CTI, Economic Committee – EC, Steering Committee on Economic and Technical Cooperation – SCE). Pre 1999 BMC was known as the Budget and Administrative Committee (BAC).



# C

## CBI

- **Cross-Border Investment** – Residents of Malaysia investing directly in production in another country, either by buying a company there or establishing new operations of an existing business.

## CBU

- **Completely built unit** - is the terminology when a car/bike/automobile is imported/exported to/from some other country as a complete car fully assembled. These automobiles do not require an assembly before they can be sold out to the buyers in the target country's markets.

## CKD

- **Completely knocked down-** car / bike /automobile which are imported or exported in parts and not as one assembled unit. Such units are first sent to an assembly plant in the target country where all these parts are assembled and one complete car / bike / vehicle is made using the imported components.

## CEPT

- **The Common Effective Preferential Tariff (CEPT Scheme)**- was established as the mechanism to reduce and eliminate import duties in ASEAN.

## CLMV

- **Cambodia Lao PDR Myanmar Viet Nam** - Is an acronym refers to the four newer members of ASEAN namely Cambodia, Lao PDR, Myanmar and Viet Nam. Since Viet Nam is now a developing country, there is a preference to use CLM when referring to the Least Developed Countries of ASEAN. CLM covers Cambodia, Lao PDR and Myanmar.

## COPs

- **Conference of the Parties** - is the governing body of international conventions such as Rotterdam, Stockholm and Minamata Convention.

## CPC

- **A Customs Procedure Code (CPC)**- is used for both imports and exports to identify the nature of the movement of the goods. It is made up of three pairs of numbers and each pair identifies the applied procedure, the previous procedure (if applicable) and further classifies the nature of the movement.

## CREST

- **Collaborative Research in Engineering, Science and Technology** - An industry-led agent that catalyzes on the growth of Malaysia's E&E industry by creating a vibrant R&D ecosystem.

#### **CRC**

- **Cold Rolled Coil** - hot rolled steel that will undergo further process. The steel is processed further in cold reduction mills, where the material is cooled (at room temperature) followed by annealing and/or tempers rolling

#### **CSOM**

- **Concluding Senior Officials' Meeting** - the final meeting of the Senior Officials' Meetings held every year on the threshold of APEC Ministers' Meeting (AMM) and APEC Leaders' Meeting. It concludes all activities undertaken during the year, resolves all remaining issues, and summarizes anticipated attainable results and fora recommendations to submit to the APEC Ministers' Meeting and APEC Economic Leaders' Meeting.

#### **CTC**

- **Change in Tariff Classification** - Used to specify that a product has been undergone a process and the change at 4-digit level.

#### **CTI**

- **Committee on Trade and Investment** - mandated to act as a coordinator of APEC in trade and investment liberalization and facilitation, CTI oversees eight sub-groups and three industry dialogues in implementing cooperative actions outlined in the Osaka Action Agenda (OAA). Established in 1993 based on the Declaration on an APEC Trade and Investment Framework aimed at strengthening economic activities and promoting the flow of goods and services between APEC member economies.

#### **COO**

- **Certificate of Origin** - Means a document issues by the Issuing Authority specifies the details of the origin of the goods or materials.

## D

### DBC

- **Documentary Bills for Collection** - is a service provided by banks whereby the exporter having shipped the goods, delivers the documents to his bank (Remitting Bank) with instructions to have the documents presented to the importer through a Collecting Bank in the country of the importer.

### DET

- **Differential Export Taxes** - The differential export tax (DET) is the difference of the export tax on raw materials and the finished product.

### DFQF

- **Duty Free Quota Free** - Special treatment accorded to LDCs where by developed countries will allow DFQF access for products from LDCs.

### DGTA

- **Directorate General of Technical Airworthiness** - is a government agency under the Ministry of Defence responsible for regulating the technical airworthiness of state-registered aircraft.

## E

### EC

- **Economic Committee** - works to remove structural and regulatory obstacles that inhibit cross-border trade and investment that are created by behind-the-borders barriers. Promotes structural reform within APEC which consists of improvements made to institutional frameworks, regulations and government policies so that the efficient functioning of markets is supported, and behind-the-border barriers are reduced.

### ECR

- **Export Credit Refinancing** - Scheme is another credit facility to finance exports. This scheme was launched nationwide by Bank Negara Malaysia (BNM) in 1989. BNM has made available the pre-shipment and post-shipment ECR facilities through commercial banks. Currently the role of BNM has been taken over by Exim Bank.

### ECOTECH

- **Economic and technical cooperation** - one of the three cooperative pillars of APEC, ECOTECH involves capacity building and information sharing activities. The objective is to help members, particularly developing economies, benefit from the liberalization process, while narrowing the gap among the diverse economies of the APEC region. Current ECOTECH medium-term priorities include: regional economic integration; addressing the social dimension of globalisation (inclusive growth); safeguarding the quality of life through sustainable growth; structural reform; and human security.

### EL

- **Exclusion List**- Products which are excluded from any commitments of liberalisation.

### EEV

- **Energy Efficient Vehicle** - are vehicles that meet a set of define specification in terms of carbon emission level (g/km) and fuel consumption (l/100km ) and include fuel efficient vehicles, hybrid, EV and alternatively fuelled vehicles e.g LPG, Biodiesel, Ethanol, Hydrogen and Fuel Cell.

### EHS

- **Environmentally Hazardous Substances** - is a substance that is included in the EHS reference list, or if not in the list, must be assigned a hazard category under the GHS classification scheme.

### ELV

- **End of Life Vehicle** - vehicle that have been considered 'waste' in the manner the owners have decided to withdraw the vehicle from the road. Damaged car due to road accident that cannot be repaired can be also considered as ELV.

## F

### FDI

- **Foreign direct investment (FDI)** - is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.

### FMM

- Federation of Malaysian Manufacturers

### FOB

- **Freight on Board** - The free-on-board value determined by the value of the materials; production cost; profit; and other costs.

### FPSO

- **Floating Production Storage and Offloading** - Offshore production facilities that house both processing equipment and storage for produced hydrocarbons.

### FSO

- **Floating storage and offloading** - A vessel used only to store oil (without processing it).

### FTA

- **Free Trade Agreement** – an agreement between two or more countries with the aim of liberalising the trade of goods and services and access to investment between those countries. An FTA does this by removing barriers to trade, such as eliminating most (if not all) tariffs and removing quotas on goods that can be exported or imported.
- FTAs currently pursued with selected countries are not confined to liberalisation and market opening measures alone. They are comprehensive and include investment, trade facilitation, intellectual property rights (IPR) as well as economic cooperation in areas such as:
  - ✓ competition policy;
  - ✓ standards and conformity assessment;
  - ✓ information and communication technology;
  - ✓ science and technology;
  - ✓ education and training;
  - ✓ research and development;
  - ✓ financial cooperation;
  - ✓ Small and Medium Enterprises (SMEs) development; and
  - ✓ paperless trading.

# G

## G-8

- **Group of Eight** – G7 + Russia, an annual summit meeting of head of governments from seven industrialized countries in the world (G7) and Russia. Consists of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The European Union is represented in the G8, but cannot host or chair.

## G-20

- **Group of Twenty** - brings together systemically important industrialized and developing economies to discuss key issues in the global economy. Established in 1999 and consists of Finance Ministers and Central Bank Governors from 19 of the world's largest national economies, plus the European Union (EU).

## GAAP

- **Generally Accepted Accounting Principles** - The ethic applies on the recording of revenues; expenses; costs; assets and liabilities; disclosure of information and preparation of financial statements.

## GATS

- **General Agreement on Trade in Services (WTO)** - Main objective is to create a legal framework for liberalization in trade in services. Services were included in the Uruguay Round of trade negotiations which led to the General Agreement on Trade in Services (GATS). Since January 2000, they have become the subject of multilateral trade negotiations.

## GATT

- **General Agreement on Tariffs and Trade** - GATT 1947 govern trade in goods from 1948 until 1994. It was an agreement as well as an organisation. In 1995, the WTO replaced GATT as an international organisation. GATT 1947 together with GATT 1994 forms the umbrella treaty for trade in goods. Both these agreements are collectively referred as GATT.

## GBS

- **Global Business Services** - A well-executed global business services strategy is distinctly different from the narrower focuses of shared services and outsourcing strategies. It identifies corporate objectives and encourages internal functions to collaborate with each other and third-party service providers to create breakthrough, strategic operational capabilities that drive business outcomes that can result in real marketplace differentiation and competitive advantage.
- The global business services model is multifunctional, fully integrated, end-to-end process oriented and can transform businesses. Typically, this is achieved through the creation of a unified global business services unit capable of managing end-to-end processes.

## **GHS**

- **Globally Harmonized System** of Classification and Labelling of Chemicals is an internationally-harmonized approach to address classification of chemicals by types of hazard. It proposes harmonized hazard communication elements, including labels and safety data sheets.

## **GDP**

- **Gross Domestic Product** - Monetary value at market prices of all goods and services produced within a country, but excluding net income from abroad for a given period (usually a year). GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory. Put simply, GDP is a broad measurement of a nation's overall economic activity.
- Gross domestic product can be calculated using the following formula:

$$\mathbf{GDP = C + G + I + NX}$$

Where C is equal to all private consumption, or consumer spending, in a nation's economy, G is the sum of government spending, I is the sum of all the country's investment, including businesses capital expenditures and NX is the nation's total net exports, calculated as total exports minus total imports (NX = Exports - Imports).

## **Nominal GDP**

- Nominal GDP is Gross Domestic Products (GDP) evaluated at current market price, without the inflation adjustment. Nominal GDP is usually higher than real GDP because inflation is typically a positive number. Nominal GDP is used when comparing different quarters of output within the same year. The main difference between nominal and real values is that real values are adjusted for inflation, while nominal values are not

## **GDP per capita**

- Per capita GDP is a measure of the total output of a country that takes gross domestic product (GDP) and divides it by the number of people in the country. The per capita GDP is especially useful when comparing one country to another, because it shows the relative performance of the countries.

## **GDP per capita ( PPP based)**

- **Gross Domestic Product (Purchasing Power Parity)** - is gross domestic product converted to international dollars using purchasing power parity rates and divided by total population. An international dollar has the same purchasing power over GDP as a U.S. dollar has in the United States. Purchasing power parities (PPPs) are the rates of currency conversion that eliminate the differences in price levels between countries.

## **GNI**

- **Gross National Income** - Another measure of a country's economic performance. The production of the nationals of the country, whether they are in residence in the domestic territory or not. GDP may be converted to GNI by adding net factor incomes from abroad.. It is calculated by adding to GDP the income earned by residents from investments abroad, minus income sent home by foreigners who are living in the country.

## **GNI per capita**

- Is gross national income divided by mid-year population

## **GST**

- **Goods and Services Tax (GST)** - is a multi-stage tax on domestic consumption. GST is charged on all taxable supplies of goods and services in Malaysia except those specifically exempted. GST is also charged on importation of goods and services into Malaysia. In Malaysia, a person who is registered under the Goods and Services Tax Act 2014 is known as a “registered person”. A registered person is required to charge GST (output tax) on his taxable supply of goods and services made to his customers. He is allowed to claim back any GST incurred on his purchases (input tax) which are inputs to his business. Therefore, the tax itself is not a cost to the intermediaries and does not appear as an expense item in their financial statements.

## **GVC**

- **Global Value Chain** - The different processes in different parts of the world that each add value to the goods or services being produced.



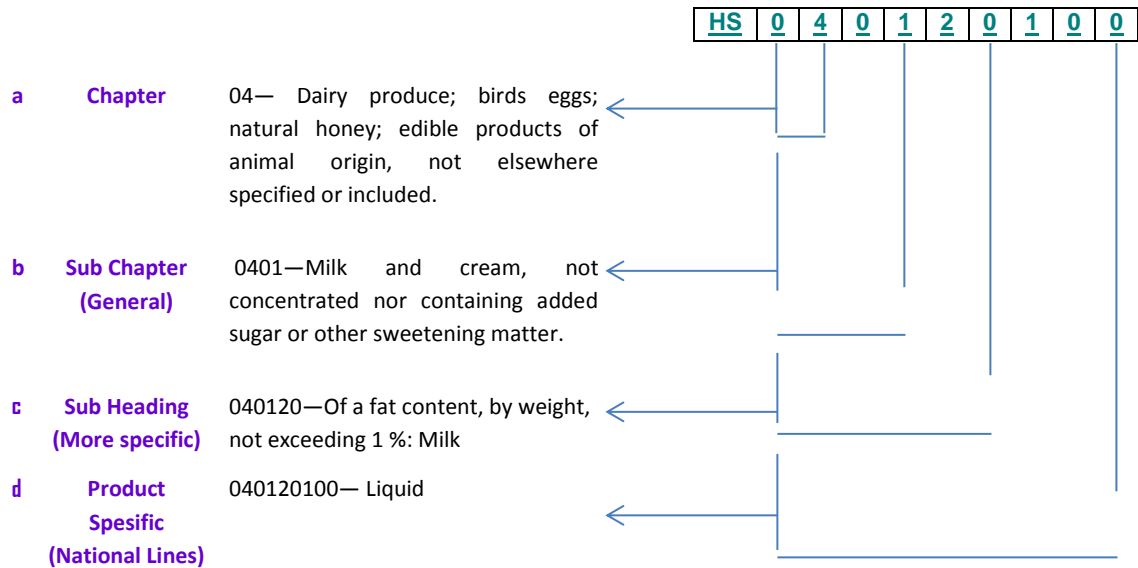
# H

## HS

- **Harmonised System** - The Harmonized Commodity Description and Coding System (HS) is a tariff nomenclature system developed and maintained by the World Customs Organization (WCO) for the purpose of describing and providing coding for the products traded.

### Understanding HS Code

#### Example:



## HRC

- **Hot Rolled Coil** - steel processed at a high temperature (typically at a temperature over 1700° F), which is above the steel's recrystallization temperature. When steel is above the recrystallization temperature, it can be shaped and formed easily, and the steel can be made in much larger sizes.

## IAP

- **Individual Action Plan** - An action plan developed and implemented by each APEC member economy to outline activities related to realizing Bogor goals of free and open trade and investment in the region. Each IAP contains 15 chapters on different trade-related issues such as tariffs and non-tariff barriers that can restrict trade or make it more expensive (such as quotas, subsidies, minimum import prices, quarantine measures and technical barriers). There are also chapters on services and investment or arrangements that impact on investment. Since 2001, members have been using e-IAP to make IAPs more transparent, accessible, easily assessed and referred to. Starting 2012, economies will submit their IAPs every two years in 2012, 2014, and 2018; in 2016 and 2020, economies will respectively undertake a second term review and a final assessment.

## Inclusion List (IL)

- A list which stipulates the products which are offered preferential import duties.

## IBS

- **Industrialised Building System** - A technique of construction whereby components are manufactured in a controlled environment - either onsite or offsite - placed and assembled into construction works.

## ICP

- **Internal Compliance Program** - A set of internal controls and procedures implemented voluntarily by a company that ensures transactions satisfy the requirements under STA 2010. An ICP is a prerequisite for companies that wish to avail themselves of bulk and multiple-use permits under STA 2010. It is also to safeguard the company from being manipulated by proliferators of WMD.

