



Ministry of International Trade and Industry

Weekly Bulletin

DRIVING TRANSFORMATION, POWERING GROWTH **VOLUME 473**

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The Seventh Trade Policy Review of Malaysia 14 and 16 February 2018, Geneva, Switzerland

Malaysia underwent her 7th Trade Policy Review (TPR) at the World Trade Organization (WTO), Geneva, Switzerland on 14 -16 February 2018. The 4-yearly exercise was participated by an inter-Ministerial team led by Datuk Seri J. Jayasiri, the Secretary-General of the Ministry of International Trade and Industry (MITI). Other ministries and agencies in the delegation include the Ministry of Finance (MOF); Ministry of Agriculture and Agro-based Industries (MOA); Ministry of Primary Industries and Commodities (MPIC); Ministry of Domestic Trade, Cooperatives and Consumerism (MDTCC); Economic Planning Unit, Prime Minister's Department (EPU); Bank Negara Malaysia (BNM); Royal Malaysian Customs Department (RMCD); and Intellectual Property Corporation of Malaysia (MyIPO).



The TPR is an exercise mandated by the WTO Agreement to ensure transparency of trade policies and measures. All 164 WTO Members have to undergo the TPR process and the frequency of each country's review varies according to its share of world trade. Malaysia's 7th TPR was undertaken for the review period of 2014 to 2017.

Malaysia's 7th TPR session was chaired by Ambassador Juan Carlos Gonzalez, Colombia's Permanent Representative to the WTO. Peru's Permanent Representative to the WTO served as the discussant. The 7th TPR saw Malaysia receiving 476 written questions from 27 Members mainly including Argentina, Brazil, Chile, China, the European Union, Japan, Singapore, Ukraine and United States. The questions covered a wide range of subjects including Malaysia's Intellectual Property Rights and competition policy, foreign investment regime, import licencing procedures, import tariff structure, sanitary and phytosanitary measures, services sector in particular for finance and energy sub-sectors, and e-commerce. Malaysia shared with WTO Members the economic development and reforms that took place throughout the period under review.

Forty-three WTO Members took part in the question and answer process during the 2-day TPR exercise. This has been a record number for Malaysia ever since her first TPR in 1993. Members commended Malaysia on her impressive economic achievement prudent trade and economic policies. Malaysia was also commended for actively pursuing trade openness through unilateral reforms, regional and bilateral trade arrangements, and multilateral rule-making. Members recognised that Malaysia's successful diversification of its economy and economic reforms had contributed to continued growth despite external challenges. The bold move to rationalise subsidies on fuel and sugar among others indicate Malaysia's willingness to move towards a market-oriented mechanism. Business friendly initiatives such as improvement of the Companies Act was also welcomed as it leads to the reduction in the cost of doing business.

While members noted the commendable efforts by Malaysia, improvements were also suggested on an array of issues such as Malaysia's compliance with the Customs Valuation Agreement, timely notification of Malaysia's various agricultural support programme as well as the import licencing regime. These improvements would ensure transparency as well as be in line with Malaysia's commitments in the. In line with the efforts to address emerging issues at the WTO, Malaysia expressed her willingness to exchange of views and share experience on the Micro, Small and Medium Enterprises (MSMEs) and E-Commerce.

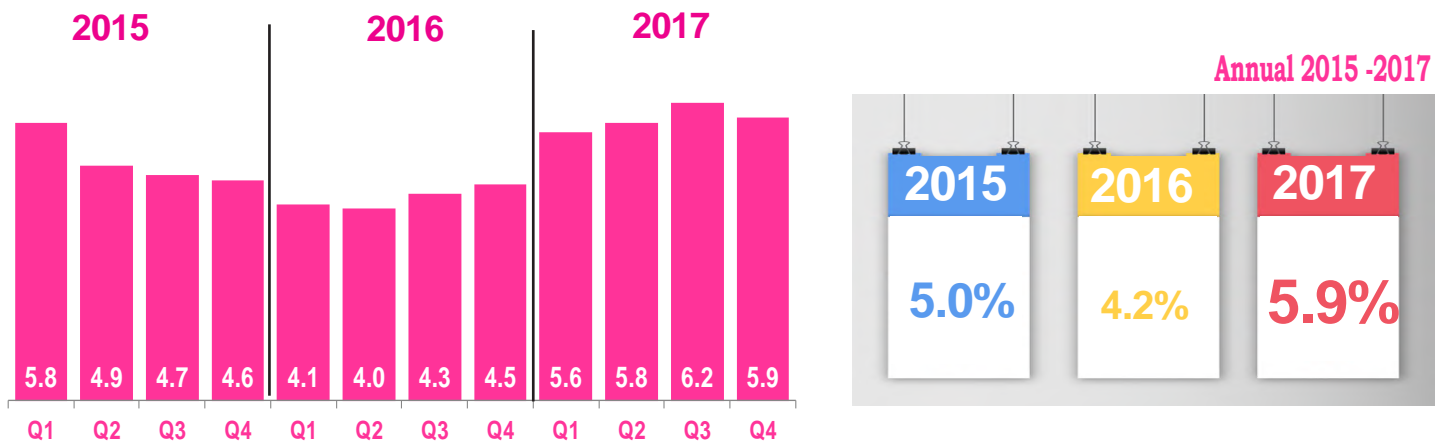
Datuk Seri J. Jayasiri in his closing remarks at the TPR reaffirmed Malaysia's commitment to the multilateral trading system by highlighting the continued efforts of Malaysia in pursuing current issues as well as new areas of interest to the WTO. In addition, Malaysia assured that WTO rules and principles always were adhered to in our negotiating free trade arrangements.

