

ON-GOING INITIATIVES IMPLEMENTED TO ENHANCE TRADE AND INVESTMENT

- Against the backdrop of current global economic challenges, it is observed that the investment policymaking across the globe is increasingly geared towards new development strategies. The strategies include reinforcing the regulatory environment for domestic and foreign investment and strengthening trade facilitation initiatives.

i. Trade Facilitation Initiatives

- Among the initiatives taken in facilitating business operations in Malaysia includes the Logistics and Trade Facilitation Masterplan and the Focus Group on Trading across Borders (FGTAB).
- Under the Logistics and Trade Facilitation Masterplan, Ministry of International Trade and Industry (MITI) together with the Ministry of Transport (MOT), aims to reduce time and expenses in enhancing inland transportation efficiency, improving last-mile connectivity at Port Kelang and addressing bottlenecks at the Padang Besar Terminal. The action items are in tandem with the new methodology introduced in Trading Across Borders by World Bank Doing Business and are targeted to improve Malaysia's Trading Across Borders performance.
- Meanwhile the FG TAB jointly chaired by MITI and the Federation of Malaysian Manufacturers (FMM), addresses issues relating to mercantile exports and imports and introduces and builds on initiatives to provide solutions to improve the conducting of international trade within Malaysia in line with the status of Malaysia being the 17th largest exporter and 18th largest importer nation globally in 2014.
- Some of the major successful initiatives under FG TAB include:
 - reducing the number of documents for import/export from 6 to 4 including combining the invoice and packing list into a single document to reduce the number of required documents for export;

- streamlining of 18 import and export process flows based on best practices at Port Klang and standardising the import and export process flows at major ports in Malaysia to expedite the import-export process; and
 - publishing the Guidebook on Export & Import Procedures in December 2013 to provide an easy single-source reference material to the Malaysia importers and exporters.
 - Reducing Unnecessary Regulatory Burden (RURB) by:
 - i. introducing new Customs procedure for movement of Free Zone dutiable goods for farming out for all Free Zone companies; and
 - ii. improving government service delivery for issuing Department of Civil Aviation (DCA) permits for dangerous goods through streamlined internal processes.
- Malaysia is also leveraging on the information communication technology (ICT) to improve the interface between the Government and the businesses to make investing and operating in Malaysia more efficient. Malaysia has developed a single gateway for trade through the development of National Single Window and National Trade Repository.
- The National Single Window serves as a main gateway for trade in Malaysia. The Single Window platform provides an effective and economical means for traders to submit their data in electronic format through a web-based application. This platform enables traders to undertake trade-related transactions and share their data electronically using a single platform with other parties along the trade supply chain in a paperless, e-trading environment. The National Single Window has been in operations since 2009.

ii. Investment Facilitation Initiatives

- Malaysia continues to adopt strategic approaches to attract new and sustain existing Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) including:

- Continuing to pursue International Investment Agreements (IIAs) through multilateral, regional and bilateral FTAs, to enhance foreign investors' confidence in Malaysia.
 - Malaysia is one of the top signatories of Investment Guarantee Agreements (IGAs) in the region, having concluded:
 - 74 IGAs with countries such as the US, UK, UAE, France, Canada, India and China. Out of these, 65 IGAs have been ratified and entered into force.
 - Bilateral IGAs: 72 IGAs
 - Regional IGAs: 2 IGAs with ASEAN and OIC
 - FTAs and Double Tax Agreements (DTAs):
 - 6 Bilateral FTAs with Japan, Pakistan, India, Australia, Chile and New Zealand.
 - 6 regional FTAs: TPP, ASEAN Comprehensive Investment Agreement, ASEAN-China, ASEAN-Korea, ASEAN-Australia-New Zealand and ASEAN-India.
 - Ongoing FTA negotiations with investment chapters: EU, EFTA, Turkey, Regional Comprehensive Economic Partnership (RCEP), ASEAN-Japan and ASEAN- Hong Kong.
 - 74 double taxation treaties in effect.
- Adopting the ecosystem approach in developing both the manufacturing and services sectors. This is an integrated and holistic approach to promote the entire value chain of industry clusters by further enhancing investment enablers like good infrastructure (utilities, industrial estates and industrial zones) and availability of relevant supporting industries as natural 'pull' factor to attract investors;
- Empowerment of the Malaysian Investment Development Authority (MIDA) as the lead agency in Malaysia to coordinate

the activities of all investment promotion agencies and to ensure consistency of policies at different levels of Government. After-care service is also being given greater emphasis by MIDA to encourage new investment and facilitate the existing investors to undertake investment expansion in the country;

- Improving current policies, including the liberalization of investment-linked policies such as enabling wholly-owned foreign companies to venture in Malaysia's manufacturing and selected services sectors and freedom to repatriate capital, interest, dividend and profits abroad;
- Reviewing the Investment policy measures to ensure their relevance in the current business environment. In particular, the Promotion of Investments Act (PIA) 1986 is being revised to leverage on the ecosystem approach and accelerate the shift of manufacturing and services sectors, from labour-intensive into high value-added, knowledge-intensive and innovation-based industries;
- Liberalising services sub-sector progressively to promote growth and investment in the services sector;
- introduction of new budget proposals every year to cater for different types of economic needs including:
 - i. Green project and green services;
 - ii. Less Developed Areas;
 - iii. Management of Industrial Area;
 - iv. Principal Hub Incentives;
 - v. Automation Capital Allowance;
 - vi. Waste Eco Park; and
 - vii. Independent Conformity Assessment Body (ICAB).
- Promote the use of local products as inputs by manufacturers in order to obtain higher yields with the cost of production in Ringgit low. Local manufacturers will also benefit when they export the finished products because the prices are more competitive;
- Encouraging foreign investors to increase their investments in Malaysia in project quality investment projects such as high-tech, high value-added, knowledge-intensive and skills, export-

oriented, capital-intensive, design and R&D projects that have high impact and have strong linkage with local industry;

- Develop industrial supply chain between new and existing upstream and downstream industries. Among measures introduced are by organising suppliers' conferences, vendor development programmes and business matching.
- Organising engagements on a regular basis between YBM MITI and industry chamber of commerce/foreign business chambers, Embassies/ High Commissions and industry associations to find solutions to the challenges and obstacles faced by foreign investors in implementing their projects;