## IMF

- **International Monetary Fund** - referee and, when the need arises, rescuer of the world's FINANCIAL SYSTEM. The IMF was set up in 1944 at BRETTON WOODS, along with the WORLD BANK, to supervise the newly established fixed EXCHANGE RATE system. After this fell apart in 1971-73, the IMF became more involved with its member countries' economic policies, doling out advice on FISCAL POLICY and MONETARY POLICY as well as microeconomic changes such as PRIVATISATION, of which it became a forceful advocate. In the 1980s, it played a leading part in sorting out the problems of DEVELOPING COUNTRIES' mounting DEBT. More recently, it has several times co-ordinated and helped to finance assistance to countries with a currency crisis. The Fund has been criticised for the CONDITIONALITY of its support, which is usually given only if the recipient country promises to implement IMF-approved economic reforms. Unfortunately, the

IMF has often approved 'one size fits all' policies that, not much later, turned out to be inappropriate. It has also been accused of creating MORAL HAZARD, in effect encouraging governments (and FIRMS, BANKS and other investors) to behave recklessly by giving them reason to expect that if things go badly the IMF will organise a bail-out. Indeed, some financiers have described an INVESTMENT in a financially shaky country as a 'moral-hazard play' because they were so confident that the IMF would ensure the safety of their MONEY, one way or another. Following the economic crisis in Asia during the late 1990s, and again after the crisis in Argentina early in this decade, some policymakers argued (to no avail) for the IMF to be abolished, as the absence of its safety net would encourage more prudent behaviour all round. More sympathetic folk argued that the IMF should evolve into a global lender of last resort.

#### **ILP**

- **Industrial Linkage Programmes** - is implemented to integrate local SMIs into the mainstream industrial sector to forge stronger industry linkages.

#### **IPI**

- **Industrial Production Index** - The industrial production index measures the change in output in Malaysian manufacturing, mining, construction, and electricity, gas and water. Output refers to the physical quantity of goods produced, unlike sales value, which combines quantity and price. The index covers the production of goods and power for domestic sales in Malaysia and for export. It excludes production in the agriculture, transportation, communications, trade, finance, and service industries, government, and imports.

#### **IoT**

- **Internet of Things** - System of interrelated computing devices, mechanical and digital machines, objects, animals or people that are provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

#### **ITA**

- **Information Technology Agreement** - Tariff liberalization arrangement negotiated in the WTO on elimination of import duties on IT products.

## J

### J-curve

- The shape of the trend of a country's trade balance following a devaluation. A lower exchange rate initially means cheaper exports and more expensive imports, making the current account worse (a bigger deficit or smaller surplus). After a while, though, the volume of exports will start to rise because of their lower price to foreign buyers, and domestic consumers will buy fewer of the costlier imports. Eventually, the trade balance will improve on what it was before the devaluation. If there is a currency appreciation there may be an inverted J-curve.

### JPC 3

- *Jawatankuasa Pengecualian Cukai Besi Keluli* - A committee chaired by MITI and representatives from MOF, MIDA and Customs that evaluates and determines import duty exemption applications for raw materials of iron and steel products.

## L

### LC

- **Letter of Credit** - A Letter of Credit or Documentary Credit (DC) is a written undertaking by the bank given to an exporter/seller at the request of the importer/buyer, to pay the exporter/seller at sight or at a determinable future date up to a stated sum of money, within a prescribed time limit against stipulated documents and in compliance with the terms and conditions of the LC.

### LEV

- **Low emission vehicle** - is a vehicle that meets the average emissions standard within the LEV programme.

### LMW

- **Licensed Manufacturing Warehouse (*Gudang Pengilangan Berlesen (GPB)*)** - In Malaysia, a Manufacturing Bonded Warehouse is known as Licensed Manufacturing Warehouse established under the provision of section 65/65A of the Customs Act 1967. An LMW is a manufacturing unit (factory) granted to any person for warehousing and manufacturing approved products on the same premise. It is primarily intended to cater for export oriented industries. Customs duty exemption is given to all raw materials and components used directly in the manufacturing process of approved produce from the initial stage of manufacturing until the finished product is finally packed ready for export.

### LPG

- Liquefied Petroleum Gas also referred to as GPL, LP or autogas is a blend primarily of two hydrocarbon gases, propane and butane.

# M

## MAC

- **The Malaysian Aerospace Council** chaired by YB Minister MITI provides the vision and direction for the overall development plan of the national aerospace industry. It also provides policy guidelines and identify priority areas of aerospace activities in Malaysia. Members of the Council consists of Government and industry players.

## MAIA

- **Malaysia Aerospace Industry Association** is a non-governmental organisation and functions to support and represent the voice of Malaysian companies in the aerospace sector.

## MPCEPA

- **Malaysia-Pakistan Closer Economic Partnership Agreement** - Malaysia and Pakistan established the Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA) on 8 November 2007. MPCEPA came into force on 1 January 2008. The MPCEPA encompasses liberalisation in trade in goods and services, investment, as well as bilateral technical cooperation and capacity building in areas such as sanitary and phytosanitary measures, intellectual property protection, construction, tourism, healthcare and telecommunications.

## MISIF

- **Malaysian Iron and Steel Industry Federation** - MISIF is the national industry association for manufacturers of iron and steel products. The primary function of MISIF is to assist and support members in carrying out their business efficiently and successfully.

## ML

- **Manufacturing License** - The Industrial Coordination Act, 1975 requires person(s) engaging in any manufacturing activity with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees to obtain a Manufacturing Licence.

## MMBK

- **Mesyuarat Mingguan Besi Keluli** – A technical committee under the *Jawatankuasa Pengecualian Cukai 3* (JPC3) to evaluate import duty exemption applications for raw materials of iron and steel products.

## MRO

- **Maintenance, repair and overhaul** - includes preservation, and the replacement of parts the sub- sector under MRO consist of airframe heavy maintenance, line maintenance, modification, engine overhaul and component MRO.

## **MSA**

- **Malaysia Steel Association** - The association was launched on 2 November 2010 with the objective of upholding the interests of upstream steel companies, consolidating their strengths and providing a platform for the exchange of knowledge to achieve mutual goodwill, cooperation and unity for the benefit of all members in the Malaysian steel industry.

## **MSC**

- **Malaysia Steel Council** - The Malaysia Steel Council was established in 2012 and is chaired by YB Minister MITI. The objectives of MSC are to oversee, develop and continuously align the implementation milestones and roadmap including governance mechanism, towards ensuring the competitiveness of the iron and steel industry in Malaysia.

## **MSI**

- **Malaysia Steel Institute** – The Malaysia Steel Institute (MSI) is an industry driven institute under MITI. MSI's role among others, is to collaborate with the Government in planning the growth and development of the iron and steel industry.

## **MJEPA**

- **Malaysia-Japan Economic Partnership Agreement** - Malaysia and Japan established the Malaysia-Japan Economic Partnership Agreement (MJEPA) on 13 December 2005. MJEPA came into force on 13 July 2006.

## **MNZFTA**

- **Malaysia-New Zealand Free Trade Agreement** - Malaysia and New Zealand commenced negotiations on the bilateral FTA in May 2005. The Malaysia-New Zealand FTA (MNZFTA) negotiations were concluded on 30 May 2009 at the 10th round of negotiations in Kuala Lumpur. The Agreement was signed by both Ministers of Trade on 26 October 2009 in Kuala Lumpur. MNZFTA entered into force on 1 August 2010.

## **MNP**

- **Movement of Natural Person** - One of the four ways through which services can be supplied internationally. Otherwise known as "Mode 4", it covers natural persons who are either service suppliers (such as independent professionals) or who work for a service supplier and who are present in another WTO member to supply a service.

## **MFN**

- **Most-Favoured-Nation** – Under the WTO agreements, countries cannot normally discriminate between their trading partners. Grant someone a special favour (such as a lower customs duty rate for one of their products) and you have to do the same for all other WTO members. This principle is known as most-favoured-nation (MFN) treatment. It is so important that it is the first article of the General Agreement on Tariffs and Trade (GATT), which governs trade in goods. MFN is also a priority in the General Agreement on Trade in Services (GATS) (Article 2) and the Agreement on

Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Article 4), although in each agreement the principle is handled slightly differently. Together, those three agreements cover all three main areas of trade handled by the WTO. Some exceptions are allowed. For example, countries can set up a free trade agreement that applies only to goods traded within the group — discriminating against goods from outside. Or they can give developing countries special access to their markets. Or a country can raise barriers against products that are considered to be traded unfairly from specific countries. And in services, countries are allowed, in limited circumstances, to discriminate. But the agreements only permit these exceptions under strict conditions. In general, MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners — whether rich or poor, weak or strong.

#### **MOU**

- **Memorandum of Understanding** - a document that records the common intent of two or more parties where the parties do *not* wish to assume legally binding obligations. An MOU is usually less complex and less detailed than a contract, but provides a framework and set of principles to guide the parties in undertaking a project or working arrangement.

#### **MRA**

- **Mutual Recognition Agreement** - an international agreement by which two or more countries agree to recognize one another's conformity assessments. If the products identified according to the MRA have been examined and assessed conformity before export, they will be directly imported by countries signing the agreement, instead of having to go through the examining and assessing process of the importing country. Hence, MRA is an important instrument in facilitating international trade.

#### **MRT**

- **Meeting of APEC Ministers Responsible for Trade** - the first meeting was held in October 1994 in Jakarta, Indonesia as a follow-up to the decision of the APEC Ministerial Meeting in Seattle, United States, 1993. The meeting has been held annually since 1996, to strengthen the multilateral trading system and the trade and investment liberalization and facilitation process of APEC. In recent years, Ministers have discussed issues on anti-corruption, human security, public-private partnership, and economic and technical cooperation. MITI Minister represents Malaysia as MRT at APEC.

#### **MSDC**

- **Malaysia Services Development Council** - Meeting as a platform to address cross cutting policy issues on services. Working with MPC and other stakeholders in addressing regulatory and institutional barriers.
- Participation in the services studies and implementation of identified key recommendations of selected services studies, such as Services Blueprint, Logistic and trade facilitation masterplan and other related studies.



## **MSPC**

- **Malaysian Services Provider Confederation** - To be the sole platform for formulating common strategies, networking at national, regional and international levels for service sectors; To promote and stimulate demand for services – professional, business and others; To accelerate the growth of the services sector by: Enhancing the competitiveness, productivity and efficiency of the sector, Developing the capacities and capabilities for the sector, Positioning Malaysia to be a regional centre of excellence for those established and maturing sub-sectors, Engaging with the authorities, in the spirit of Malaysia Inc., to create a more conducive business environment for investments and export of services. Outreaching, nurturing and partnering constituent member organizations in strengthening institutional support in both development and promotion.

## **MTS**

- **Multilateral Trading System** - a trading system which involves participation of many different parties with the aim of promoting cooperation in terms of trade and the making of trade policy, rules and regulations among members. The term 'multilateral trading system' is used in APEC Statements to indicate the World Trade Organization - WTO (previously known as GATT).

# N

## NAICO

- **National Aerospace Industry Coordinating Office** - coordinates, implements and monitors the Malaysian Aerospace Industry Blueprint 2030 and overall aerospace industry development programmes in Malaysia. It is the centre of excellence for the aerospace industry development in Malaysia and also promotes and facilitates the involvement and growth of Small, Medium Enterprises in the global supply chain in the aerospace industry. NAICO is also the Secretariat to the Malaysian Aerospace Council (MAC).

## NAC

- The **National Automotive Council** - is chaired by YB Minister of MITI and consists of representatives from the Government and automotive industry. The role of the council is to oversee the implementation of NAP 2014 and other policy related to automotive industry.

## NAMA

- **Non-Agriculture Market Access** - involves all products that are not covered by the Agriculture Agreement. In other words, NAMA products include all fish and fishery products, wood and forestry products, electronics, manufactures, automotive products, machinery, textiles, clothing, leather, chemical products, and mining products. Sometimes NAMA products are also called industrial goods or manufactured goods. NAMA products account for nearly 90% of export goods in the world. The WTO is trying to reduce or eliminate tariffs on NAMA goods, in particular products of export interest to developing countries, as part of the Doha Round.

## NAP

- **National Automotive Policy** -The NAP was introduced in 2006 to transform the automotive industry and integrate it into the increasingly competitive regional and global industry.

## NATIP

- **National Timber Industry Policy** - The NATIP was officially launched on 17 February 2009 as a guiding principal for the development of the timber industry in Malaysia. The policy outlines the way forward for the industry and determine the appropriate policy directions for critical aspects of the timber industry.

## NTBs

- **Non-Tariff Barrier** - refer to restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly. NTBs also include unjustified and/or improper application of Non-Tariff Measures (NTMs) such as sanitary and phytosanitary (SPS) measures and other technical barriers to Trade (TBT). NTBs arise from different measures taken by governments and authorities in the form of government laws, regulations, policies,

conditions, restrictions or specific requirements, and private sector business practices, or prohibitions that protect the domestic industries from foreign competition.

### **NTMs**

- **Non-Tariff Measures** - in general, this term is used to identify any measure which is not based on tariff and is applied in order to protect domestic industries. Many non-tariff measures originated from legitimate purposes, for example, human health protection, and are applied in accordance with WTO rules. Agreements such as the Agreement on Sanitary and Phytosanitary Measures (SPS) and the Agreement on Technical Barriers to Trade (TBT) allow governments to practice legal benefit protection measures while minimizing obstacles to trade and avoiding the application of “disguised protectionism”.

#### Examples of NTMs:

##### **Sanitary and Phytosanitary Measures:**

Measures that are applied to protect human or animal life from risks arising from: additives, contaminants, toxins or disease-causing organisms in food.

- Geographical restrictions on eligibility: Imports of dairy products from countries.

# O

## OEM

- **Original Equipment Manufacturer** - An OEM is a company that makes a part or subsystems that is used in another company's end product. OEM is a company whose products are used as components in the products of another company, referred to as the value-added reseller (VAR). The OEM generally works closely with the company that sells the finished product and customizes designs based on that company's needs. In the computer industry, OEM may also refer to the VAR, the company that buys products and incorporates or rebrands them into a new product under its own name.. e.g PROTON, PERODUA, Toyota and Honda.

## OTDS

- **Overall trade distorting** - support comprises Amber Box (refer Amber Box), Blue Box (refer Blue Box) and *De Minimis Subsidies* (refer De Minis Subsidies).

## P

### PD

- **Program Directors** - are often of diplomatic rank and seconded to work at the Secretariat by member economies. Program directors undertake work in specific fields and cooperative projects of APEC, oversee activities of relevant working groups, fora, and meetings to ensure that APEC requirements are met as well as effectively implement policy directives and declarations of Leaders and Ministers.

### PDK

- **Perintah Duti Kastam** – A Customs Duties Order that include import duties that shall be levied on, and paid by the importer, in respect of goods imported into Malaysia, at the full rates or tariff rate quota. The Customs Duties Order also includes export duties that shall be levied on and paid by the exporter in respect of the goods exported from Malaysia, at the specified rates.

### PL

- **Packing Loan** - An exporter who receives an LC may need a temporary working capital for purchasing of raw materials, overhead expenses and other expenses. In order to meet these requirements, the exporter may apply for Packing Loan secured against the LC, generally based on a certain percentage of the value of the export. Upon realization of the proceeds of the export bill, the exporter would be able to repay this short term financing.

### PIS

- **Priority Integration Sectors** - ASEAN identified 11 priority integration sectors which have roadmap, specific sector initiatives to mutually benefit ASEAN Member States. These sectors are agro-based products, air travel, automotive, e-ASEAN, electronics, fisheries, healthcare, rubber-based products, textiles and apparels, tourism, and wood-based products.

### PSR

- **Product Specific Rules** - Rules used to specify that the materials have undergone change in tariff classification or a specific manufacturing process.

### PPP

- **Public Private Partnership** - PPP refers to describe collaboration between the Government and private sector in projects undertaken.

# Q

QRs

- **Quantitative restrictions** - specific limits on the quantity or value of goods that can be imported (or exported) during a specific time period.