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY
16 FEBRUARY 2018

MEDIA STATEMENT

Malaysia Economy **Q4 2017**

Gross Domestic Product Growth Rate



GDP at Constant 2010 Prices
RM307.9 billion

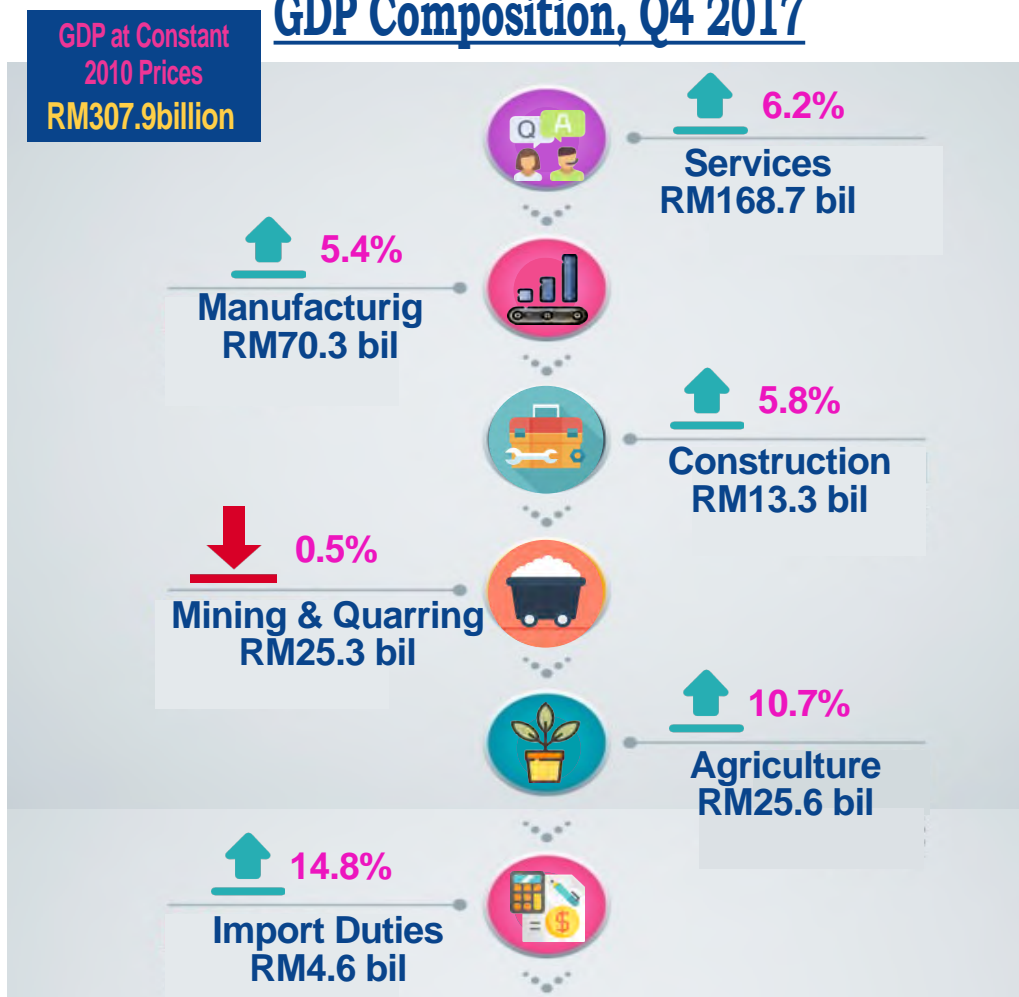


GDP at Current 2010 Prices
RM355.7 billion



GNI Percapita at Current Prices
RM42,930

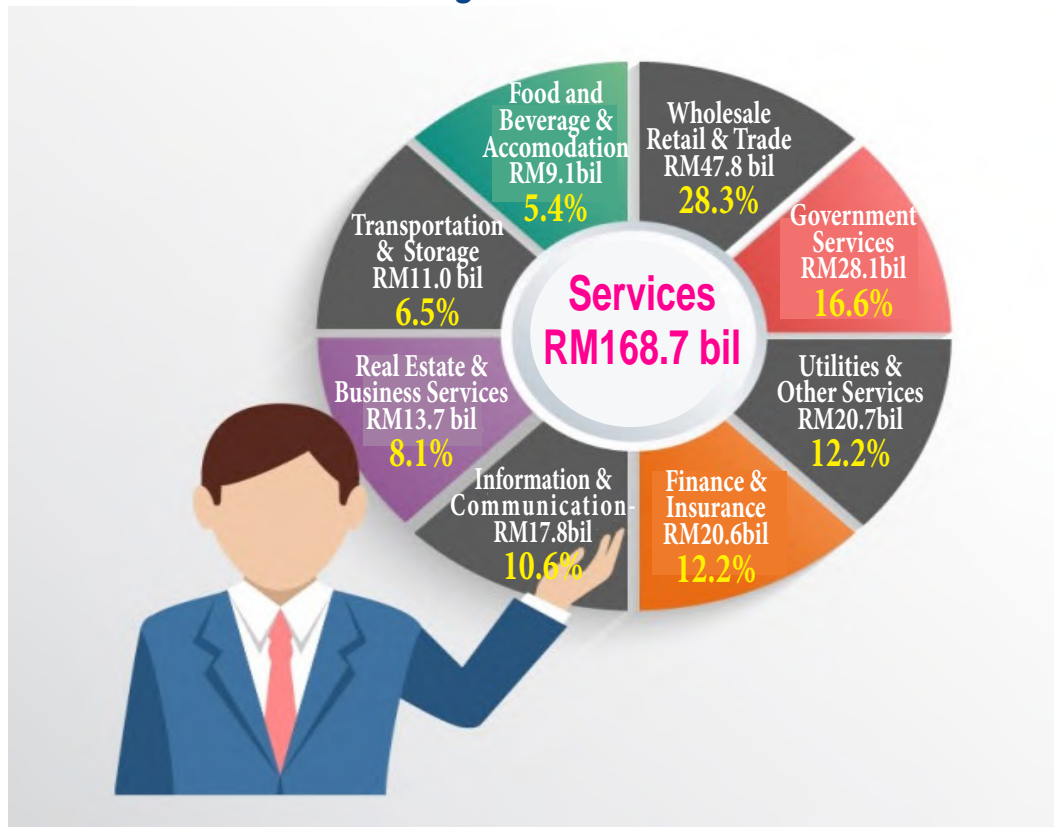
GDP Composition, Q4 2017



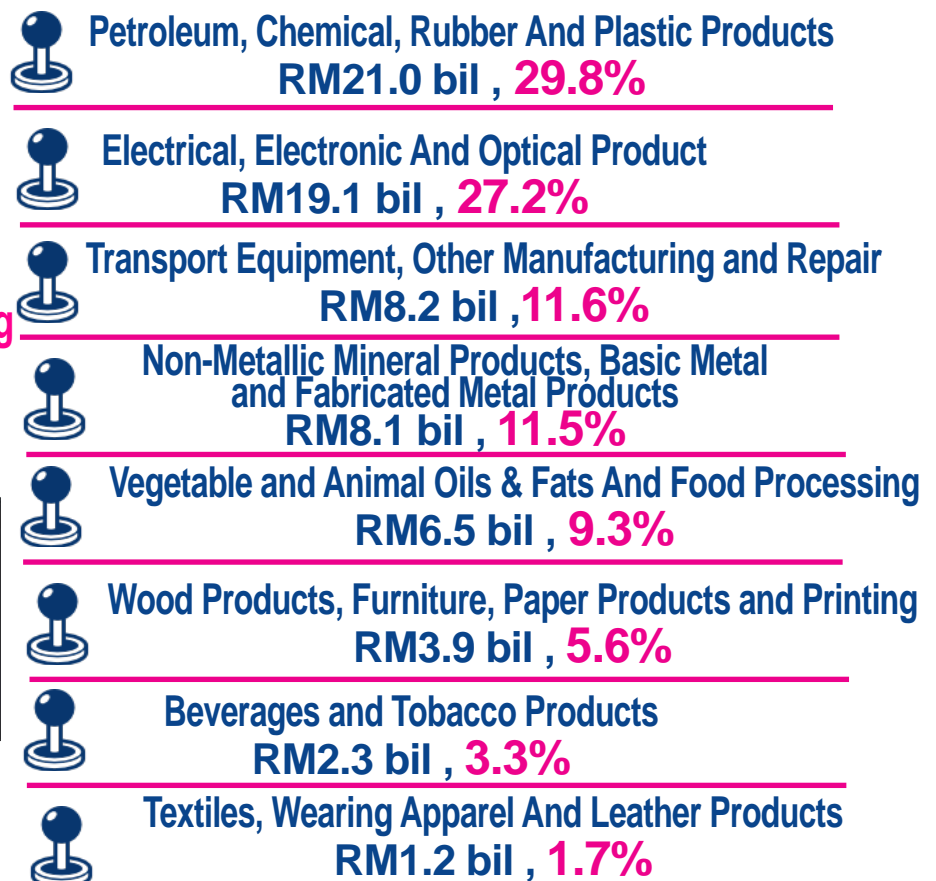
Source: Department of Statistics, Malaysia

GDP Composition, Q4 2017

Services: Percentage Share at Constant 2010 Prices



Manufacturing: Percentage Share at Constant 2010 Prices



Source: Department of Statistics, Malaysia

International Report

Malaysia as The Largest Exporter of Vegetable Fats and Oils and their Fractions, Partly or Wholly Hydrogenated, Inter-Esterified*, 2016