## R

### RCEP

- **Regional Comprehensive Economic Partnership** - RCEP is a free trade agreement (FTA) between the ten member states of ASEAN and the six states with which ASEAN has existing FTAs (Australia, China, India, Japan, South Korea and New Zealand). RCEP negotiations were formally launched in November 2012 at the ASEAN Summit in Cambodia.

### RIA

- **Regulatory impact analysis** - is a method of systematically and consistently examining potential impacts arising from government action and communicating the information to decision-makers. The most effective RIA processes are built upon a strong foundation of adequate resources. In this respect, capacity-building is vital in the area of RIA as it contributes to developing the resources needed to carry out an RIA process.

### ROO

- **Rules of Origin** - A set of rules used to define and determine the origin of the goods. There is wide variation in the practice of governments with regard to the rules of origin. GATT has no specific rules governing the determination of the country of origin of goods in international commerce. Each contracting party was free to determine its own origin rules, and could even maintain several different rules of origin depending on the purpose of the particular regulation. Rules of Origin are also used to compile trade statistics, and for “*made in...*” labels that are attached to products.

### RPCs

- **RCEP Participating Countries** - refers to all 16 parties who is negotiating RCEP.

### RTA

- **Regional Trade Agreement** - a preferential trade agreement or free trade agreement, signed between countries in the same region (often located near to each other). The highest development stage of RTA is a free trade area.

### RVC

- **Regional Value Content**- The unit used to specify the content of the ASEAN material in one product.

# S

## SCE

- **SOM Steering Committee on ECOTECH** - assists APEC Senior Officials in coordinating and managing the ECOTECH agenda, and identifying value-added initiatives for cooperation action, and to provide policy guidance on ways to contribute to APEC's ECOTECH goals. The predecessor of SCE was the ECOTECH Sub-Committee of the SOM (ESC) which was established in 1998. In September 2005, SOM renamed the ESC to the SCE.

## SePs

- **Sensitive Products** - Flexibilities given to developed and developing countries. Selected agricultural TRQ products will be allowed flexible treatment through lesser tariff reduction than under the tiered reduction formula.

## SG

- **Shipping Guarantee** - When goods arrive at the port, the importer requires the Bill of Lading (BL) to take delivery of the goods. At times the vessel arrives at the port of destination before the documents are received by the Issuing Bank. In such a case the importer would request his bank (Issuing Bank) for a Shipping Guarantee (SG) to enable him to clear the goods from the port without the document of title to the goods (BL).

## SKD

- **Semi knocked-down** - used to describe a product that is exported in a set of parts that have been partly put together, and which are then all put together for sale to customers.

## SM

- **Smart Manufacturing** - A revolution in manufacturing business strategy, turning traditional factories from cost centers into profitable innovation centers, through the integration of industrial automation, IoT, and information technology (IT) including cloud services, 3D models, mobile computing, intelligence, and integration platforms.

## SME

- **Small and Medium Enterprises** - while there is no commonly accepted definition of SMEs criteria often used to define SMEs include the number of employees, capital, total assets, productivity and turnover. Definition of SME in Malaysia :



CATEGORY	SMALL ENTERPRISE	MEDIUM ENTERPRISE
<b>Manufacturing</b>	Sales turnover from RM300,000 to less than RM15 mil OR employees from 5 to less than 75	Sales turnover from RM15 mil to not exceeding RM50 mil OR employees from 75 to not exceeding 200
<b>Services and Other Sectors</b>	Sales turnover from RM300,000 to less than RM3 mil OR employees from 5 to less than 30	Sales turnover from RM3 mil to not exceeding RM20 mil OR employees from 30 to not exceeding 75

### SOM

- **Senior Officials' Meeting** - submits proposals to Ministers and implements policies made at Ministerial Meetings. SOM supervises and coordinates budget and working programs of APEC fora to implement declarations and directives given by APEC Leaders and Ministers. SOM is held in advance of and to prepare for Ministerial Meetings.

### SOM Chair

- The lead person of the Senior Officials' Meetings with responsibility for reporting to APEC Ministerial Meetings on outcomes achieved and problems to be solved in the APEC year. The APEC host economy assigns a senior official, often of the deputy ministerial rank of that economy, as the SOM Chair with the leading role for Senior Officials' Meetings in a given APEC year.

### SOM Senior Official

- Person who leads the delegation of a member economy to participate in the APEC Senior Officials' Meeting (APEC SOM) and is the official contact person for dialogues among member economies. Senior Officials are directly responsible to the Joint APEC Leaders for APEC related issues. Generally, APEC economies appoint officers of departmental rank or equivalent to take on Senior Official roles.

### SP

- **Special Products** - Flexibilities given only to developing countries under the Special and Differential Treatment (S&D) to self-designate an appropriate number of tariff lines as Special Products (SP), guided by indicators based on the criteria of food security, livelihood security and rural development. Examples rice and live poultry.

### SPS

- **Sanitary and Phytosanitary Measures Agreement** - sets out the WTO's basic rules on food safety and plant and animal health standards. Each country may set its own standards; however the standards must be based on science. They should be applied only to the extent necessary to protect human, animal or plant life or health. And they should not arbitrarily or unjustifiably discriminate between countries where identical or similar conditions prevail. Members are also encouraged to use existing

international standards, guidelines and recommendations where they exist to reduce the likelihood of legal challenges stemming from WTO disputes.

### **SSB**

- **Services Sector Blueprint** - The Services Sector Blueprint (SSB) is formulated by the government to strengthen the services sector. It identifies key challenges in further developing the services sector and provides a set of horizontal strategies and action plan items for implementation.
- A total of 29 action plan items were recommended for implementation under four Policy Levers:
  - i) Internalisation Strategy
  - ii) Investment Incentives
  - iii) Human Capital Development
  - iv) Sector Governance Reform

### **SSO**

- **Shared Services Outsources** - SSO refers to organisations which implement a multifunctional approach to shared services. This relates to handling non-core company activities, which are support in character, that do not add value for external clients.
- Many companies have already outsourced their IT and back-office functions or established shared services centres for major business processes. They are now outsourcing core activities like research, product development and tax and legal services, as globalisation and connectivity enable new ways of doing business. The rationale for outsourcing is thus changing dramatically; a growing number of organisations see it as a means of obtaining strategic advantages, not just as a cost-cutting measure.
- The scale and complexity of outsourcing is also increasing. The earliest outsourcing contracts were long-term, one-to-one arrangements. Today, with greater connectivity, the trend is towards multi-sourcing — where a lead supplier functions as a contractor and orchestrates other suppliers or where a group of suppliers collaborates to provide a collection of services.

### **SSG**

- **Special Agriculture Safeguard** - SSG is a mechanism to deal with import surges or price falls and is provided for under the provisions of the Agriculture Agreement. Under the Uruguay Round commitments, some Members including Malaysia have notified products eligible for SSG. SSG is applicable for developed and developing countries. Malaysia notified 71 line of products under SSG.

### **SSM**

- **Special Safeguard Mechanism** - The SSM introduced under the Doha Round to allow developing countries to undertake safeguard measures to temporarily protect domestic producers from sudden import surges and price decline.

## STA

- **Strategic Trade Act 2010** - The STA is a legislation mandated by the United Nations Security Council Resolution (UNSCR) 1540 which provides for control over the export, transit, transshipment and brokering of strategic items, including arms and related material, and other activities that will or may facilitate the design, development and production of weapons of mass destruction (WMD) and their delivery systems. This Act is consistent with Malaysia's international obligations on national security.

## STEs

- **State Trading Enterprises** - State trading enterprises are defined as governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and/or import.

## STRI

- **Service Trade Restrictive Index** - STRI is a tool developed by the OECD to identify policy measures that restrict trade in services.
- STRI identifies measures that restrict trade in services. These measures are categorised in the STRI database corresponding to the following 5 policy areas:
  - i) Restrictions on foreign market entry;
  - ii) Restrictions on the movement of people;
  - iii) Barriers to competition;
  - iv) Regulatory transparency;
  - v) Other discriminatory measures.
- For Malaysia, OECD proposed four sectors - professional, construction, telecommunications and computer.

## S&D

- **Special and Differential Treatment** - Developing and least developing countries are accorded special privileges, either through longer implementation period or flexibilities in undertaking commitments.

# T

## TBT

- **Technical Barriers for Trade** - technical regulations and product standards may vary from country to country, which in turn creates many difficulties for producers and exporters. Rules set arbitrarily could create barriers to trade. The WTO's Agreement on Technical Barriers to Trade (TBT) tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles.

## TRQ

- **Tariff Rate Quotas** - TRQ establishes a quantitative restriction (quotas) for imported goods. A higher tariff rate is applied to imports outside of the quota (out-quota). A lower tariff rate is applied to imports within the quota (in-quota).

Example of in-quota / out-quota product

HS CODE	DESCRIPTION	UNIT	IN-QUOTA DUTIES(%)	OUT-QUOTA DUTIES(%)
0130 91 000	live swine, weighing less than 50 kg	Unit	15 (28,783 heads Commitment under Uruguay Round)	20

## Tariff Rate Quota (TRQ) Administration

- System to monitor the quota allocation.
- TRQs are monitored either on a first-come, first serve basis, auctioned system, or through import license. Once in-quota is exceeded, imports are allowed through out-quota tariffs.

## TRF

- **Tiered Reduction Formula** - At the 6th Ministerial Conference, in Hong Kong, on 13-18 December 2005, it is agreed a 4-band approach will be used to determine the quantum of tariff cuts to be undertaken. Approach to tariff reductions that sets higher cuts for higher tariffs by grouping products into tiers according to the height of their tariffs. Agreed in the 1 August 2004 framework for agriculture, which also prescribes a tiered approach for reducing trade-distorting domestic supports.

## TILF

- **Trade and Investment Liberalization and Facilitation** - was discussed by APEC for the first time at the APEC Economic Leaders' Meeting (AELM) in Seattle in 1993 with the idea of building APEC as a free and open trade area. This idea was developed into the Bogor goals at the AELM in 1994 with the theme "*achieving free trade and*

*investment no later than 2010 for developed economies and 2020 for developing economies". At AELM 1995 in Osaka, APEC endorsed the Osaka Action Agenda to actualize the Bogor goals. At AELM 1996 in Manila, APEC adopted the Manila Action Plan for APEC (MAPA) which outlined measures for the implementation of OAA.*

#### **TPRM**

- **Trade Policy Review Mechanism** - TPRM was established to achieve transparency in, and understanding of, Members' trade and trade-related policies and measures. The TPRM is not intended to serve as a basis for enforcement of obligations under WTO agreements, nor for dispute settlement, or to impose new policy commitments on Members.

#### **TR**

- **Trust Receipt** A Trust Receipt is a document executed by an importer who is the pledger of the goods or the document of title thereto (e.g. Bill of Lading) when they are released to him by a bank, in order that he may sell the goods and pay the proceeds to the bank. It is an advance or credit facility made by the bank to an importer for the settlement of sight bills drawn on the importer.

#### **TRIM**

- **Trade-Related Investment Measures** - one of the agreements of the Uruguay Round of the WTO. The Agreement states the rights and responsibilities of WTO member countries in applying trade-related investment measures to trade in goods only. TRIMS maintains that no member should apply a measure that is prohibited by the provisions of Article III (national treatment) or Article XI (quantitative restrictions) of GATT 1994. The Agreement contains transitional arrangements allowing Members to maintain notified TRIMs for a limited time following the entry into force of the WTO (two years in the case of developed country Members, five years for developing country Members, and seven years for least-developed country Members).

#### **TRIPS**

- **Trade-Related Aspects of Intellectual Property Rights** - one of the important agreements coming out of the Uruguay Round of the WTO (together with the General Agreement on Trade in Services – GATS). Since it came into effect on 1 January 1995, TRIPS has improved regulations regarding intellectual property rights (IPR) that have been stated in GATT, and fixed minimum levels of protection for copyrights, trademarks, geographical indications, industrial designs, patents, new varieties of plants, and trade secrets. TRIPS states that members should apply IPR protection standards using an effective implementation system. This allows developed countries to apply minimum standards and protection procedures while giving developing countries a preparation period before applying such standards. The agreement also stipulates that intellectual property protection should contribute to technical innovation and the transfer of technology - both producers and users should benefit.

# U

## UR

- **Uruguay Round** - A multilateral trade negotiation round of the WTO which was launched in Punta del Este, Uruguay, September 1986 and ended in Geneva, December 1993. Multilateral agreements of the Uruguay Round were signed by GATT Ministers in Marrakesh, Morocco in April 1994 which initiated the creation of the World Trade Organization (WTO) as a replacement for the GATT. The Round came into effect in 1995 and has been implemented over the period to 2000 (2004 in the case of developing country contracting parties) under the administration of the WTO.

# W

## WG

- **Working Group** – Comprised of delegates from APEC member economies. The working group focuses on activities of particular fields or projects to promote economic cooperation in APEC. There are currently 11 working groups under the SOM Steering Committee on ECOTECH, sub-groups and three industry dialogues under CTI, and the Competition Policy and Law Group under the Economic Committee. Working groups are equivalent in positions to consultation and expert groups that together form a larger group, known collectively as APEC fora.

## WTO

- **World Trade Organisation - World Trade Organization** - is the successor to - GATT. Its functions consist of: 1) administering international trade agreements; 2) acting as a forum for trade negotiations on reduction of tariff and non-tariff barriers to goods and services; 3) settling trade disputes; 4) reviewing national trade policies; 5) assisting developing countries in trade policy issues, through technical assistance and training programs; and 6) cooperating with other international organizations. The WTO's top level decision-making body is the Ministerial Conference which meets at least once every two years. The WTO is headquartered in Geneva, Switzerland and has 164 members as of 2016.
- Malaysia, by virtue of membership in GATT, is a member since 1957.

# PART II

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## TERMINOLOGY





### **Aerospace industry**

- Industrial activities that relates to design, development, manufacturing, construction, maintenance & disposal of aircraft, spacecraft, missiles and rockets.

### **Accumulation**

- Measure which allows for the consolidation of goods originating in a Member State in the finished goods of the latter Member State for the purpose of preferential treatment.

### **Additive Manufacturing**

- Technologies that build 3D objects by adding layer-upon-layer of material, whether the material is plastic, metal or concrete.

### **Advanced Materials**

- New materials and modifications to existing materials to obtain superior performance in one or more characteristics that are critical for the application under consideration.

### **Ad Valorem Tariff (AVE)**

- An ad valorem duty is expressed in percentage terms, for example, a duty of 20% on the value of automotive components. Duty or other charges levied on an item on the basis of its value and not on the basis of its quantity, size, weight, or other factor.

### **Aero-manufacturing**

- Manufacture and supply of aerospace parts and components, assembling processes which consist of the sub sectors such as aero-structure, avionics, aero-engine and airframe equipment.

### **Aggregate Measurement of Support (AMS) / Amber Box**

- Amber Box or Aggregate Measurement of Support refers to trade-distorting subsidies and subject to reduction commitments (i.e. such subsidies to be reduced over certain agreed period of time). As a result of the Uruguay negotiations, members had to quantify the value of these supports and inscribe it in their Schedules of Commitments. Amber Box policies include programmes such as market price support, direct payments and input subsidies.

### **Agriculture Negotiations**

- Three pillars of Agriculture negotiations :
  - i) Tariff reduction (market access)
  - ii) Subsidies reduction (domestic support)
  - iii) Export competition

### **Amber Box**

- All domestic support measures (i.e. subsidies) considered to distort production and trade (with some exceptions) fall into the amber box, which is defined in Article 6 of the Agriculture Agreement as all domestic supports except those in the blue and green boxes. These include measures to support prices, or subsidies directly related to production quantities.
- These supports are subject to limits: “de minimis” minimal supports are allowed (5% of agricultural production for developed countries, 10% for developing countries); the 30 WTO members that had larger subsidies than the de minimis levels at the beginning of the post-Uruguay Round reform period are committed to reduce these subsidies.
- The reduction commitments are expressed in terms of a “Total Aggregate Measurement of Support” (Total AMS) which includes all supports for specified products together with supports that are not for specific products, in one single figure. In the current negotiations, various proposals deal with how much further these subsidies should be reduced, and whether limits should be set for specific products rather than continuing with the single overall “aggregate” limits.