1 Malaysia
USD1,734.9 mil

2 Indonesia
USD312.5 mil

3 Netherlands
USD233.4 mil

4 Germany
USD212.4 mil

5 USA
USD128.6 mil



TOP Five Export Destinations



1 PRC
USD443.7 mil



2 USA
USD187.5 mil



3 Turkey
USD110.3 mil



4 Netherlands
USD105.4 mil



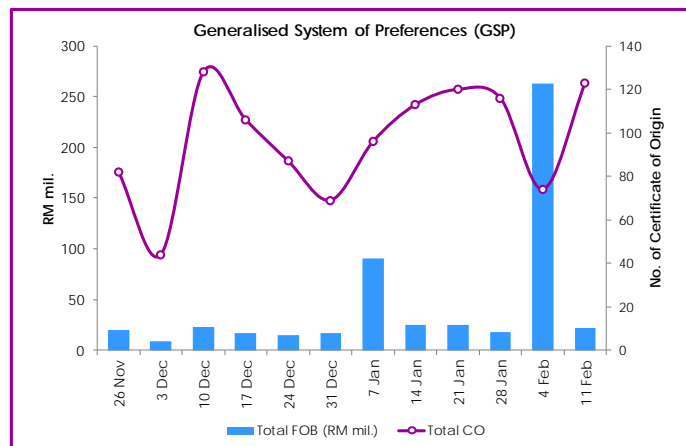
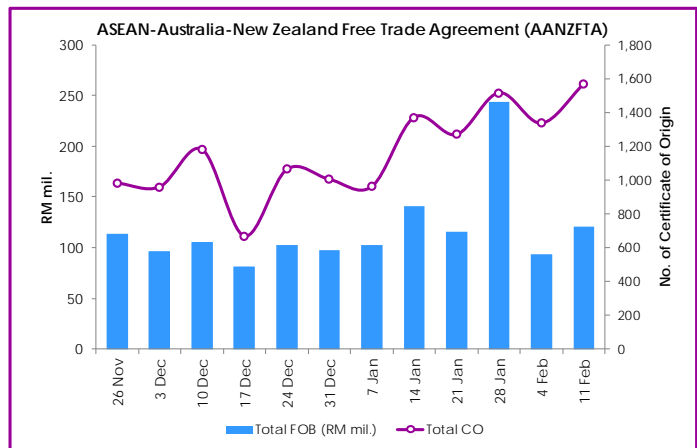
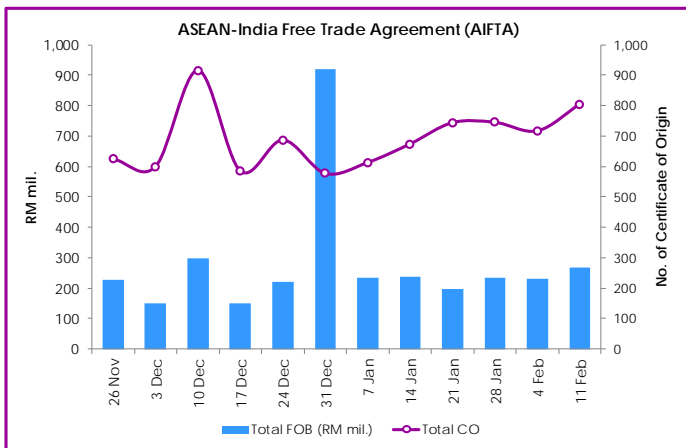
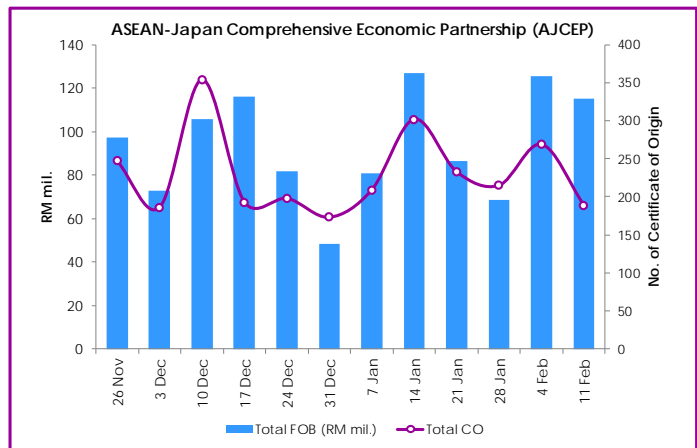
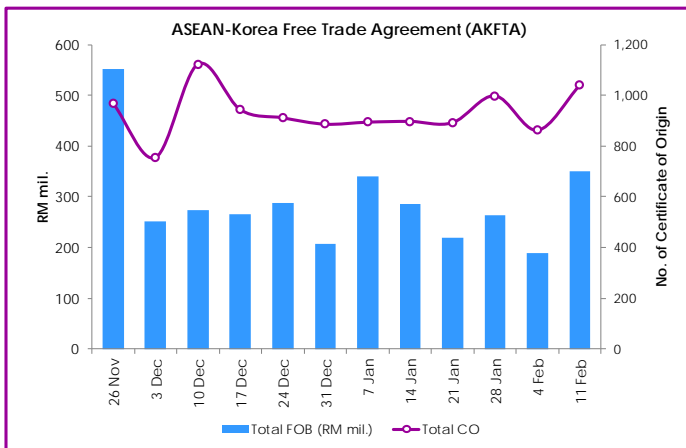
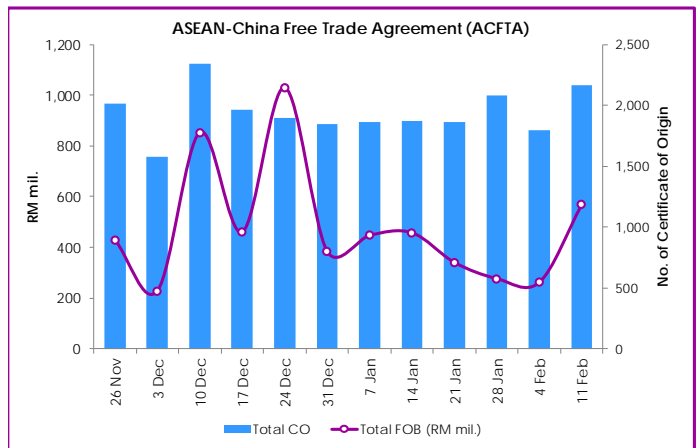
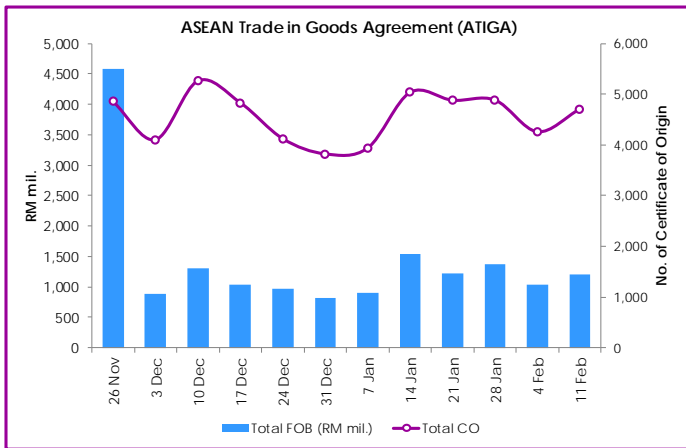
5 ROK
USD79.4 mil

Notes :

* HS6D 151620

Source : <http://www.trademap.org/Index.aspx>

Number and Value of Preferential Certificates of Origin (PCOs)