### **Anti-concentration Provision**

- A provision that disallow developing countries from excluding an entire sector from tariff cuts. A minimum of 20% tariff lines or 9% of the value of imports in each tariff chapter would be subject to the full formula tariff reduction.

### **Anti-Dumping**

- GATT's Article 6 allows anti-dumping duties to be imposed on goods that are deemed to be exported below their normal prices, thus causing injury to producers of competing products in the importing country. These duties are equal to the difference between the goods export price and their normal value, if dumping causes injury.

### **APEC Fora**

- APEC has a number of different groups working in the areas of trade and investment liberalization and facilitation and economic and technical cooperation. Committees, ad-hoc groups, expert groups and working groups are known individually as a forum and collectively as fora.

### **APEC Secretariat**

- The main mechanism for supporting the APEC process, providing technical assistance, consultation and coordination of activities of APEC fora, while at the same time administering databases, information and communication, and outreach activities. The Secretariat plays a central role in the management of APEC projects and APEC's annual budget. Its structure consists of: an Executive Director from a member economy with a fixed-term of three years; program directors seconded from member economies; and support staff. The decision to establish the APEC Secretariat with its office based in Singapore was adopted in 1992 at the APEC Ministerial Meeting in Bangkok, Thailand.

### **Applied Tariff**

- The tariff levied on an imported good.

### **Arrival Contract**

- Sales/purchase contract where seller's responsibility ends when goods have arrived at agreed place.

### **ASEAN+1 Free Trade Agreements (FTAs)**

- ASEAN Member States as a group came into a free trade agreement with a non-ASEAN Member State such as China (ASEAN-China FTA), Japan (ASEAN-Japan Comprehensive Economic Partnership), South Korea (ASEAN-Korea FTA), India (ASEAN-India FTA) and Australia/New Zealand (ASEAN-Austral New Zealand FTA). These countries are also known as ASEAN FTA Partners (AFPs).

### **ASEAN Comprehensive Investment Agreement (ACIA)**

- A hybrid of revising and merging the ASEAN Investment Area (AIA) and Investment Guarantee Agreements (IGA) into a single comprehensive ASEAN investment agreement.

### **ASEAN Economic Community Blueprint 2015**

- A Blueprint for identifying the characteristics and elements of the AEC by 2015.
- Signed in November 2007, as the first ASEAN Economic Community (AEC) Blueprint, it has served as a comprehensive master plan to chart the region's journey towards the formal establishment of the AEC on 31 December 2015.
- Under this Blueprint, the AEC is built on four interrelated and mutually-reinforcing characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. (Refer to Factsheets on AEC Blueprint 2015 for details)

### **ASEAN Economic Community Blueprint 2025**

- A Blueprint which was adopted by the ASEAN Leaders at the 27th ASEAN Summit on 22 November 2015 in Kuala Lumpur, Malaysia, succeeding the AEC Blueprint (2008-2015).
- Provides broad directions through strategic measures for the AEC from 2016 to 2025.
- Along with the ASEAN Community Vision 2025, and the ASEAN Political-Security Community (APSC) Blueprint 2025 and the ASEAN Socio-Cultural Community (ASCC) Blueprint 2025, the AEC Blueprint 2025 forms part of ASEAN 2025: Forging Ahead Together. (Refer to Factsheets on AEC Blueprint 2025 for details)

### **ASEAN Economic Community Council**

- AEC Council will monitor the progress of the implementation of the AEC Blueprint 2015 and 2025 and to ensure putting in place the requisite implementation mechanisms and monitoring frameworks to ensure effective operationalization.

**ASEAN Framework Agreement on Services (AFAS)**

- An agreement to work towards free flow of trade in services within the region. It aims to substantially eliminate restrictions to trade in services among ASEAN countries in order to improve the efficiency and competitiveness of ASEAN services suppliers.

**ASEAN Harmonised Tariff Nomenclature (AHTN)**

- A coding system used to describe the goods in the ASEAN region.

**ASEAN Single Window (ASW)**

- ASW is a unique regional initiative that connects and integrates National Single Windows (NSWs) of Member States. The ASW objective is to expedite cargo clearance within the context of increased economic integration in ASEAN.

**ASEAN Solutions for Investments, Services and Trade (ASSIST)**

- ASSIST was established in August 2016. It serves as a business-friendly facility for receiving and responding to complaints submitted by ASEAN-based businesses.

**ASEAN Trade Facilitation**

- Initiatives undertaken by ASEAN Member States to simplify, harmonise and standardise trade and customs, processes, procedures related information to reduce transaction costs in ASEAN.

**Autonomous Liberalisation**

- Refers to measures undertaken unilaterally by WTO Members to liberalise their services sector, as a consequence of their own national liberalisation processes or World Bank/IMF structural adjustment programmes since 1995.

**Aviation**

- Aviation relates to the practical operation and use of air vehicles for civil, commercial or military purposes which includes piloting, airlines, air traffic control, flight management, airport and its management and the likes.

**Avionics Manufacturing**

- Design, component manufacturing, assembly and system integration of aviation electronics systems.

# B

## Balance of Trade

- The difference between the value of exports and imports. (ALSO USED: Trade Balance)

## Balance of Payments (BOP)

- The difference in total value between payments into and out of a country over a period.
- Any transaction that causes money to flow into a country is a credit to its BOP account (i.e. sources of funds for a nation, such as exports or the receipts of loans and investments, are recorded as positive or surplus items) and any transaction that causes money to flow out is a debit (i.e. uses of funds, such as for imports or to invest in foreign countries, are recorded as negative or deficit items). Transactions taken into account include payments for the country's exports and imports of goods, services, financial capital, and financial transfers.
- The BOP includes:
  - the current account, which mainly measures the flows of goods and services;
  - the capital account, which consists of capital transfers and the acquisition and disposal of non-produced, non-financial assets; and
  - the financial account, which records investment flows.
- BOP account is prepared in a single currency, typically the domestic currency for the country concerned.
- BOP is an important subject to be studied for a few reasons:
  - i) it provides detailed information concerning the demand and supply of a country's currency. (e.g. if Malaysia imports more than it exports, then this means that the supply of Ringgit is likely to exceed the demand in the foreign exchanging market, ceteris paribus. One can thus infer that the Ringgit would be under pressure to depreciate against other currencies. On the other hand, if Malaysia exports more than it imports, then the Ringgit would be likely to appreciate)
  - ii) BOP data may signal its potential as a business partner for the rest of the world. If a country is grappling with a major BOP difficulty, it may not be able to expand imports from the outside world. Instead, the country may be tempted impose measures to restrict imports and discourage capital outflows in order to improve the BOP situation. On the other hand, a country experiencing a significant BOP surplus would be more likely to expand imports, offering marketing opportunities for foreign enterprises, and less likely to impose foreign exchange restrictions.
  - iii) BOP data can be used to evaluate the performance of the country in international economic competition. Suppose a country is experiencing trade deficits year after year. This trade data may then signal that the country's domestic industries lack international competitiveness.

**Base Period**

- A period/level used as a base to determine reduction of subsidies. Under current Doha Round it is agreed that base period shall refer to 1995-2000 for Agriculture negotiations.

**Best Practices**

- Methods or techniques that have consistently shown results superior to those achieved with other means, and that are used as a benchmark. The term is often used to describe the process of developing and following a standard way of doing things that multiple organisations can use.

**Big Data**

- A term for data sets that are so large or complex that pose challenges for traditional data processing applications to deal with. Challenges include analysis, capture, data curation, search, sharing, storage, transfer, visualization, querying, updating and information privacy.

**Big Data Analytics**

- The process of examining large data sets containing a variety of data types (i.e. big data) to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful business information.
- Generates insights that lead to better decisions and strategic business moves.

**Bilateral Trade**

- The exchange of goods between two countries.
- Bilateral trade agreements give preference to certain countries in commercial relationships, facilitating trade and investment between the home country and the foreign country by reducing or eliminating tariffs, import quotas, export restraints and other trade barriers. Bilateral trade agreements can also help minimize trade deficits.

**Binding Commitments**

- In the WTO, when countries agree to open their markets for goods or services, they “bind” their commitments. For goods, these bindings amount to ceilings on customs tariff rates. Sometimes countries tax imports at rates that are lower than the bound rates. Frequently this is the case in developing countries. In developed countries the rates actually charged and the bound rates tend to be the same.

**Blue Box**

- Blue Box refers to production limiting subsidies and considered therefore less trade-distorting. They are exempt from the reduction commitments under the WTO Agreement on Agriculture. Examples of Blue Box include certain payments to farmers where the farmers are required to limit production, government assistance programmes to promote agriculture and rural development in developing countries.
- Also referred to as the “amber box with conditions” — conditions designed to reduce

distortion. Any support that would normally be in the amber box, is placed in the blue box if the support also requires farmers to limit production.

- At present there are no limits on spending on blue box subsidies. In the current negotiations, some countries want to keep the blue box as it is because they see it as a crucial means of moving away from distorting amber box subsidies without causing too much hardship. Others wanted to set limits or reduction commitments, some advocating moving these supports into the amber box.

#### **Bonded Warehouse**

- Designated area, approved by the Royal Malaysian Customs (RMC) under Section 65 of the Customs Act 1967, for storing dutiable goods.
- A country can change its bindings, but only after negotiating with its trading partners, which could mean compensating them for loss of trade.

#### **Bound Tariff**

- The maximum tariff level of a product notified to the WTO which a country commits not to exceed. If the bound duty is raised, compensation must be given to the affected parties.

#### **Budget Deficit**

- Also known as Fiscal deficit
- Occurs when the government annual amount of spending exceeds income from taxation.
- When a country is running a fiscal deficit it must finance this by borrowing through the issue (sale) of new debt.
- A government will normally borrow money by issuing bonds or other securities and the interest rate on this debt will depend on the willingness of lenders to offer credit, the expected rate of inflation and the risk of whole partial default.
- The Government of a country with low or worsening credit ratings may need to negotiate loans from institutions such as the World Bank, The International Monetary Fund, Sovereign wealth funds or other governments/Overseas banks.

#### **Budget Surplus**

- A situation in which income exceeds expenditures.
- Most commonly used to refer to the financial situations of governments - individuals speak of "savings" rather than a "budget surplus."
- A surplus is considered a sign that government is being run efficiently.

#### **Business Councils of Dialogue Partners**

- ASEAN Members States undertake regular consultations with business Councils of dialogue partners namely ASEAN-EU Business Council, ASEAN-Japan Business Council, ASEAN-New Zealand Business Council, ASEAN-Canada Business Council, US-ASEAN Business Council, East-Asia Business Council, Federation of Japanese Chambers of Commerce and Industry in ASEAN, ASEAN-India Business Council and ASEAN Business Club.

# C

## **Cabotage Policy**

- The cabotage policy is a policy that governs the transport/shipping of goods or passengers between two places along coastal routes in the same country by a transport operator from another country, practiced by many nations worldwide including developed nations. For some of these nations, it is so strictly implemented that no foreign-owned vessels are even allowed to operate within their domestic waters.
- This policy began in 1980 (implemented on 1 January 1980, with the Merchant Shipping Ordinance 1952 was amended and the Domestic Shipping Licence Board was established) with the purpose of developing Malaysian ownership and local shipping in general whilst at the same time minimising Malaysia's dependence on foreign vessels as well as the outflow of foreign exchange in the form of freight payments. This policy also acts as a platform for local shipping companies to gradually expand and reach out into international waters.
- The cabotage policy allows vessels from foreign ports to call directly to/from any Malaysian port including ports in Sabah and Sarawak. For example, a vessel from Singapore or Hong Kong is free to call directly to/from any Malaysian port such as Sepanggar, Bintulu etc. Foreign vessels are also allowed to operate within the domestic sector through the granting of an exemption issued by the Domestic Licensing Board upon fulfilling the criteria set.

## **Capital Account**

- The capital account is the net result of public and private international investments flowing in and out of a country.
- The capital account includes foreign direct investment (FDI), portfolio and other investments, plus changes in the reserve account.

## **Capital Account Deficit**

- A deficit in the capital account means money is flowing out more than flowing into the country, and it suggests the nation is increasing its ownership of foreign assets. (The capital account balance of Malaysia is always deficit).

## **Capital Account Surplus**

- A surplus in the capital account means money is flowing into the country more than flowing out, and the inbound flows effectively represent borrowings or sales of assets.

## **Capital Intensive**

- Describes an industry or sector of the economy that relies relatively heavily on inputs of capital, usually relative to labor, compared to other industries or sectors.

## **Circumvention**

- Getting around commitments in the WTO such as commitments to limit agricultural export subsidies. Includes avoiding quotas and other restrictions by altering the country of origin of a product; measures taken by exporters to evade anti-dumping or countervailing duties.



### **Cloud Computing**

- Delivery of on-demand computing resources—everything from applications to data centers—over the Internet on a pay-for-use basis.

### **Coefficient**

- A number to reduce tariff. Small coefficient results in steeper cut, while high coefficient results in lesser cut. Current proposal is coefficient of 8 for developed countries and options for developing countries that is 20, 22 and 25.

### **Competition Policy**

- The objective of competition policy is to ensure that competition in the market is not restricted in a way that might cause damages to society. The endorsement and implementation of competition policy and regulations that promote competition help improve the efficiency, growth and stability of an economy. The implementation of competition policy and deregulation provides markets with a framework that encourages market discipline, eliminates distortions and promotes economic efficiency.

### **Consensus**

- One of the most important operating principles of APEC cooperation that was defined clearly in the Seoul Declaration (1991). It is based on the *“commitment to open dialogue and consensus-building, with equal respect for the views of all participants”*. Unlike the WTO/GATT, decisions made within APEC are reached by consensus. All meetings, from APEC Economic Leaders’ Meeting to Minister-level Meeting or Official-level Meeting, are informal and undertaken on a voluntary basis. As a result, members are not involved in treaty obligations. All decisions made by Economic Leaders and Ministers are outlined in the Declaration that reflects the common determination of all members.

### **Consumer Price Index**

- Measures the average rate of change in prices of a fixed basket of goods and services that represents the expenditure pattern of all households in Malaysia.

### **Counterfeit**

- Unauthorized representation of a registered trademark carried on goods identical or similar to goods for which the trademark is registered, with a view to deceiving the purchaser into believing that he/she is buying the original goods.

### **Countervailing measures**

- Action taken by the importing country, usually in the form of increased duties, to offset subsidies given to producers or exporters in the exporting country.

### **Current Account**

- Measures net provision of real resources namely goods, services, primary and secondary income to or from the rest of the world.

### **Current Account Balance**

- The current account balance is made up of four separate balances:
  - Balance of trade in goods;
  - Balance of trade in services;
  - Net investment income from external assets; and
  - Transfers.

### **Current Account Deficits**

- A situation where the amount of money going out of a country is more than the amount coming in. This leads to a net outflow of money from a country's circular flow.
  
- In the case of a current account deficit, a nation needs to operate an off-setting surplus on the capital account of their balance of Payments and this can be done in several ways including:
  - attracting inflows of direct and portfolio investment from overseas;
  - attracting short term banking flows into their economy (so called hot money);
  - attracting other flows including some remittances from migrant workers located overseas; and
  - short term borrowing/financial assistance from the World Bank and IMF.