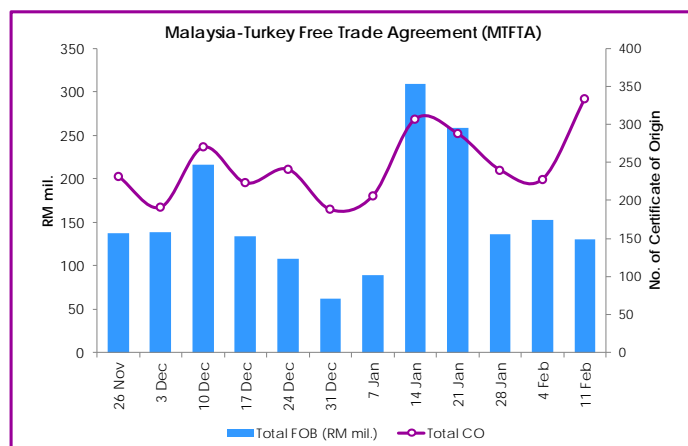
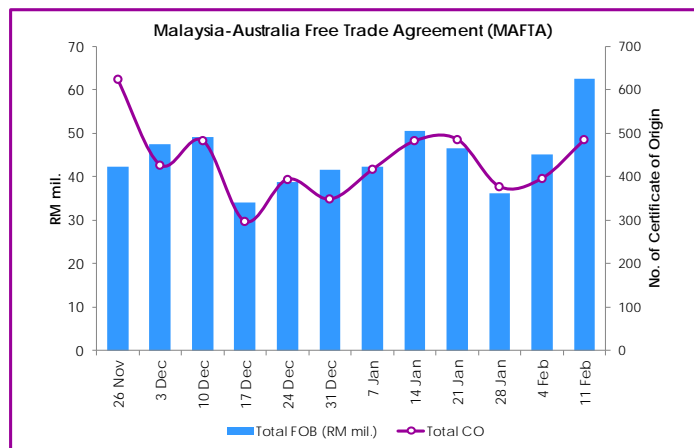
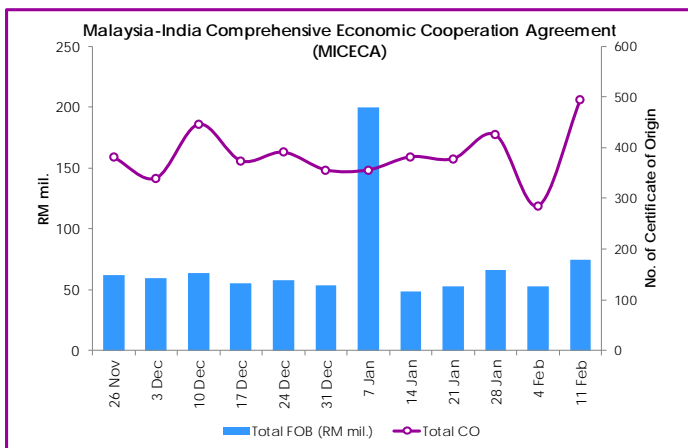
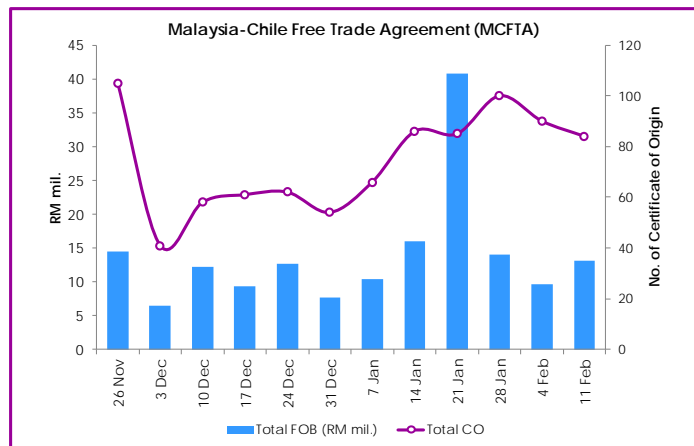
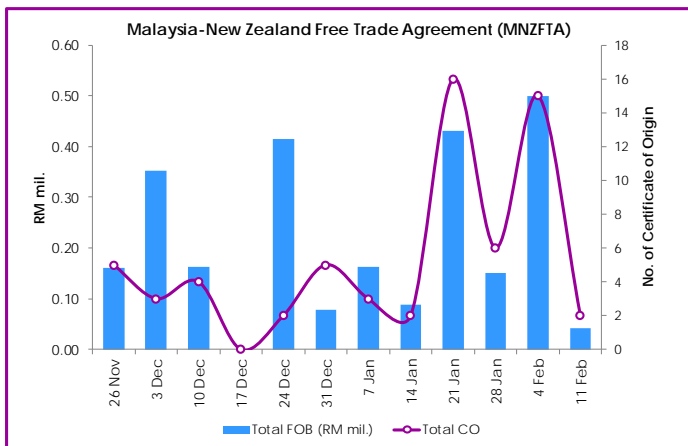
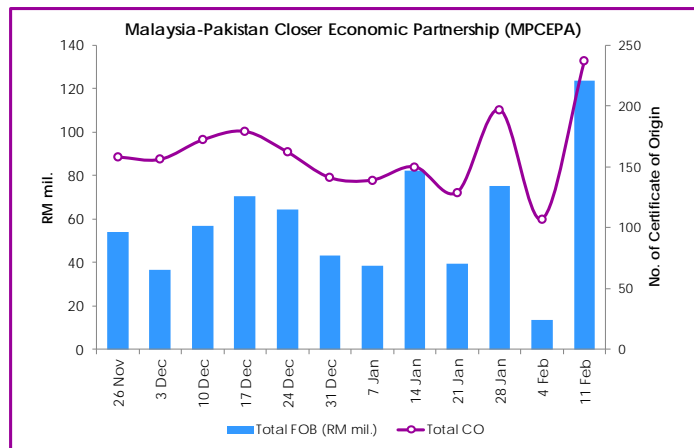
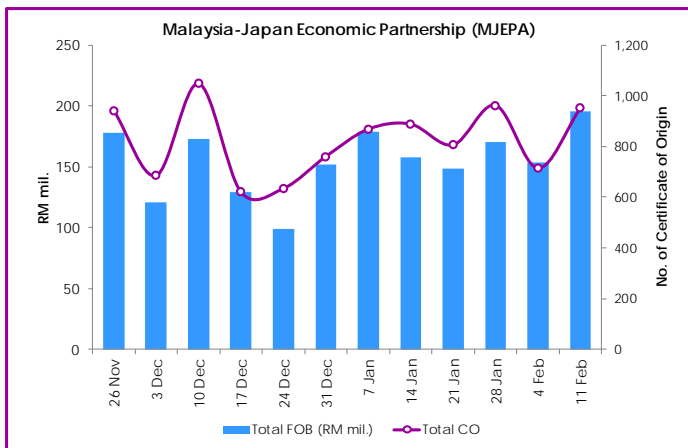


Note: The preference giving countries under the GSP scheme are Liechtenstein, the Russian Federation, Japan, Switzerland, Belarus, Kazakhstan and Norway.

Note: *Provisional Data

Source: Ministry of International Trade and Industry, Malaysia

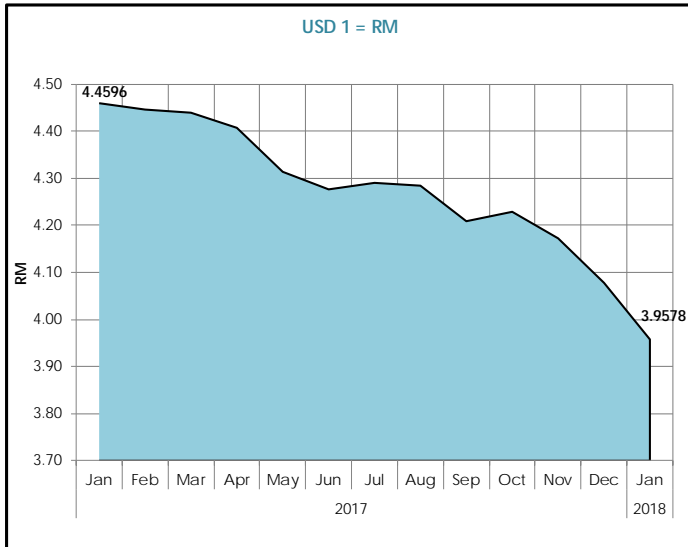
Number and Value of Preferential Certificates of Origin (PCOs)



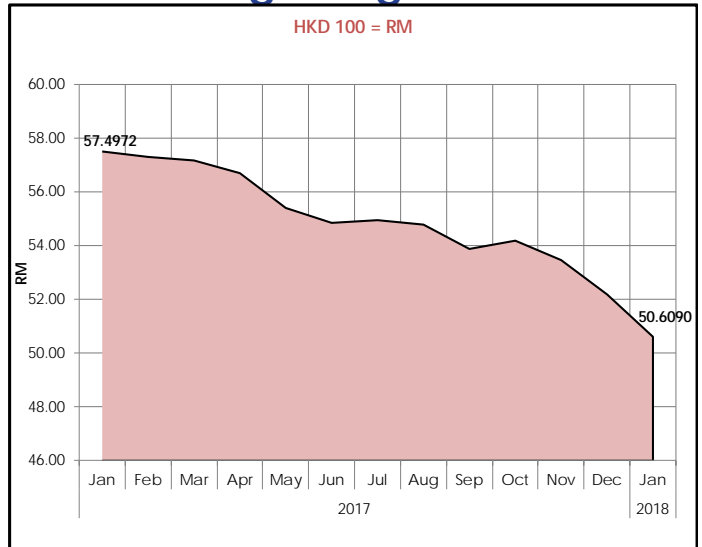
Note: *Provisional Data
Source: Ministry of International Trade and Industry, Malaysia

Malaysian Ringgit Exchange Rate with Selected Countries, January 2017 - January 2018

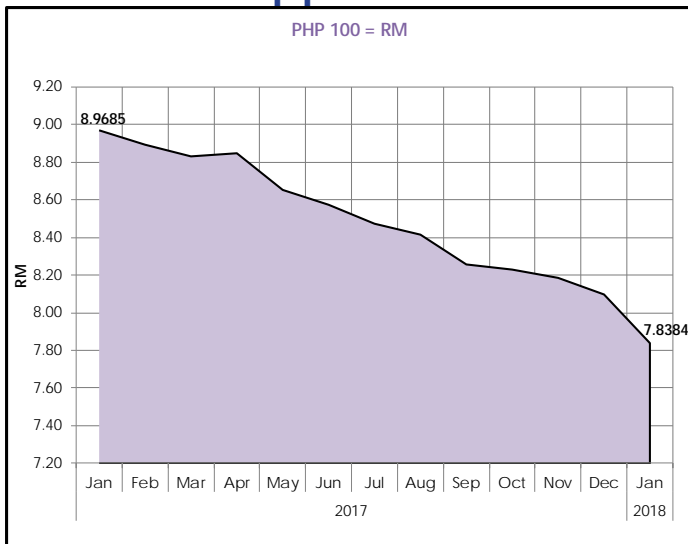
US Dollar



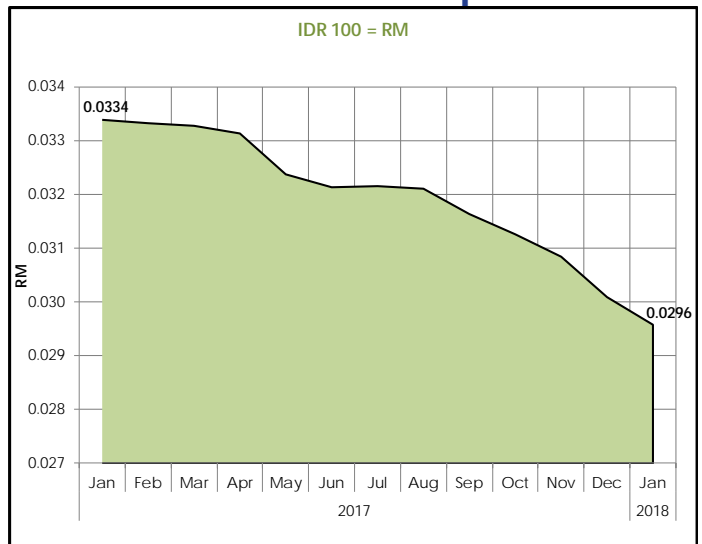
Hong Kong Dollar



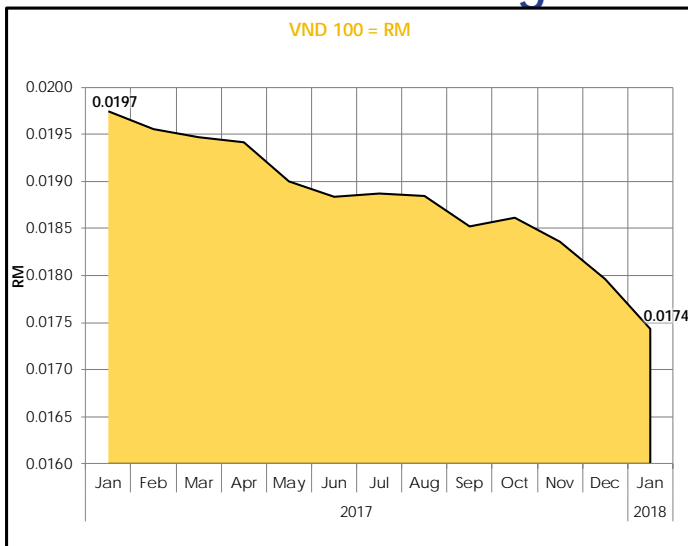
Philippine Peso



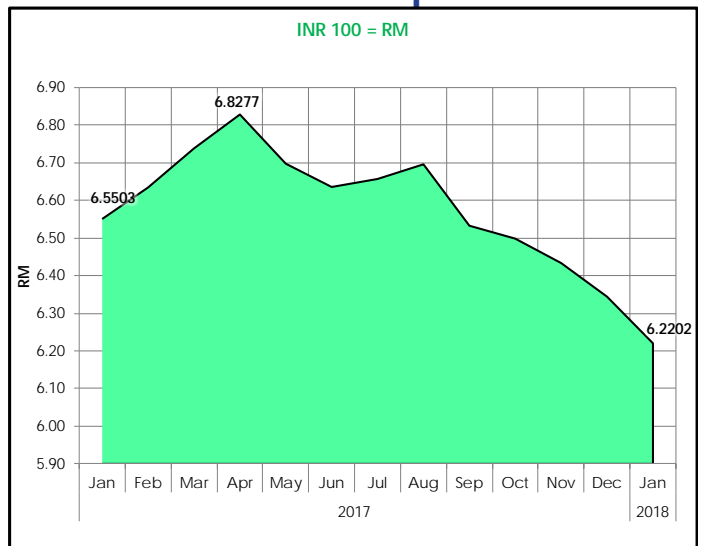
Indonesian Rupiah



Vietnamese Dong



Indian Rupee



Source : Bank Negara, Malaysia

Commodity Prices



CRUDE PETROLEUM (BRENT) -per bbl-

16 Feb 2018 : US\$64.8, ▲ 3.3%*
Average Priceⁱ : 2017: US\$55.0
2016: US\$45.3



CRUDE PALM OIL -per MT-

15 Feb 2018 : US\$675.6, ▲ 2.9%*
Average Priceⁱ : 2017: US\$719.7
2016: US\$702.2



SUGAR -per lbs-

16 Feb 2018 : US¢ 13.3, ▼ 2.0%*
Average Priceⁱ : 2017: US¢15.8
2016: US¢18.2

RUBBER SMR 20 -per MT-

15 Feb 2018 : US\$1,448.5, ▲ 0.8%*
Average Priceⁱ : 2017: US\$1,646.6
2016: US\$1,394.5

COCOA SMC 2 -per MT-

15 Feb 2018 : US\$1,386.6, ▲ 1.1%*
Average Priceⁱ : 2017: US\$1,439.0
2016: US\$1,609.8

COAL -per MT-

16 Feb 2018 : US\$64.3, ▼ 0.4%
Average Priceⁱ : 2017: US\$57.2
2016: US\$45.6

SCRAP IRON HMS -per MT-

15 Feb 2018 : US\$390.0 (high), unchanged
US\$370.0 (low), unchanged
Average Priceⁱ : 2017: US\$314.5
2016: US\$243.2

Notes: All figures have been rounded to the nearest decimal point

* Refer to % change from the previous week's price

ⁱ Average price in the year except otherwise indicated

Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, and Bloomberg.