### **Current Account Surplus**

- Indicates that an economy is exporting a greater value of goods and services than it is importing. A country with a current account surplus will have a deficit on the financial/capital account.

## D

### **De Minimis**

- A measure which allows the usage of the non-originating materials to be used in the production of the originating good.

### **Decoupled Income Support**

- Subsidies/support provide to farmers that is not linked to (is decoupled from) prices or production.

### **Debt Service Ratio**

- In conformity with the definition used by Central Bank of Malaysia and Treasury, debt service ratio is the amount of principal repayments (excluding prepayments) and interest payments

### **Digital Marketing**

- Marketing of products or services using digital channels to reach consumers. Digital marketing extends beyond internet marketing to include channels that do not require the use of the internet.

### **Doha Development Agenda (DDA/Doha Development Round)**

- The Doha Round or the Doha Development Agenda is the latest round of trade negotiations among WTO membership. The work program covers about 20 areas and a basic objective to improve the trading prospects of developing countries. Key areas under negotiations are agriculture, industrial tariffs and non-tariff barriers, services, and trade remedies (safeguards, anti-dumping, subsidies). The DDA was launched in November 2001 at the 4th WTO Ministerial Conference in Doha, Qatar. However, negotiations have broken down and a conclusion of elements of the Doha Round is unlikely in the near future.

### **Domestic Regulations**

- Unpacking GATS Article VI.4 on domestic regulation exposes possibly the single most controversial item on the current negotiating agenda, and also one of the greatest threats that GATS poses to democracy. Concern is all the greater because it is not clear whether rules developed in the current negotiations on Article VI.4 will apply to all service sectors or only those where specific commitments have been made. Complex judgement decides the appropriateness of domestic regulations in the services sector, ensuring a balance between public interest and commercial considerations. This judgement must not be allowed to pass from elected governments to WTO disputes panels.

### **Domestic Support (Subsidies)**

- In WTO terminology, subsidies in general are identified by “boxes” which are given the colours of traffic lights: green (permitted), amber (slow down — i.e. to be reduced), red (forbidden).
- In agriculture, domestic support refers to domestic subsidy or other measure which acts to maintain producer’s price at levels above those prevailing in international trade. Examples include direct payments to producers, input and marketing cost reductions measures.

### **Door-to-Door**

- Contract of carriage that includes pre-carriage, main-carriage and on-carriage by the same carrier:
  - **Door-to- (Air) Port:**  
Contract of carriage including pre-carriage and main-carriage to airport or ocean port or truck terminal port or rail port
  - **(Air) Port-to- (Air) Port:**  
Contract of carriage for main carriage only
  - **(Air) Port-to-Door:**  
Contract of carriage including main carriage and on-carriage

### **Duty Drawback Facility**

- Rebate of import duties when the imported good is re-exported or used as input to the production of an exported good.

# E

## **E-commerce**

- Electronic business transactions, commerce or internet trade. May be conducted between companies (B2B) or between companies and customers (B2C) that are wholly or partially conducted over the internet or similar public or private computer networks.

## **e-Fulfillment**

- The process of receiving, packaging and shipping orders for goods.

## **e-Marketplace**

- An online market place. A type of e-commerce site where product or service information is provided by multiple third parties, whereas transactions are processed by the marketplace operator.

## **e-Payment**

- Online payment transactions on the internet. A subset of an e-commerce transaction to include electronic payment for buying and selling goods or services offered through the Internet.

## **Early Harvest**

- This term refers to conclusion of selected areas under negotiations before agreement is reached on all areas being negotiated (contrast with single undertaking).

## **Employed**

- Refers to all persons who, at any time during the reference week work at least one hour for pay, profit or family gain (as an employer, employee, own account worker or unpaid family worker).

## **Enabling Clause**

- Derogates from the MFN principle. It allows members to give better treatment through preferential trading arrangements for trade in goods.

## **Equipment Manufacturing Services**

- Companies that test, manufacture, distribute, and provide return/repair services for electronic components and assemblies for original equipment manufacturers (OEMs).

## **Exports**

- Refer to goods (locally produced or manufactured or imports for subsequent exports) which are taken out of the country. The value of exports refers to free on board (f.o.b.).

### **Export Competition**

- Export competition refers to export subsidy or other measure which acts to maintain producer's price at levels above those prevailing in international market. This is one of the major pillars negotiated under the Doha Round and consists of Export Credits, Export State Trading Enterprises and Food Aid.

### **Export Credits**

- Export credit is provided by a bank in exporter's country to finance exports.

### **Export Credit Guarantees**

- The Export Credit Guarantees is provided by government entities to guarantee credit up to 100% of the export value on a short-term to long term basis.

### **Export Credit Insurance**

- It is issued by Exim Bank to cover the following risks:
  - Commercial Risks (e.g. insolvency of buyer)
  - Economic Risks (e.g. blockage or delay in the transfer of payment to Malaysia, Imposition of import restrictions or the cancellation of valid import licenses)
  - Political Risks (e.g. war, revolution or other similar civil disturbance in buyer's country and unforeseen events)

### **Export Subsidies**

- Aims to encourage export of goods and discourage sale of goods in the domestic market through low-cost loans or tax relief for exporters, or government financed international advertising or R&D. An export subsidy reduces the price paid by foreign importers, which means domestic consumers pay more than foreign consumers. The WTO prohibits most subsidies directly linked to the volume of exports.

# F

## **Financial Account**

- Records the sales of assets i.e. sales of assets to foreigners and purchases of assets located abroad.
- Financial account components include direct investment (including foreign direct investments – FDI; and direct investments abroad – DIA), portfolio investment, financial derivatives and other investments.

## **Financial Derivatives**

- Financial derivatives are financial instruments that are linked to a specific financial instrument or indicator or commodity, and through which specific financial risks can be traded in financial markets in their own right. Transactions in financial derivatives should be treated as separate transactions rather than as integral parts of the value of underlying transactions to which they may be linked. The value of a financial derivative derives from the price of an underlying item, such as an asset or index. Unlike debt instruments, no principal amount is advanced to be repaid and no investment income accrues. Financial derivatives are used for a number of purposes including risk management, hedging, arbitrage between markets, and speculation.
- Financial derivatives enable parties to trade specific financial risks (such as interest rate risk, currency, equity and commodity price risk, and credit risk, etc.) to other entities who are more willing, or better suited, to take or manage these risks—typically, but not always, without trading in a primary asset or commodity. The risk embodied in a derivatives contract can be traded either by trading the contract itself, such as with options, or by creating a new contract which embodies risk characteristics that match, in a countervailing manner, those of the existing contract owned.

## **Flat Products**

- Flat products include slabs, hot-rolled coil, cold-rolled coil, coated steel products, tinplate and heavy plate. They are used in automotive, heavy machinery, pipes and tubes, construction, packaging and appliances

## **Fourth Industrial Revolution (4IR)**

- Current trend of automation and data exchange in manufacturing technologies.

## **Foreign Bills of Exchange Purchased/ Discounted (FBEB/D)**

- **Bank Financing Exporter on a Usance Bill of Exchange (BE)**

When an exporter draws a usance BE on the importer, he is giving a credit period and this credit period given depends on the terms of the sales contract between them. The exporter has to wait until the importer pays on due date of the BE. (The credit period enables the importer to take delivery of the goods, sell them and receive proceeds from his customers). If the exporter/seller is not willing to wait for the payment and he requires funds immediately, he can present his documents to his bank and request his bank to purchase the usance BE.

- **Bank Financing Exporter on Sight Bill of Exchange (BE)**

When an exporter draws a sight BE on the importer, he is not giving any credit to his importer i.e. the importer has to make payment upon sighting the BE from the exporter. Though payment is made immediately by the importer, there is a time period involve between the time the exporter presents the documents to his bank and the time of receipt of proceeds from the importer (drawee) which may range between 7 to 20 days depending on the place, postage and other factors. During this interim period the exporter may present the documents to the bank, and the bank may finance the exporter by purchasing the said documents and credit the proceeds to his account immediately. After 20 days the bank will receive the proceeds from the importer on due date.

**Free-Rider**

- A term used to infer that a country receives benefits from tariff cuts and concessions made by other countries through the most-favoured-nation principle, without undertaking any commitments.



# G

## **GDP Deflator**

- A measure of the level of prices of all new, domestically produced, final goods and services in an economy that accounts for inflation by converting output measured at current prices into constant-dollar GDP.
- This specific deflator shows how much a change in the base year's GDP relies upon changes in the price level.
- Calculation : 
$$\frac{\text{Nominal gross domestic product (GDP)}}{\text{Real gross domestic product (GDP)}}$$

## **Green Box**

- Agriculture support (subsidies) which is exempted from reduction commitments under the WTO Agriculture Agreement and permitted without limit. Green Box subsidies include genuine relief to farmers through a wide range of assistance measures which have minimal impact on trade. Examples include subsidies for disaster relief, research, disease control, infrastructure, environment protection and food security.

## **Green Room mini-Ministerial Meeting**

- Meeting attended by Trade Ministers from selected countries which participate actively in the WTO negotiations. Malaysia has been included in this process.

## **Gross Domestic Products (GDP)**

- The total value of goods produced and services provided in a country during a fiscal year.
- GDP can be estimated in three ways, which, in theory should yield identical figures:
  - Expenditure basis i.e. how much money was spent;
  - Output basis i.e. how many goods and services were sold; and
  - Income basis i.e. how much income (profit) was earned.

## **Gross National Product (GNP)**

- Total output of an economy, plus net income from abroad, for a given fiscal year (i.e. GNP = GDP + net income from abroad)

# H

## **Horizontal Approach**

- Approach to address NTBs in all sectors. For example elimination of export taxes.

## Import Duty

- A tariff on import

## Imports

- Refer to goods brought into the country, either directly or into bonded warehouses, irrespective of whether such goods are for consumption, to be processed, used in manufacturing or subsequent re-exports to other countries. The value of imports refers to cost, insurance & freight (c.i.f.).

## Inflation

- Rising prices, across the board. The purchasing power of a unit of currency falls as a result of inflation. For example, if the inflation rate is 2%, then a pack of gum that costs RM1 in a given year will cost RM1.02 the next year.
- Inflation usually refers to consumer prices, but it can also be applied to other prices (wholesale goods, wages, assets etc). It is usually expressed as an annual percentage rate of change on an index number. Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling. Central banks attempt to limit inflation, and avoid deflation, in order to keep the economy running smoothly.

## International Commercial Terms (Incoterms)

- Initially created in 1936 by the International Chamber of Commerce (ICC) and have been periodically revised (Incoterms® 2010 is the 8<sup>th</sup> revision). Incoterms® reflect world-wide trade practices, as practices change, Incoterms® are revised

## International Payment Methods

- **Cash in Advance:**
  - **Time of Payment** : Before Shipment
  - **Goods Available to Buyer** : After Payment
- **Open Account**
  - **Time of Payment** : As agreed; e.g.: 30 days
  - **Goods Available to Buyer** : Before Payment
- **Letters of Credit (L/Cs)** are legal instruments issued by banks (on behalf of their customers) with the conditional obligation to make payment to the beneficiary of the L/C
  - **Documentary** (Trade) Letters of Credit are used to facilitate payments in import and export transactions
  - **Standby** Letters of Credit are “standing by” for an event of default or non-performance before they can be drawn on.

**Invisible hand**

- Adam Smith's shorthand for the ability of the free market to allocate factors of production, goods and services to their most valuable use. If everybody acts from self-interest, spurred on by the profit motive, then the economy will work more efficiently, and more productively, than it would do were economic activity directed instead by some sort of central planner. It is, wrote Smith, as if an 'invisible hand' guides the actions of individuals to combine for the common good. Smith recognised that the invisible hand was not infallible, however, and that some government action might be needed, such as to impose antitrust laws, enforce property rights, and to provide policing and national defence.

**Invisible trade**

- Exports and imports of things you cannot touch or see: services, such as banking or advertising and other intangibles, such as copyrights. Invisible trade accounts for a growing slice of the value of world trade.

# K

## **Keynesian**

- A branch of economics, based, often loosely, on the ideas of Keynes, characterised by a belief in active government and suspicion of market outcomes. It was dominant in the 30 years following the Second World War, and especially during the 1960s, when fiscal policy became bigger-spending and looser in most developed countries as policymakers tried to kill off the business cycle. During the 1970s, widely blamed for the rise in inflation, Keynesian policies gradually gave way to monetarism and microeconomic policies that owed much to the neo-classical economics that Keynes had at times opposed. Even so, the idea that public spending and taxation have a crucial role to play in managing demand, in order to move towards full employment, remained at the heart of macroeconomic policy in most countries, even after the monetarist and supply-side revolution of the 1980s and 1990s. Recently, a school of new, more pro-market Keynesian economists has emerged, believing that most markets work, but sometimes only slowly.

## **Kleptocracy**

- Corrupt, thieving government, in which the politicians and bureaucrats in charge use the powers of the state to feather their own nests.

## L

### **Labour Force**

- Refers to those who, during the reference week, are in the 15 - 64 years age group (in completed years at last birthday) and who are either employed or unemployed.

### **Lead Shepard**

- The head of a working group under the Steering Committee on Economic and Technical Cooperation (SCE) of APEC, within some SCE fora this position is called Chair. This is to differentiate with Convenor, who is the Chair of a forum under the Committee on Trade and Investment (CTI).

### **Leaders**

- Term used for heads of APEC member economies participating in the annual Informal Sessions of the APEC Economic Leaders' Meetings (AELM). Terminology is in accordance with the common principle of APEC which refers to APEC participants as member economies, instead of sovereign nations.

### **Less Than Full Reciprocity**

- Principle which requires developed countries to undertake higher reduction compared to developing countries.

### **Lipstick Effect**

- A theory that states that during periods of recession or economic downturn, consumers will eschew purchases of big-ticket luxury items and seek material solace in smaller indulgences, such as premium lipstick instead of fur coat.

### **Long Products**

- Long products include hot rolled bar, cold rolled or drawn bar, rebar, railway rails, wire, rope (stranded wire), woven cloth of steel wire, shapes (sections) such as U, I, or H sections, and may also include ingots from continuous casting, including blooms and billets. Fabricated structural units, such bridge sections are also classed as long products. Long products find general use in construction industries, and in capital goods sectors.



### **Machine Tools**

- Metalworking machinery consists of metal cutting and metal forming/shaping machinery.

### **Main Carriage:**

- Domestic: subsequent transportation beyond pre-carriage
- International: transportation from the point of departure on the seller's side to the arrival point on the buyer's side

### **Mark-up Approach**

- Addition of a certain number of percentage points to the applied rate of the unbound tariff line in order to establish the base rate. Current proposal is for mark-up of 30.

### **Market Access**

- Market access for goods in the WTO means the conditions, tariff and non-tariff measures, agreed by members for the entry of specific goods into their markets.

### **Marine-restricted**

- Terms that only apply to carriage by vessel

### **Material Handling Equipment**

- Machines for movement, handling, storage and retrieval of materials such as cranes, conveyance equipment, auto/storage/retrieval systems and material handling equipment for manufacturing processes.

### **Member Economies**

- A term used for an official member of APEC. Members taking part in APEC activities do so as economic entities rather than as sovereign states. Currently, APEC comprises 21 member economies: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States; and Viet Nam.

### **Minamata Convention**

- A global treaty to protect human health and the environment from the adverse effects of mercury.

### **Moratorium**

- The moratorium on new membership, effective through 2010, was agreed between APEC Leaders in 1997 in order to give APEC a period in which to lay firm foundations for the future given the considerable number of members (21).