HIGHEST and LOWEST 2017/2018

Crude Petroleum (Brent) -per bbl-



Highest

26 Jan 2018 : US\$70.5
29 Dec 2017 : US\$66.9

Lowest

9 Feb 2018 : US\$62.8
23 June 2017 : US\$45.5

Crude Palm Oil -per MT-



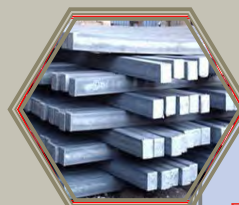
Highest

12 Jan 2018 : US\$687.5
20 Jan 2017 : US\$843.0

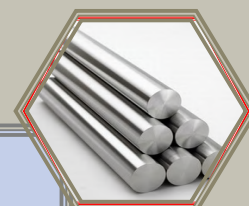
Lowest

9 Feb 2018 : US\$656.0
30 June 2017 : US\$650.0

Domestic Prices 15 Feb 2018

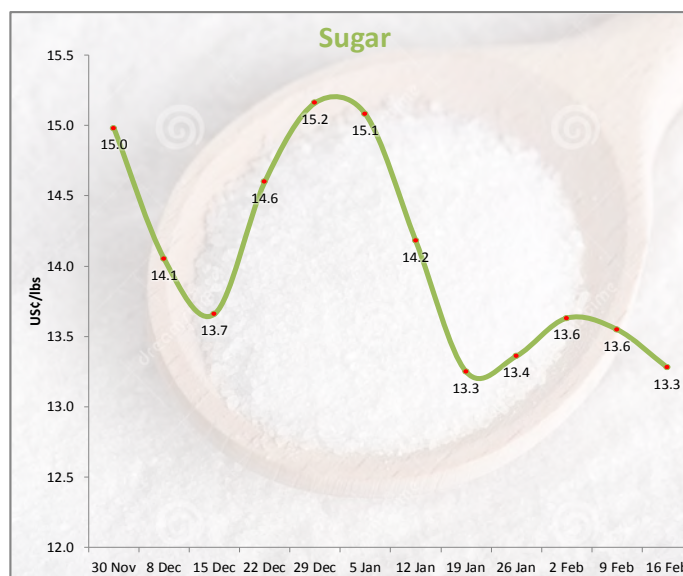
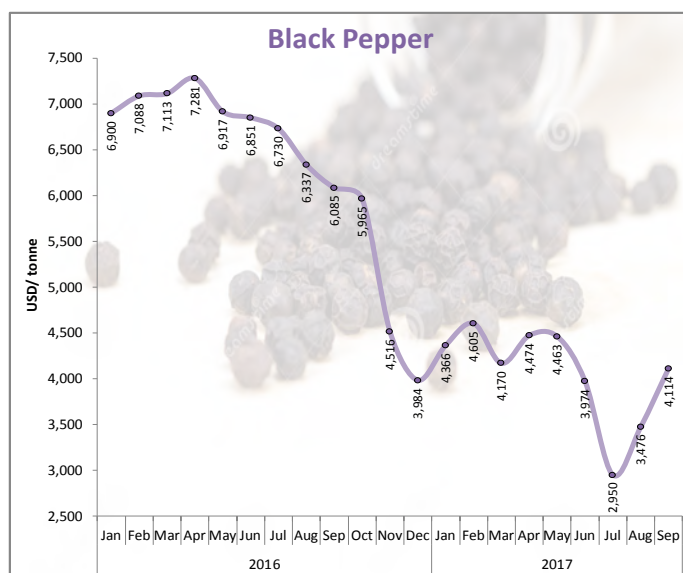
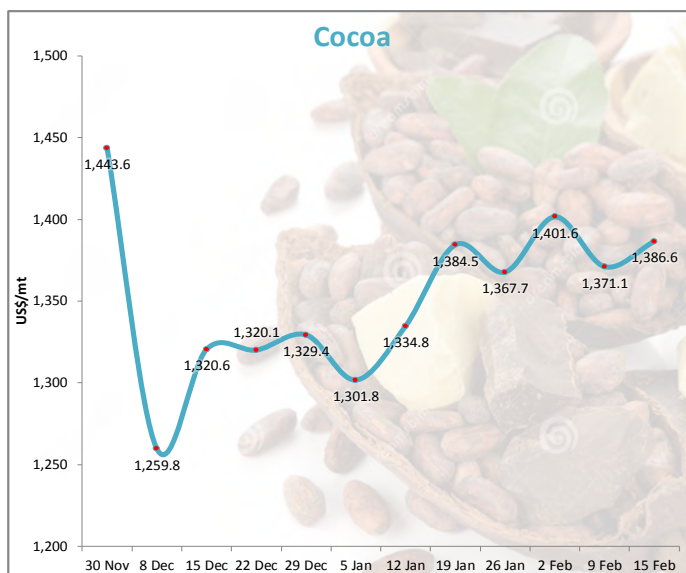
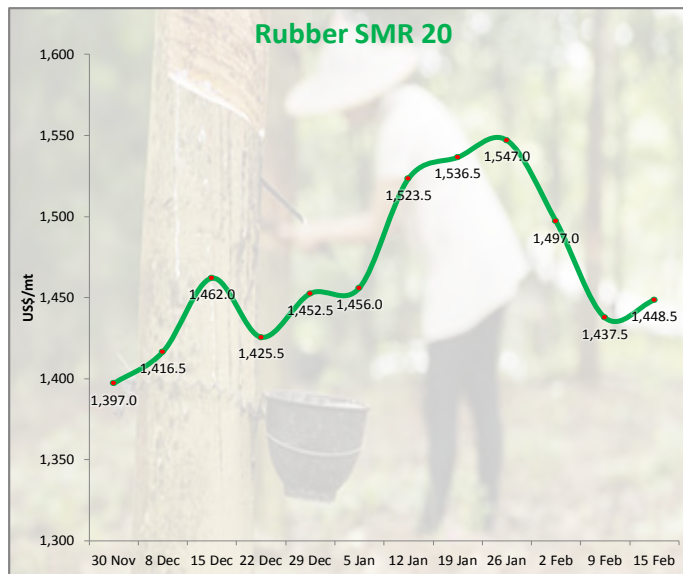
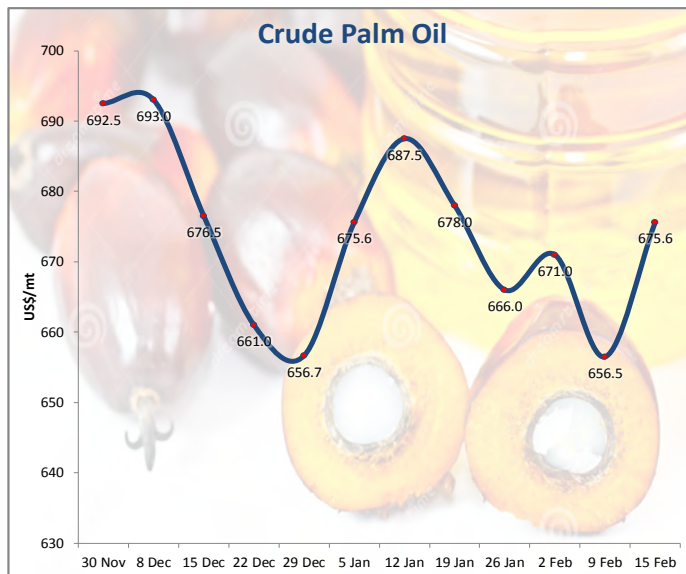


Billets
(per MT)
RM2,300 - RM2,400



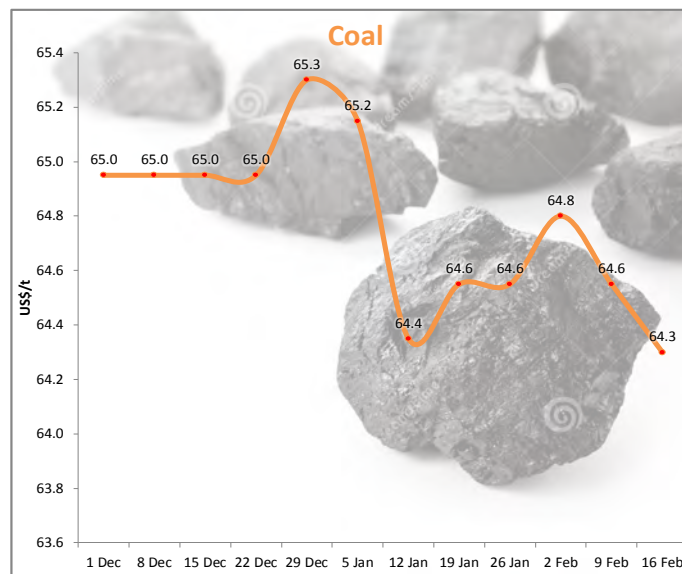
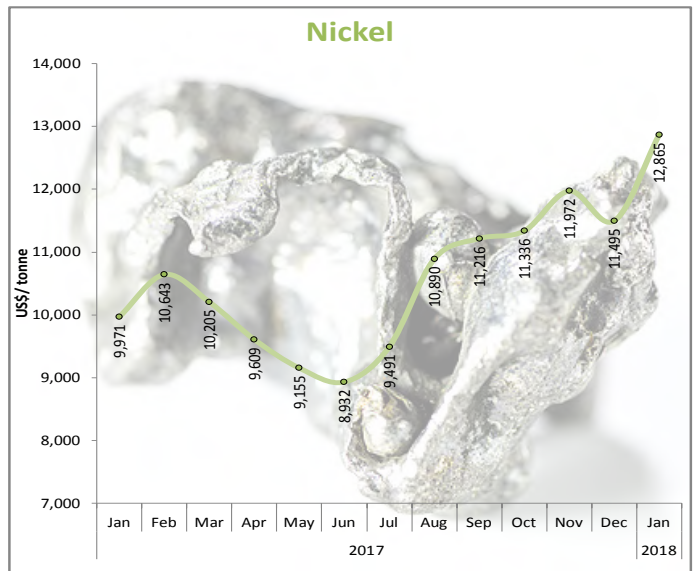
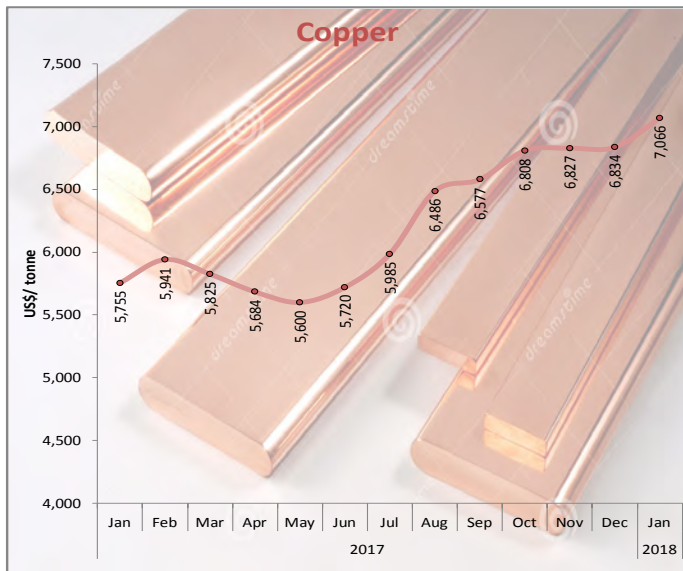
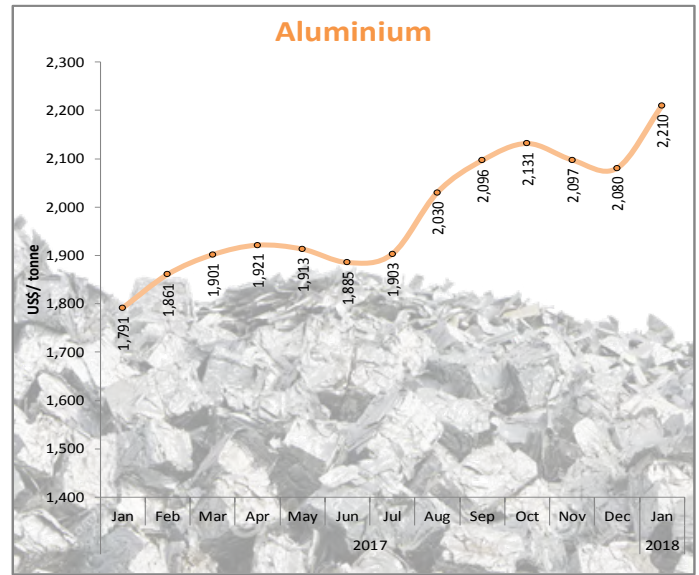
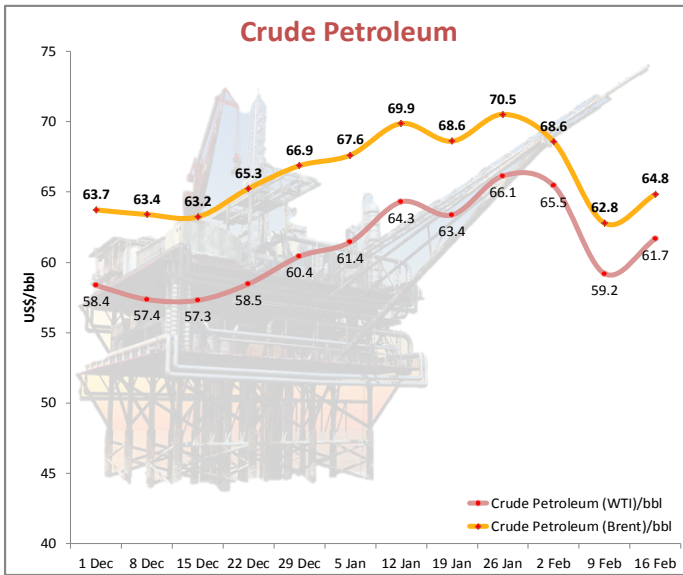
Steel Bars
(per MT)
RM2,600 - RM2,750