### **Multilateral Trade Agreement**

- A multilateral trade agreement involves three or more countries who wish to regulate trade between the nations without discrimination. They are usually intended to lower trade barriers between participating countries and, as a consequence, increase the degree of economic integration between the participants. Multilateral trade agreements are considered the most effective way of liberalizing trade in an interdependent global economy.

### **Multilateralism**

- According to American scientist John Ruggie, multilateralism is defined as *“coordinated behavior among three or more states on the basis of generalized principles of conduct”*. Multilateralism comprises three main criteria: generalized principles of conduct, indivisibility and diffuse reciprocity (mutual concession). These principles are demonstrated in the General Agreement on Tariffs and Trade (GATT) and in the Most Favored Nation Treatment (MFN).

### **My APEC YouthConnect**

- MyAPEC YouthConnect is a short term employment project open to top talent from the APEC region between the ages of 21 to 30. Successful talent will have the opportunity to work in an APEC economy between four to twelve months. Under the programme, youth from other APEC economies can also be placed with leading Malaysian MNCs and GLCs employees such as Maybank, Air Asia, Maxis, Nestle, GE and so on on short-term work assignments. This initiative is a collaboration between MITI and Talent Corporation Malaysia (TalentCorp) launched in October 2016.

### **MY ASEAN Internship**

- Is collaboration between the Malaysian Ministry of International Trade & Industry (MITI) and Talent Corporation Malaysia (Talent Corp.) to engage top ASEAN students and fresh graduates and increase awareness of ASEAN and the ASEAN Economic Community (AEC) among youth.



# N

## **National Treatment**

- Is a principle in international law vital to many treaty regimes. It essentially means treating foreigners and locals equally. Under national treatment, if a state grants a particular right, benefit or privilege to its own citizens, it must also grant those advantages to the citizens of other states while they are in that country. In the context of international agreements, a state must provide equal treatment to those citizens of other states that are participating in the agreement. Imported and locally-produced goods should be treated equally — at least after the foreign goods have entered the market.

## **Net International Reserves**

- Comprise of gold and foreign exchange, reserve position in the International Monetary Fund and Special Drawing Rights, less external liabilities.

## **Nominal GDP**

- Gross domestic product (GDP) evaluated at current market prices
- Nominal values of GDP from different time periods can differ due to changes in quantities of goods and services and/or changes in general price levels. As a result, taking price levels (or inflation) into account is necessary when determining if we are really better or worse off when making comparisons between different time periods.

## **Non-Ad Valorem Tariff (Non-AVE)**

- Non-ad valorem duty refers to either specific duties, compound duties or mixed duties.

## **Non-Tariff Barrier**

- Government law, regulation, policy, condition, restriction, or specific requirement, and private sector business practice or prohibition, that protects a domestic industry from foreign competition.

## O

### **Oligopoly**

- When a few firms dominate a market. often they can together behave as if they were a single monopoly, perhaps by forming a cartel. Or they may collude informally, by preferring gentle non-price competition to a bloody PRICE war. Because what one firm can do depends on what the other firms do, the behaviour of oligopolists is hard to predict. When they do compete on price, they may produce as much and charge as little as if they were in a market with perfect competition.

### **Omni-modal**

- Used with terms that use all modes of transportation (truck, airplane, vessel, train)

### **On-carriage**

- Domestic: subsequent transportation beyond main carriage
- International: transportation from the arrival point on the buyer's side

### **Open economy**

- An economy that allows the unrestricted flow of people, capital, goods and services across its borders

### **Open Regionalism**

- An APEC theory which was adopted from the very beginning of the organization's founding in 1989. The characteristics of open regionalism, expressed in a report by the Peterson Institute, are: 1) the maximum possible extent of unilateral liberalization; 2) a commitment to continue reducing its barriers to non-member countries; 3) a willingness to extend its regional liberalization to non members on a mutually reciprocal basis; and 4) recognition that any individual APEC member can unilaterally extend its APEC liberalization to non-members on a conditional or unconditional basis.

# P

## **Pathfinder Approach / Pathfinder Initiative**

- An APEC approach which allows a group of members able to proceed more quickly on cooperative projects, to do so through cooperative pilot projects (known as 'pathfinder initiatives'). Experiences generated from such pilot projects are then disseminated to other members. These other members are encouraged to join the pathfinder projects as soon as they are able. Pathfinder initiatives are developed in a manner consistent with APEC principles and practices, and capacity building often forms an important component of pathfinder initiatives.

## **Preference Erosion**

- Countries which have been accorded preferential market access but loses this advantage as a result of overall tariff liberalization. For example African countries granted preferential tariff by EU for tropical fruits.

## **Professional services**

- Occupations in the tertiary sector of the economy requiring special training in the arts or sciences. Some professional services require holding professional licenses such as architects, auditors, engineers, doctors, accountants and lawyers.

## **Pre-carriage: inland transportation on the seller's side**

- Domestic: from the place where the shipment starts to any subsequent transportation carriage
- International: from the place where the shipment starts to the departure point on the seller's side

## **Producer Price Index**

- Measures the changes in the price of commodities charged by domestic producers and those paid by importers for importing goods into Malaysia. The commodities originated from (i) Agriculture , Forestry and Logging & Fishing (ii) Mining & Quarrying (iii) Manufacturing and (iv) Water, Gas & Electricity Sectors.

## **Per capita GDP**

- A measure of the amount of money earned per person in a certain area. It can apply to the average per-person income for a city, region or country.
- Used to ascertain an area's wealth or lack of wealth of the country and to evaluate the living conditions and quality of life in different areas.
- Calculation : 
$$\frac{\text{gross domestic product (GDP)}}{\text{number of people in the country/region/city}}$$

## **Preferential Tariff**

- Tariff set at certain percentage between two countries which is more favourable with other countries.

# R

## **Real GDP**

- Gross domestic product (GDP) values adjusted for inflation.
- Real GDP shows the actual picture of the economic growth of the country (i.e. real GDP is used to see GDP growth)

## **Regional Economic Integration**

- Refers to agreements between countries in a geographic region to reduce, and ultimately remove, tariffs and non-tariff barriers to facilitate the free flow of goods and services between one another. In 2009 APEC Senior Officials agreed on a threefold comprehensive approach to accelerating regional economic integration – liberalizing trade and investment flows “at the border”, improving the business environment “behind the border”, and enhancing physical connectivity “across the border”.

## **Regionalism**

- Refers to the expression of a common sense of identity and purpose combined with the creation and implementation of institutions that express a particular identity and shape collective action within a geographical region. Regionalism is a theory and action implemented by governments for trade liberalization or facilitation in a region, or carried out through free trade areas or customs unions (WTO definition).

## **Regional Trade Agreements**

- A preferential trade agreement or free trade agreement, signed between countries in the same region (often located near to each other).

## **Remanufacturing**

- The process of transforming a used product to as good as new condition by rebuilding its component parts back to its functionality performance specifications and also by replacing unbuildable parts with brand new components and carries an acceptable warranty period as to a brand new (similar) product manufactured by the Original Equipment Manufacturers (OEMs).

## **Robotics and Factory Automation Equipment**

- Whole spectrum of integrated automation solutions for industrial manufacturing with particular emphasis on mechanical engineering and robotics for various industries.

## **Rotterdam Convention**

- A legally binding obligation for the implementation of PIC procedure on chemical trade.

# S

## **Safeguard Measures**

- Action taken to protect a specific industry from an unexpected build-up of imports - generally governed by Article 19 of GATT. The Agriculture Agreement and Textiles and Clothing Agreement have different specific types of safeguards: “special safeguards” in agriculture, and “transitional safeguards” in textiles and clothing.

## **Services**

- The service sector, also called the tertiary sector, is one of the three parts of the economy in the Three-sector hypothesis. This hypothesis breaks the economy into three main areas so it can be better understood. The other two are the primary sector, which covers areas such as farming, mining and fishing; and the secondary sector which covers manufacturing and making things. The service sector provides a service, not an actual product that could be held in your hand. Activities in the service sector include retail, banks, hotels, real estate, education, health, social work, transport, computer services, recreation, media, communications, electricity, gas and water supply.

## **Shipbuilding**

- Designing, building and construction of all types of floating vessels

## **Shipment Contract**

- Sales/purchase contract where the seller’s responsibility ends when goods are handed over to the *first* carrier

## **Spaghetti Bowl Effect**

- Preferential trade agreements (bilateral and regional PTAs) create fundamental conflicts with multilateralism in that they promote trade liberalization based on discrimination between members of those agreements and non-members. The Spaghetti Bowl Effect is an illustration of the complicated situation which occurs when products are brought into important markets by various ways depending on their origins. Globalization of production makes the identification process of product origins more difficult.

## **Standstill**

- Standstill - one of the nine principles in achieving trade and investment liberalization and facilitation which was stated in the Osaka Action Plan (1995) of APEC. Based on this principle, each APEC member economy agrees not to take any measure that might increase protection levels, thus ensuring the sound and effective process of trade and investment liberalization and facilitation.

### **Stockholm Convention**

- A global treaty to protect the human health and environment from chemicals that remain intact in the environment for long period of time.

### **Single Undertaking**

- Nothing is agreed, until everything is agreed. Members must accept the results of trade negotiations in all areas instead of being able to selectively accept parts of the negotiations (contrast with early harvest).

### **SITS Components**

- International trade in services is classified broadly into 12 components:

#### **a) Manufacturing services on physical inputs owned by others**

It covers fees charged by the processor to owner of the goods for manufacturing activities done (i.e., processing, assembly, packing or labelling). Recognition of this type of services is parallel with the treatment of exclusion goods for processing (with no change of ownership) from exports and imports goods compilation in balance of payments statistics.

#### **b) Maintenance and Repair Services**

Includes maintenance and repair works by residents on goods owned by non-residents (and vice versa). The repairs may be performed at the site of the repairer or elsewhere. Maintenance and repairs on ships, aircraft and other transport equipment are included.

Exclude:

- i) Cleaning of transport equipment (included in transport services);
- ii) Construction repairs and maintenance (included in construction); and
- iii) Maintenance and repairs of computers (included in computer services).

#### **c) Transport**

Transport covers all modes of transportation namely sea, air, other modes (including land, internal waterway, space, and pipeline) and postal and courier services. It involves the carriage of passengers, freight (movement of goods), other transport services and postal and courier services.

#### **d) Travel**

The item refers to the goods and services such as accommodation, meals, entertainment, internal transportation and gifts and souvenirs acquired from Malaysia by visitors during their stay in Malaysia and from abroad by Malaysian visitors travelling overseas. Expenditure by ships/carriers crews are also taken into account. The international carriage of visitors is recorded under transport services. Both types of visitors namely tourists and excursionists are included in the compilation.

#### **e) Construction**

Construction services cover both new and repair work. Construction is valued on a gross basis inclusive of all goods and services used as input to the work and other cost of production. This relates to site preparation work, construction and completion work for buildings (painting, plumbing, demolition, etc.), construction work for civil engineering, installation of machinery and assembly work and other construction (such as renting services of construction or demolition equipment with operator; exterior cleaning work of building, etc..

#### **f) Insurance and Pension Services**

Covers the services of providing life insurance, non-life insurance, reinsurance, freight insurance, pensions and auxiliary services to insurance.

#### **g) Financial Services**

Covers both explicit and implicit charges for financial intermediation and auxiliary services (except those of insurance enterprises and pension funds) conducted between residents and non-residents. The explicit charges included deposit and lending services (e.g. application and commitment fees, fees for one-off guarantees, early or late repayment fees or penalties, and account charges). Also included are commissions and other fees related to letters of credit, bankers' acceptances, lines of credit, financial leasing, foreign exchange transactions, commissions and other fees related to transactions in securities, commissions of commodity futures traders, services related to asset management, financial market operational and regulatory services, security custody services but excluded interest. The implicit charges is measured by FISIM which using reference rate concept to represent services element between actual and reference interest rate on loans and deposits.

#### **h) Charges for the use of intellectual property**

Charges for the use of intellectual property include:

- i. chargers for the use of propriety rights, such as patents, trademarks, copyrights, industrial processes and designs, trade secrets, and franchises, where rights arise from research and development, as well as from marketing; and
- ii. charges for licenses to reproduce and/or distribute intellectual property embodied in produced originals or prototypes, such as copyrights on books and manuscripts, computer software, cinematographic works and sound recordings, and related rights, such as for the recording of live performances and for television, cable or satellite broadcast.

#### **i) Telecommunications, Computer, and Information Services**

Telecommunications services encompass the broadcast of transmission of sound, image, data, or other information by telephone, telex, telegram, radio, and television satellite, electronic mail and facsimile including business network services, teleconferencing and support services.

Computer services consist of hardware and software related services and data processing services. These include sales of customized and non-customized software, installation and consultancy services. Information services include news agencies services, database services (database conception, storage, and dissemination), and direct non-bulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission or other means.

**j) Other Business Services**

Other business services comprise research and development services, professional and management consulting services, technical, trade related and other business services.

Research and development services cover those services associated with basic research, applied research, and experimental development of new products and processes. This includes outright sales as a result of research and development work, such as; patents, copyrights, information or industrial processes. Professional and management consulting services cover advisory, guidance and operational assistance services provided to businesses for business policy and strategy and the overall planning, structuring and control of an organization. This include legal services, accounting, management consulting, managerial services, public relations services, advertising, market research and public opinion polling services. Technical, trade-related and other business services comprise of services related to architectural, engineering, other technical, waste treatment and de-pollution, agricultural, mining, operating leasing, trade-related and other business services.

**k) Personal, Cultural, and Recreational Services**

Refers to services associated to audio-visual and related services; and other personal, cultural, and recreational services. This includes charges for access to encrypted televisions channels, rental of audio-visual and related products, fees to actors, directors and producers, education services, health services, sports, recreational and entertainment services.

**l) Government Goods and Services**

These are transactions by the public sector with non-residents, which are not recorded elsewhere in the BOP components. The transactions include expenditures (goods and services) of Malaysia's diplomatic and military representative abroad and of foreign governments' diplomatic and military representative in Malaysia. Export covers operating and capital expenditures of foreign diplomatic missions, trade missions and international organisations in Malaysia. Import covers operating and capital expenditure of Malaysia's embassies, high commissions, trade missions and students' departments abroad.

**Sustainable Growth**

- A term much used by environmentalists, meaning economic growth that can continue in the long term without non-renewable resources being used up or pollution becoming intolerable. Mainstream economists use the term, too, to describe a rate of growth that an economy can sustain indefinitely without causing a rise in inflation.



### Swiss Formula

- A 'non-linear formula' which reduces high tariffs, tariff peaks and tariff escalations. Higher tariffs will be subject to greater reductions compared to lower tariffs. A smaller coefficient would result in a deeper cut compared to a larger coefficient.

#### Swiss Formula

$$t_1 = \frac{C \times t_0}{C + t_0}$$

- C : coefficient to determine tariff reductions in each country;  
t<sub>0</sub> : The existing tariff rate for a particular country; and  
t<sub>1</sub> : The bound tariff rate for that country.

# T

## **Tariff Capping**

- The maximum duty allowed after applying the formula for tariff reduction.

## **Tariff/Duty**

- Customs duties on merchandise imports. Levied either on an ad valorem basis (percentage of value) or on a specific basis (e.g. \$7 per 100 kgs.). Tariffs give price advantage to similar locally-produced goods and raise revenues for the government.

## **Tariff Escalation**

- Low tariffs for raw or unfinished materials, somewhat higher for semi-finished products and highest for finished products. Generally adopted by industrialized countries to restrict import of finished goods from developing countries.

## **Tariff Line**

- Description of a single product in a national tariff schedule, together with the applicable tariff/duty rate.

## **Tariff Peaks**

- Relatively high tariffs, usually on “sensitive” products, amidst generally low tariff levels. For developed countries, tariffs of 15% and above are generally recognised as “tariff peaks”.

## **Tariff Simplification**

- The conversion of non-ad valorem duties into simple ad-valorem duties.

## **The ASEAN Charter**

- The legal and institutional framework of ASEAN for a mutual interests, common desire, collective will to live in a region of lasting peace, security and stability, principles of democracy, rule of law and good governance, respect and human rights and fundamental freedom.

## **Trade Agreement**

- Wide ranging tax, tariff and trade treaty that often includes investment guarantees. The most common trade agreements are of the preferential and free trade types are concluded in order to reduce (or eliminate) tariffs, quotas and other trade restrictions on items traded between the signatories.

## **Trade Barriers**

- Measures that governments or public authorities introduce to make imported goods or services less competitive than locally produced goods and services.

## **Trade in Services**

- Refers to cross border services transactions between Malaysia’s residents and non-residents (consistent with BOP statistics). Services could be delivered either with or without cross

border physical movement of services suppliers and consumers. For certain services, suppliers and consumers may remain in their respective countries, or else it could involve in cross border physical movement of consumers (to consume services) or supplier (to provide services).

- **Modes of Supply**

- **Mode 1—Cross Border Trade**

- From the territory of one Member into the territory of any other Member.

- **Mode 2 — Consumption abroad**

- In the territory of one Member to the service consumer of any other Member.

- **Mode 3—Commercial Presence**

- By a service supplier of one Member, through commercial presence, in the territory of any other Member.

- **Mode 4 — Presence of natural persons**

- By a service supplier of one Member, through the presence of natural persons of a Member in the territory of any other Member.

### **Transparency**

- Trade policies, laws and regulations are publicly available and predictable.

### **Twin deficits**

- A situation where an economy is running both a fiscal deficit and a deficit on the current account of the balance of payments (BOP).

### **Twin Deficit Hypothesis**

- The twin deficit hypothesis makes a connection between current account deficit and fiscal deficit.
- The theory suggests that tax cuts can increase fiscal deficit and results in increased consumption, which will lower the national savings rate. In turn, a nation has to borrow more money from other countries.

# U

## **Unbound Tariff**

- Tariff level of a product not notified to the WTO.

## **Unemployed**

- Refers to both actively and inactively unemployed persons in the labour force. The actively unemployed include all persons who did not work during the reference week but were available for work and actively looking for work during the reference week. Inactively unemployed refers to persons who did not look for work because they believed no work was available or that they were not qualified, persons who would have looked for work if they had not been temporary ill or not had it not been for bad weather, persons who were waiting for answers to job applications and persons who had looked for work prior to the reference week.

## **Unemployment rate**

- $(\text{Number of unemployed persons} / \text{Number of persons in labour force}) \times 100$

## **Unregulated sectors**

- The working definition for unregulated services sector is services sectors that is not regulated by any act, regulations, government guidelines, government licensing requirement and are not supervised by any government agencies.

# V

## **Value Chain**

- The process or activities by which a company adds value to an article, including production, marketing, and the provision of after-sales service.

## **Vertical Approach**

- Approach to address NTBs based on specific sectors. For example harmonization of standard in lighter.

# W

## **Wafer Fabrication**

- Procedure composed of many repeated sequential processes to produce complete electrical or photonic circuits.

## **Withholding tax**

- A tax that is collected at source, before the taxpayer has seen the income or capital to which the tax applies. In other words, that part of the income or capital due in tax is withheld from the taxpayer, who therefore cannot easily avoid paying the tax. Withholding taxes are frequently imposed on interest and dividends.

## **WTO Ministerial Meeting**

- The WTO's top decision-making body.
- Meeting of the full membership of the WTO once in two years.

## **WTO Sectoral Initiatives**

- Tariff elimination for selected sectors, with the requirement of participation by members contributing 90 per cent of world trade. Developed members want key developing members such as China, India and Brazil to be part of sectoral initiatives.

## Z

### **“Zero For X” Tariff Reduction**

- Developed countries to undertake immediate elimination compared to developing countries.

### **Zeroing**

- An investigating authority usually calculates the dumping margin by getting the average of the differences between the export prices and the home market prices of the product in question. When it chooses to disregard or put a value of zero on instances when the export price is higher than the home market price, the practice is called “zeroing”. Critics claim this practice artificially inflates dumping margins.

# PART III

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FACTSHEET



## The next five years

**The Eleventh Plan is formulated with the rakyat as the centrepiece of all development efforts. The people economy will be given priority,**

reinforcing the Government's commitment to bring further development to the people by enriching their lives, providing people with dignity, and uplifting their potential to partake in the country's prosperity that is generated. All segments of society must benefit from the country's economic prosperity in order to create an advanced economy and inclusive nation by 2020. In line with this, for the first time in Malaysia's history, national growth targets will include not only GDP growth and per capita income, but also household income and the Malaysian Wellbeing Index to assess the impact of economic growth on people's wellbeing.

### Average national income

The Government aspires for Malaysia to achieve an advanced economy status by 2020, with a national per capita income of

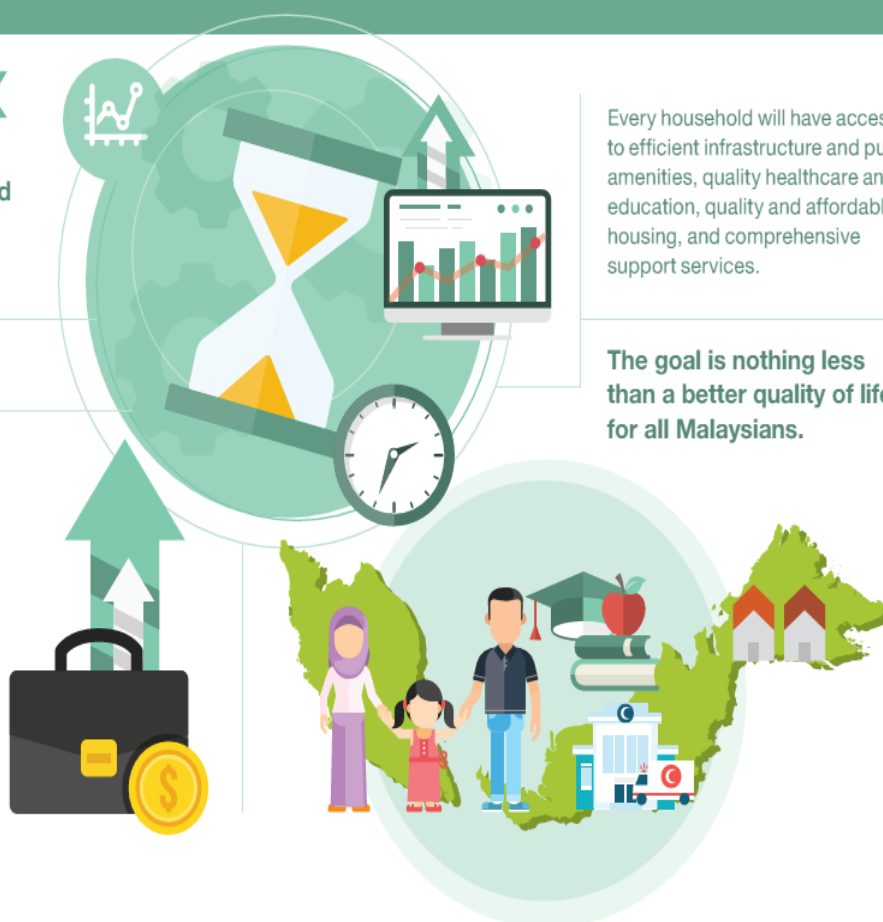
MORE THAN

**US\$15,000**

While there will still be people who earn less than this threshold, all segments of society, irrespective of geography, ethnicity, or income level, are expected to experience an increase in their income and wellbeing.

Every household will have access to efficient infrastructure and public amenities, quality healthcare and education, quality and affordable housing, and comprehensive support services.

The goal is nothing less than a better quality of life for all Malaysians.



# Strengthening macroeconomic resilience for sustained growth

**Unlocking productivity potential to ensure sustainable and inclusive growth**



Nation-wide productivity agenda and implementation plan  
 Enhancing public sector productivity and accelerating regulatory reforms  
 Greater collaboration in re-skilling and research  
 Ensuring productivity is championed across industries  
 Enterprise-level productivity assessments and targets

**Promoting investment to spearhead economic growth**



Reducing the cost of doing business  
 Providing performance-based incentives for high-income and knowledge-intensive economic activities  
 Addressing the talent gap and mismatch  
 Improving access to financing for knowledge-intensive industries  
 Providing tipping point financing through the Facilitation Fund

**Increasing exports to improve trade balance**



Improving the export ecosystem  
 Moving up the value chain  
 Maximising opportunities with strategic partners  
 Increasing external industry expert support

**Enhancing fiscal flexibility to ensure sustainable fiscal position**



Enhancing revenue and implementing more prudent spending measures

## Multidimensional goals, 2016-2020

GDP growth at **5-6%** per annum



Labour productivity at **RM92,300** by 2020 from RM77,100 in 2015



GNI per capita at **RM54,100** by 2020



Average monthly household income at **RM10,540** by 2020 from RM6,141 in 2014



Compensation of employees to **40%** of GDP by 2020 from 34.9% in 2015



Malaysian Wellbeing Index (MWI) to increase **1.7%** per annum



## Strategic thrusts

The Government has defined six strategic thrusts to help Malaysia stay ahead of the challenges and opportunities of the fast-changing global and political landscape. These thrusts aim to comprehensively address the end-to-end needs of the rakyat and the nation.

## Game changers

The Government has also identified six game changers, which are innovative approaches to accelerate Malaysia's development, that once successfully applied, will fundamentally change the trajectory of the country's growth.

## SIX STRATEGIC THRUSTS



## Strategic thrust 2: Improving wellbeing for all



# Strategic thrust 3: Accelerating human capital development for an advanced nation

## Improving labour market efficiency to accelerate economic growth

- Improving labour productivity and wages through the shift to high skilled jobs
- Enhancing labour market operations to maximise efficiency and effectiveness
- Improving management of foreign workers

## Transforming TVET to meet industry demand

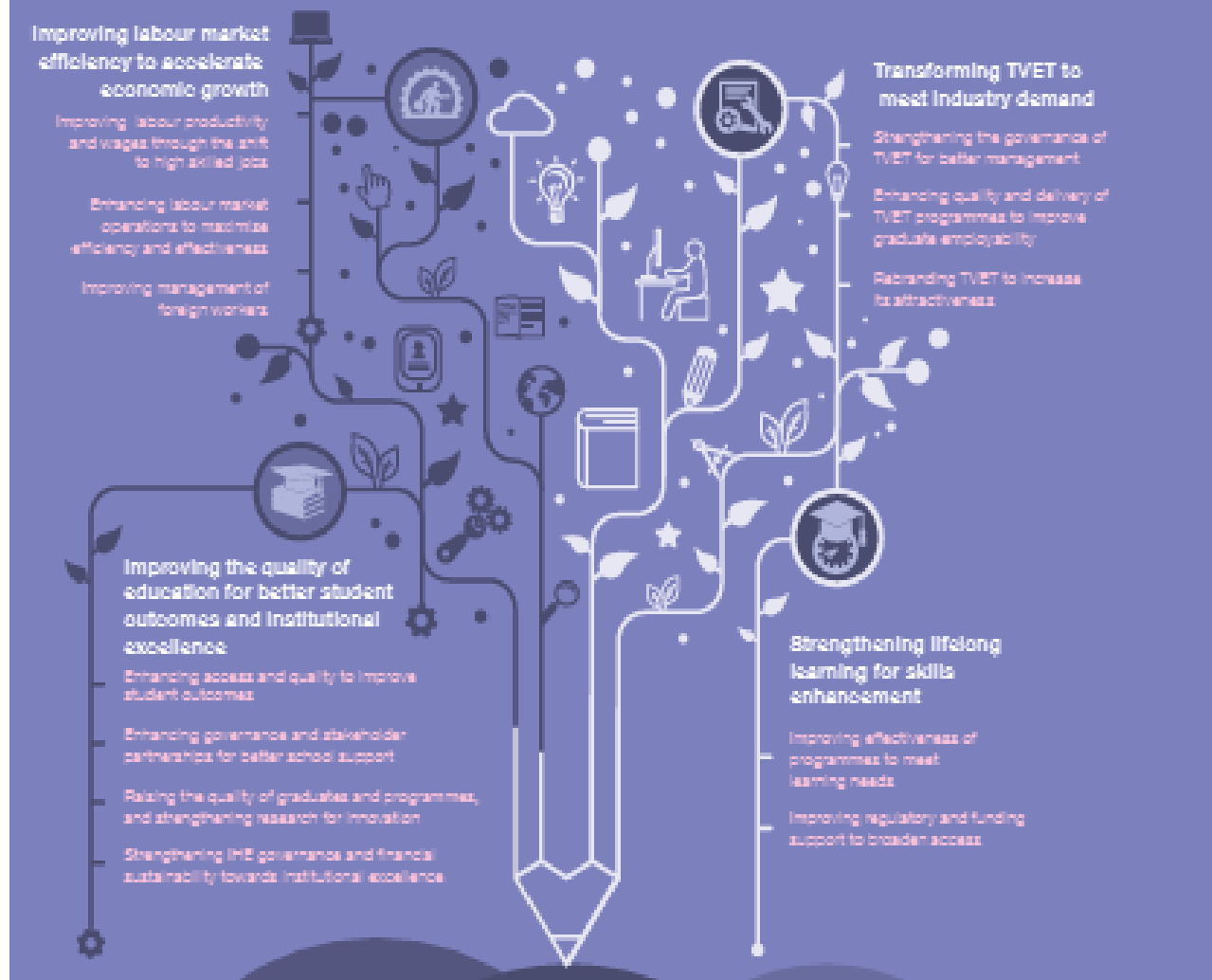
- Strengthening the governance of TVET for better management
- Enhancing quality and delivery of TVET programmes to improve graduate employability
- Rebranding TVET to increase its attractiveness

## Improving the quality of education for better student outcomes and institutional excellence

- Enhancing access and quality to improve student outcomes
- Enhancing governance and stakeholder partnerships for better school support
- Raising the quality of graduates and programmes, and strengthening research for innovation
- Strengthening IHE governance and financial sustainability towards institutional excellence

## Strengthening lifelong learning for skills enhancement

- Improving effectiveness of programmes to meet learning needs
- Improving regulatory and funding support to broaden access