Commodity Price Trends



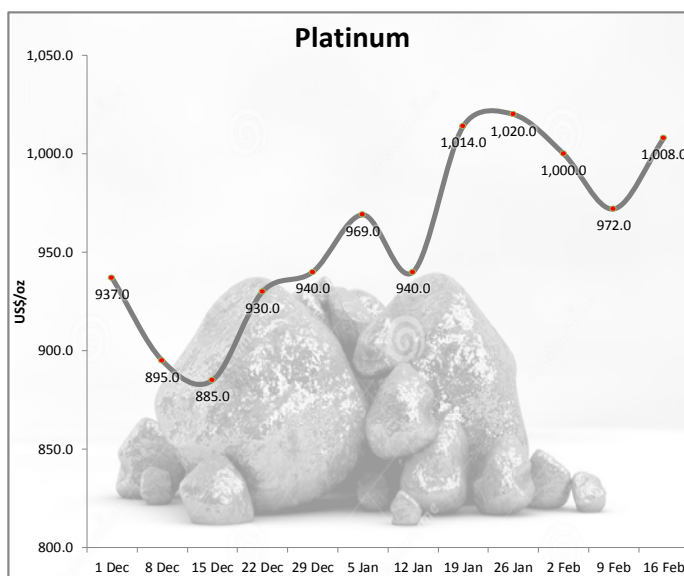
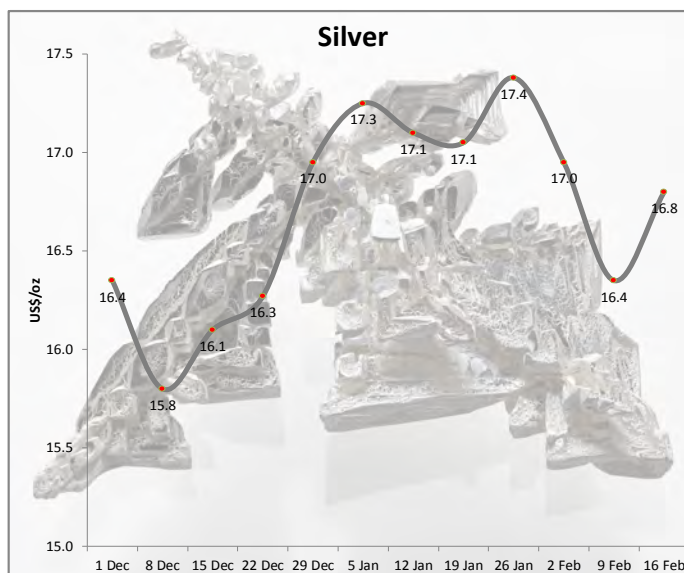
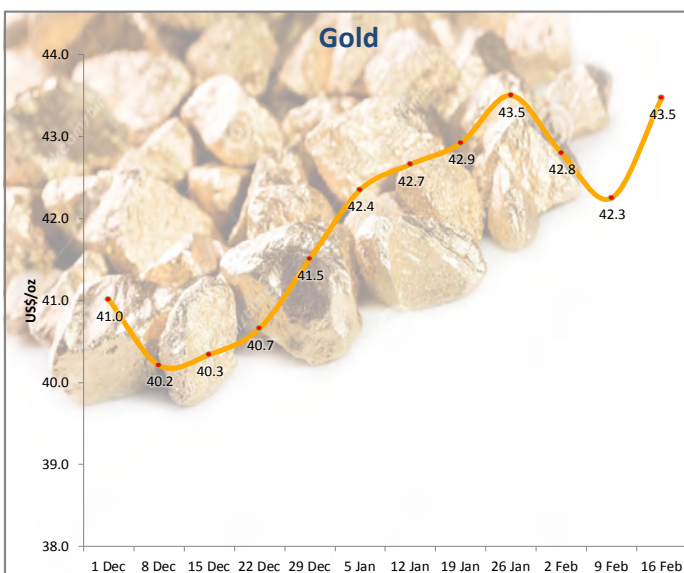
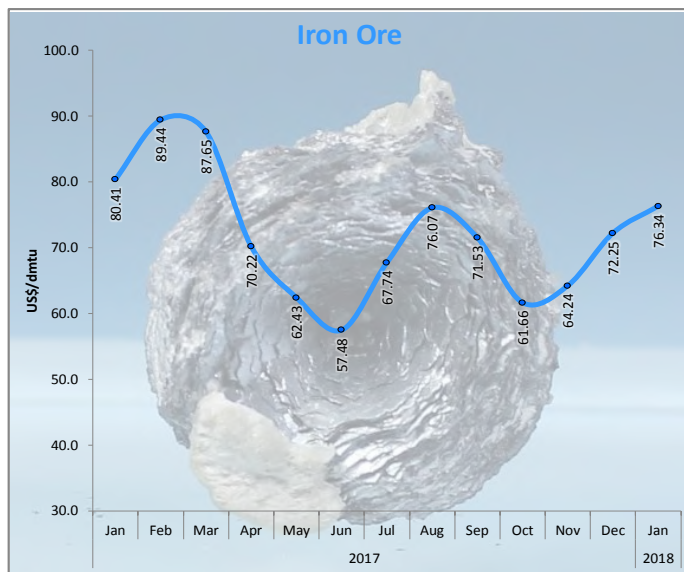
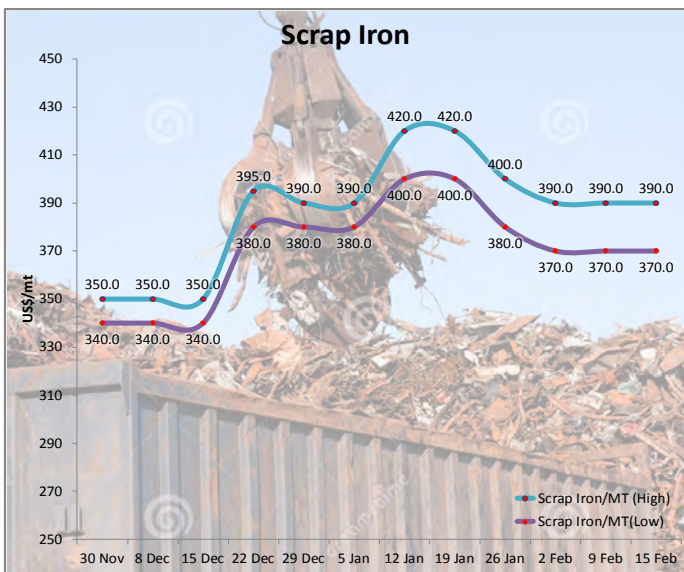
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

MITI PROGRAMME

7th Trade Policy Review (TPR) of Malaysia 14-16 February 2018, Geneva



MITI PROGRAMME

Meeting between YB Dato' Sri Mustapa Mohamed, Minister of MITI and Vendor & PROTON Distributor ,15 February 2018



MITI PROGRAMME

Y-Biz Challenge 2018, 13 February 2018



SEMINAR ON THE DUTCH APPROACH TO INNOVATION AND HIGH TECH DEVELOPMENT 8 FEBRUARY 2018, KUALA LUMPUR, MALAYSIA

The Seminar on the Dutch Approach to Innovation and High Tech Development held today is a joint effort by the Ministry of International Trade and Industry (MITI) Malaysia, the Embassy of the Kingdom of the Netherlands to Malaysia and Brainport Eindhoven.

The event is a follow-up to the recent visit of the Minister of International Trade and Industry Malaysia, YB Dato' Sri Mustapa Mohamed to the Brainport Industries Campus in Eindhoven, as part of his trade and investment mission to Europe in October 2017.

Brainport is a High Tech centre in the Netherlands with more than 140 companies and institutes, and some 10,000 researchers, developers and entrepreneurs, working on developing future technologies and products. Leading anchor companies such as ASML, PHILIPS, NXP, KMWE Group, DAF and VDL are active in Brainport and regularly undertake new areas of research including Integrated Photonics, Artificial Intelligence and Virtual Intelligence.

The Seminar was held in conjunction with the visit of H.E. Minister Sigrid Kaag to Malaysia from 8 to 9 February 2018. This is Mrs. Kaag's first trade visit since taking up her appointment as the Dutch Minister for Foreign Trade and Development Cooperation last October. Her delegation includes the Chairman of the Confederation of Netherlands Industry and Employers, Mr. Hans de Boer as well as CEOs from 30 Dutch companies.

The main objective of the Seminar was to create awareness of the technological development that can be generated by the successful collaboration of government, industry and research institutes. The Seminar was attended by more than 250 participants, from the public and private sectors, local

universities as well as research institutions. Specific panel discussions were held focusing on the Dutch experience on Industry 4.0, as well as Brainport Eindhoven's success formula, including the adaptation of the triple helix model elsewhere around the globe. Malaysia's own National Industry 4.0 policy framework is expected to be announced by mid-2018.

Both Minister Mustapa and Minister Kaag also took the opportunity to discuss a number of bilateral issues of interest to Malaysia and the Netherlands including the opportunities to further the bilateral trade and investment relation, the possible re-launch of the Malaysia-EU FTA this year as well as recent developments on the multilateral front.

At the side-line of the Seminar, there were also business-matching sessions organised by the Dutch Embassy in collaboration with MIDA, involving 15 Dutch companies and more than 70 Malaysian companies and SMEs.

Economic relations between Malaysia and the Netherlands have seen an upward trend in recent years. In 2017, Malaysia's trade with Netherlands reached RM34.8 billion, whereby 77.4 per cent was contributed by exports. Malaysia's exports to Netherlands grew by 22.7 per cent, while Malaysia's imports from Netherlands increased by 11.7 per cent.

In 2017, the Netherlands ranked as Malaysia's 14th largest trading partner. She was also Malaysia's 12th largest export destination and 20th largest import source. Among the EU Member States, the Netherlands was Malaysia's largest export destination, as well as second largest trading partner and import source.

As at September 2017, 337 projects with participation of Dutch companies valued at RM27.3 billion have been approved in Malaysia, making the Netherlands Malaysia's second largest investor from the

EU, behind Germany. These investments are in key sectors such as electrical & electronics, petroleum products (including petrochemicals), food manufacturing and chemical & chemical products. Notable Dutch companies operating in Malaysia includes Shell, Dutch Lady, Unilever, Philips, Vopak and KMWE.

Besides the RM3.18 billion Global Business Services Centre established by Shell in Kuala Lumpur which employs over 1,700 people, a number of Dutch companies have also chosen Malaysia to set up their regional establishment including Benchmark Electronics, Mylaps BV and Kraton Polymers BV. There is strong interest in the Malaysian economy within the Dutch business community and many are leveraging on Malaysia's strategic position as their gateway to ASEAN. An increasing number of Malaysian companies is also choosing the Netherlands as their regional hub for Europe.

Ministry of International Trade and Industry (MITI)
8 February 2018

ANNOUNCEMENT



7TH TRADE POLICY REVIEW OF MALAYSIA



14 & 16 FEBRUARY 2018, WTO, GENEVA

Trade Policy Review (TPR) is the periodic review of WTO Member Country's trade policies and practices to ensure transparency & consistency.

Frequency of review based on share of world trade (2 / 4 / 6 years)

Previous TPRs of Malaysia were held in 1993, 1997, 2001, 2006, 2010 & 2014

THE TPR PROCESS



Two reports are published by:

- Government of Malaysia
- WTO Secretariat



WTO Members comment & raise questions based on the reports



Submission of Malaysia's responses



Review session conducted in WTO, Geneva.

476 questions from **27** countries

43 interventions from Members (highest in the history of Malaysia's TPR)

PRAISES



Economic reforms



SME development



Trade openness



E-Commerce

CONCERNS



Customs procedures



Import licensing



Notifications



Tariff regime

WHY IS TPR IMPORTANT?



Transparency



Opportunity to elaborate Malaysia's trade & economic policies to WTO Members



Avenue for WTO Members to provide feedback



Opportunity to clarify concerns by WTO Members

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

#MITImatters

ANNOUNCEMENT

MITI Day 2018




MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

MITI DAY

Ministry Of International Trade & Industry Open Day

2018

#MYservices4ward

#mitiday

26 FEBRUARY 2018

8.30 am - 5.30 pm

MITI TOWER



Food Truck



Job Fair



National Services Sector Summit



Auto Show



Entrepreneurship Talks



Kapsul Usahawan & Saham



Catur Bestari



Exhibition Booth



MITI & AGENCIES SHOWCASE










www.miti.gov.my



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MITIMalaysiayoutube

ANNOUNCEMENT

Investment Incentives Portal (i-Incentives)

I-Incentives is a portal that provides information on investment incentives offered by the Federal Government of Malaysia. The incentives information stored in the portal cater for all three sectors of the economy; manufacturing, services and primary. They also cover all types of incentives offered by the Federal Government; tax exemptions, grants, soft loans and other types of incentives such as equity funding, regional establishment status, training and other facilitation programmes.

The portal has been developed by Incentive Coordination and Collaboration Office (ICCO) in MIDA with the aim to improve the central coordination of all incentive offerings. This initiative is to enhance the effectiveness of the government's incentive mechanism by increasing transparency, eliminating duplication and linking investment incentives to performance.

Visit i-Incentives portal at <https://incentives.mida.gov.my>



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ANNOUNCEMENT

Industry 4.0

For more information on Industry 4.0, please visit MITI's website via this link:
<http://www.miti.gov.my/index.php/pages/view/industry4.0?mid=559>

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

For more information on Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) please visit MITI's website via this link: <http://fta.miti.gov.my/index.php/pages/view/71?mid=40>

Withholding Tax

For more information on Withholding Tax, please visit LHDN's website via this link:
http://www.hasil.gov.my/bt_goindex.php?bt_kump=2&bt_skum=6&bt_posi=1&bt_unit=5&bt_sequ=1&bt_lgv=2

Public Consultation on Draft National Industry 4.0 Policy Framework
The public consultation will be open from Monday,
12 February 2018 to 2 March 2018.

“We are inviting the public to take part in the online consultation on the proposed National Industry 4.0 Policy Review. The public online consultation will remain open until 2 March 2018.

http://grp.miti.gov.my/index.php/public_consultation/view/40”



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.

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.

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.

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).

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.

Source: <http://www.miti.gov.my/index.php/glossary>



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TM

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