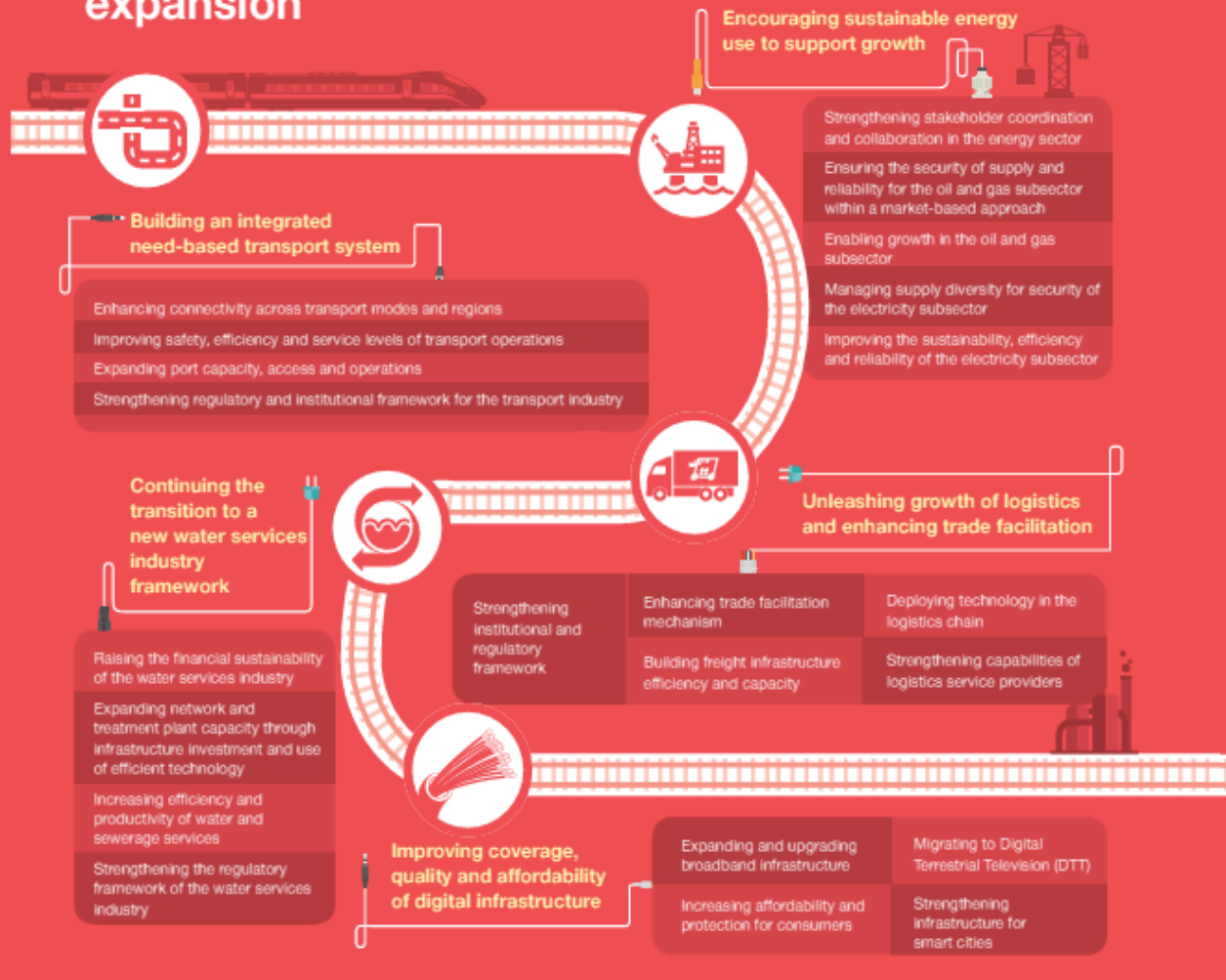


## Strategic thrust 4:

# Pursuing green growth for sustainability and resilience



# Strategic thrust 5: Strengthening infrastructure to support economic expansion



## Strategic thrust 6: Re-engineering economic growth for greater prosperity



### Investing in competitive cities and regional economic corridors development

- Developing city competitiveness master plans for four major cities
- Strengthening corridors to fuel regional development



### Transforming services

- Fostering a dynamic environment for knowledge-intensive services
- Implementing comprehensive and integrated governance reforms
- Stepping up internationalisation of services firms
- Enhancing management of investment incentives
- Expanding modern services



### Energising manufacturing

- Moving towards complex and diverse products
- Enhancing productivity through automation
- Stimulating innovation-led growth
- Strengthening growth enablers
- Ramping up internationalisation



### Modernising agriculture

- Improving productivity and income of farmers, fishermen and smallholders
- Promoting training and youth agropreneur development
- Strengthening institutional support and extension services
- Building capacity of agricultural cooperatives and associations along the supply chain
- Improving market access and logistics support
- Scaling up access to agricultural financing
- Intensifying performance-based incentive and certification programmes



### Transforming construction

- Enhancing knowledge content
- Driving productivity
- Fostering sustainable practices
- Increasing the internationalisation of construction firms



### Growing dynamic SMEs

- Enhancing productivity through automation and innovation
- Strengthening human capital development
- Enhancing ease of doing business
- Increasing demand for SME Products and Services
- Creating home-grown champions
- Developing SMEs in Sabah and Sarawak



### Translating innovation to wealth

- Enterprise innovation
  - Strengthening the governance mechanism
  - Enhancing demand-driven research
  - Strengthening industry-academia collaboration through intermediaries
  - Promoting private financing of research, development, commercialisation, and innovation

### Social innovation

- Strengthening collaboration through a whole-society approach
- Developing a social financing model
- Promoting higher order thinking skills to develop a dynamic society



# WTO

## Principles of the WTO

- Most-Favoured-Nation (MFN) Treatment
- National Treatment
- Transparency
- Special and Differential Treatment

## WTO Rounds of Negotiations

Year	Venue/Round	Areas covered	Countries
1947	Geneva, Switzerland	Tariffs	23
1949	Annecy, France	Tariffs	13
1951	Torquay, UK	Tariffs	38
1956	Geneva, Switzerland	Tariffs	26
1960-61	Geneva (Dillon Round)	Tariffs	26
1964-67	Geneva (Kennedy Round)	Tariffs & AD	62
1973-79	Geneva (Tokyo Round)	Tariffs, NTBs & “framework Agreements”  (Safeguards)	102
1986-94	Geneva (Uruguay Round)	Marrakesh Agreement	123
<b>2001- present</b>	Doha, Qatar (Doha Round)	Comprehensive	153

## **Malaysia's TRQ Products**

- **Live swine and its products**
  - **Live poultry and meat**
  - **Milk and cream**
  - **Birds' eggs**
  - **Round cabbages**
  - **Coffee beans**
  - **Wheat or meslin flour**
  - **Cane or beet sugar, in solid form**
  - **Unmanufactured tobacco**
- 
- BERNAS is the only **Malaysia's STE** notified to the WTO in 1996.
  - Malaysia's **Export Subsidies Programme**:
    - Palm Oil Credit and Payment Agreement (POCPA) provided by KPPK
    - The Export Credit Reinsurance (ECR) scheme provided by EXIM Bank
  - Malaysia imposed Differential Export Taxes on Crude Palm oil products (CPO).

## **Modes of Delivery**


Under the General Agreement on Trade in Services (GATS), commitment on services liberalisation is undertaken through 4 modes:

Mode 1: cross border supply of service from one country to another without commercial presence (tele-medicine)

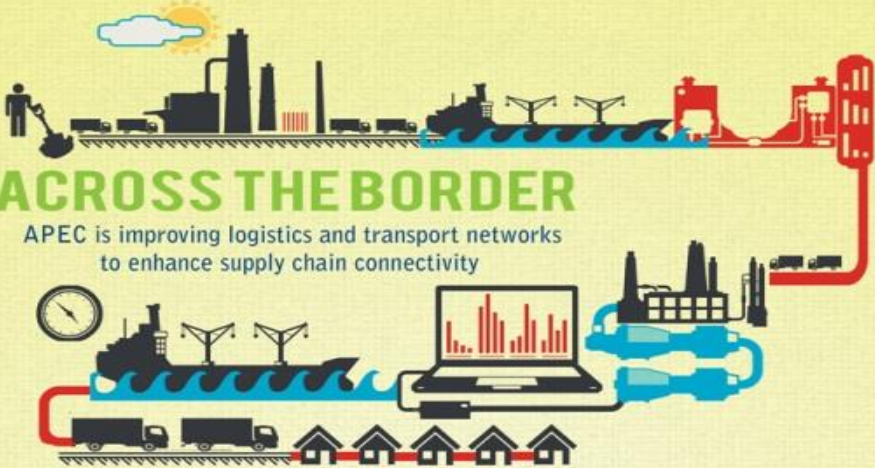
Mode 2: consumption abroad by consumers or firms making use of services in another country (tourists)

Mode 3: commercial presence by a company through setting up of subsidiary or branches abroad (banks)


Mode 4: movement of natural persons, that is allowing individuals to travel abroad temporarily to provide services (engineers)




**APEC IS HELPING REDUCE COSTS FOR IMPORTERS AND EXPORTERS**




**ACROSS THE BORDER**  
APEC is improving logistics and transport networks to enhance supply chain connectivity




**AT THE BORDER**  
APEC is helping to reduce costs for importers and exporters in the region




**CUSTOMS WAITING TIME REDUCED BY ELECTRONIC PROCESSING**



**From 6-8 days to 4-5hours**



**BEHIND THE BORDER**  
APEC member economies are implementing reforms to regulatory and government systems.



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

# ASEAN Economic Community

## ASEAN Economic Community of a Glance

### ASEAN ECONOMY

With an average annual real growth rate of **5.2%**, between 2007 and 2015, collectively ASEAN economy was the **6th** largest in the world and the **3rd** largest in Asia in 2015.

### ASEAN INVESTMENT

In 2015, ASEAN attracted **US\$ 120 billion** of FDI, with intra-ASEAN constituting the largest share of inflows.

### ASEAN TRADE

Total trade increased to **US\$ 700 billion** between 2007 and 2015, with intra-ASEAN trade comprising the largest share of ASEAN's total trade.

### ASEAN PEOPLE

In 2015, ASEAN was the **3rd** largest by population, with more than half under the age of 30 and 47.7% living in urban areas.

one vision  
one identity  
one community

## ASEAN Economic Community of a Glance

### ASEAN TRADE

Total ASEAN Trade: **US\$ 700 billion**

Major Trading Partners:

Partner	Share (%)
China	24%
USA	17%
EU	11%
Japan	10%
UK	7%

Intra-ASEAN trade continues to be the largest source of ASEAN's total trade.

### ASEAN INVESTMENT

Total FDI Inflow by Sector:

ASEAN attracted **US\$ 120 billion** in FDI in 2015, an 82.3% increase over 2014.

Major Sources of FDI:

Source	Share (%)
China	49%
USA	24%
EU	11%
Japan	10%
UK	7%

Intra-ASEAN is the highest source of FDI.

### ASEAN ECONOMY

With an average annual real growth rate of **5.2%**, between 2007 and 2015, collectively ASEAN economy was the **6th** largest in the world and the **3rd** largest in Asia in 2015.

ASEAN is the **6th** largest in the world & the **3rd** largest in Asia.

### ASEAN PEOPLE

ASEAN is the **3rd** largest in the world in 2015.

More than half of ASEAN's population is under 30 years of age.

47.7% live in urban areas.

### ASEAN BLUEPRINT 2025

ASEAN Blueprint 2025 (2015-2025) is the 5th blueprint of the ASEAN and the 10th ASEAN Blueprint. It is the 10th ASEAN Blueprint.

ASEAN Blueprint 2015 (2009-2015) is the 4th blueprint of the ASEAN and the 9th ASEAN Blueprint.

ASEAN Blueprint 2009 (2009-2015) is the 3rd blueprint of the ASEAN and the 8th ASEAN Blueprint.

### ASEAN BLUEPRINT 2015 (2009-2015)

Key Objectives:

- Enhance competitiveness and innovation
- Strengthen economic and social foundations
- Deepen regional integration
- Improve human resources
- Strengthen environmental protection
- Enhance disaster preparedness and management
- Strengthen regional peace and stability

### ASEAN BLUEPRINT 2009 (2009-2015)

Key Objectives:

- Enhance competitiveness and innovation
- Strengthen economic and social foundations
- Deepen regional integration
- Improve human resources
- Strengthen environmental protection
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### ASEAN BLUEPRINT 2009 (2009-2015)

Key Objectives:

- Enhance competitiveness and innovation
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### ASEAN BLUEPRINT 2009 (2009-2015)

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- Enhance competitiveness and innovation
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- Strengthen regional peace and stability

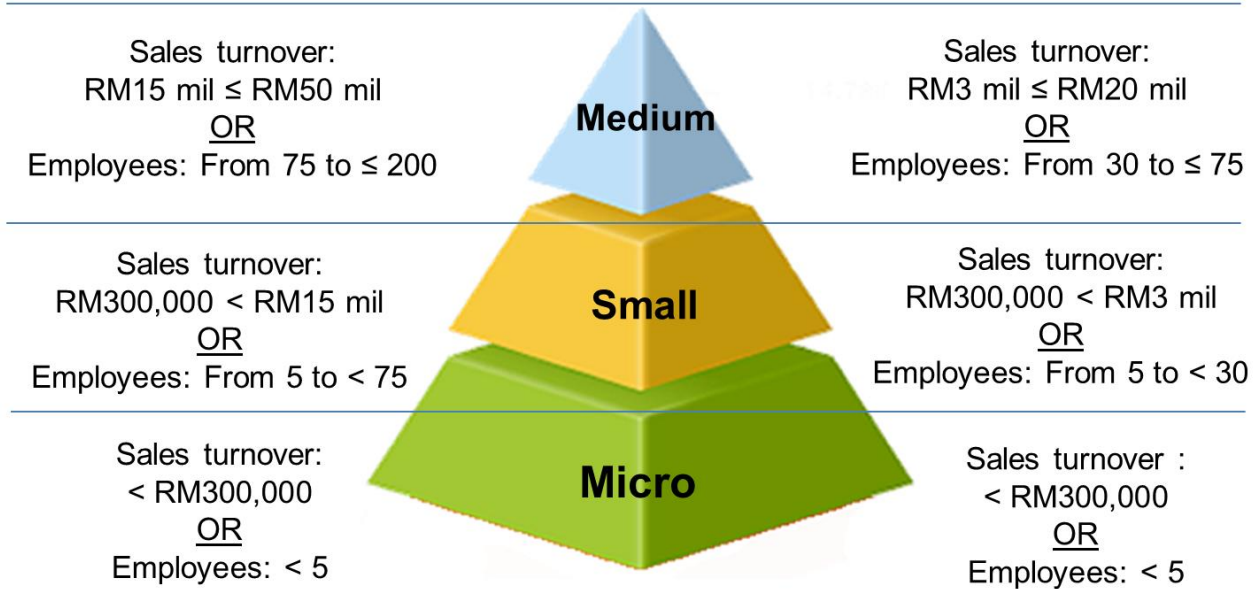
## ASEAN Economic Community 2025

A Highly Integrated and Cohesive Economy	A Competitive, Innovative, and Dynamic ASEAN	Enhanced Connectivity and Sectoral Cooperation	A Resilient, Inclusive and People-Oriented, People-Centred ASEAN	A Global ASEAN
• Trade in Goods	• Effective Competition Policy	• Transport	• Strengthening the Role of Micro, Small, and Medium Enterprises	• More strategic and coherent approach towards external economic relations
• Trade in Services	• Consumer Protection	• Information and Communications Technology	• Strengthening the Role of the Private Sector	• Review existing FTAs
• Investment Environment	• Strengthening Intellectual Property Rights Cooperation	• E-commerce	• Public-Private Partnership	• Enhance economic partnerships with non-FTA Dialogue Partners by upgrading and strengthening trade and investment work programmes/plans
• Financial Integration, Financial Inclusion, and Financial Stability	• Productivity-Driven Growth, Innovation, Research and Development, and Technology Commercialisation	• Energy	• Narrowing the Development Gap	• Engage with regional and global partners
• Facilitating Movement of Skilled Labour and Business Visitors	• Taxation Cooperation	• Food, Agriculture, and Forestry	• Contribution of Stakeholders on Regional Integration Efforts	• Continue strongly supporting the multilateral trading system and actively participating in regional fora
• Enhancing Participation in Global Value Chains	• Good Governance	• Tourism		• Continue to promote engagement with global and regional institutions
	• Effective, Efficient, Coherent and Responsive Regulations, and Good Regulatory Practice	• Healthcare		
	• Sustainable Economic Development	• Minerals		
	• Global Megatrends and Emerging Trade-related Issues	• Science and Technology		

## SME definition

### Manufacturing

### Services and Other Sectors



# PART IV

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