



# MITI WEEKLY BULLETIN

ASEAN Special Edition

HAPPY ASEAN DAY - 8 August 2015

## HIGHLIGHTS:

- From the Minister's Desk
- Micro, Small and Medium Enterprises can benefit from AEC
- ASEAN Economic Forecast
- ASEAN Statistics
- MITI in the News





MINISTRY OF INTERNATIONAL  
TRADE AND INDUSTRY

# MITI WEEKLY BULLETIN

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## From The Minister's Desk

DATO' SRI MUSTAPA MOHAMED  
MINISTER OF INTERNATIONAL TRADE  
AND INDUSTRY, MALAYSIA

Starting as a grouping of 5 nations in 1967, ASEAN grew in subsequent years to encompass all 10 nations in Southeast Asia. Correspondingly, ASEAN expanded its remit beyond economic, political and security issues to a wider range of concerns in the region, including spheres such as socio-cultural, science & technology, the environment and human capital.

ASEAN's importance is now acknowledged by the global community. The region's economic prowess (collectively, the 10 Member States represent the 7th largest economy in the world), its market of 625 million people, its strategic importance in various areas and its impressive achievement in keeping the peace in a once volatile region has drawn admiration and given ASEAN a major role in international affairs.

And the journey continues. By the end of this year, we will formally establish the ASEAN Community when Malaysia hosts the 27<sup>th</sup> ASEAN Summit in November. It will mark a major milestone in realising the ASEAN dream of "One Vision, One Identity, One Community" -- an inclusive entity that represents the aspirations of the region to live in a peaceful, progressive and prosperous environment.

A key pillar of the ASEAN Community is the ASEAN Economic Community (AEC), which seeks to establish a single market and production base in the region. Ultimately, the AEC will facilitate the seamless flow of trade and investment in ASEAN, eventually leading to an integrated economy whose GDP is expected to hit USD 4.7 trillion by 2020 from the current USD 2.5 trillion.

The prospects for growth are enticing. Already, many of the multinational companies from the US, EU, Japan and other countries that are

operating in ASEAN are adopting a regional strategy to maximise the potential of the AEC. Dialogues between ASEAN Economic Ministers with the various Business Councils, indicate that their members rank ASEAN highly in terms of the preferred investment destination.

Equally pleasing is that the establishment of the AEC will provide a boost to regional SMEs. Many are already putting in place the necessary adjustments to expand beyond national borders and become regional players. The AEC can also help strengthen the regional ecosystem that enables these SMEs to become major components of the global supply chain.

Of course, there will be hurdles to cross in achieving the ASEAN dream. But I am optimistic that ASEAN will be able to rise above these challenges in forming a truly integrated economic community. To address these issues, ASEAN is now developing the post-2015 Economic Vision for the next decade (2016-2025). This vision and the strategic measures for the next ten years will be announced at the ASEAN Summit in November.

In conjunction with the ASEAN Day, which falls on 8 August 2015, it is my sincere wish to see the Malaysian private sector enhance its efforts to maximise the potential offered by the AEC. I hope this Special Edition of MITI Weekly Bulletin can help raise awareness of not only ASEAN-based businesses but also the Malaysian Small and Medium Enterprises (SMEs) and entrepreneurs on the benefits of the AEC.

**Happy ASEAN Day! - 8 August 2015**

DRIVING Transformation, POWERING Growth



Tan Sri Dr. Rebecca Fatima Sta. Maria  
Secretary General,  
Ministry of International Trade and Industry



## Micro, Small and Medium Enterprises can benefit from AEC

“How can I make my mother understand what ASEAN integration means?” Wan Saiful bin Wan Jan, CEO of think-tank IDEAS, challenged us the Ministry of International Trade and Industry (MITI) at a recent MITI-organised session to take stock of where we are on route to the ASEAN Economic Community (AEC).

OK, perhaps using Wan Saiful’s mother to make a point is stretching it a little. But one would have to sit up and pay attention when a recent SMECorp survey of SMEs found that only about 40% of the respondents were aware of the AEC. For MITI, as lead organization for the ASEAN Economic Pillar, humanising the AEC is, to a large extent, about making it relevant for the business community. And, specifically, for the micro, small and medium enterprises (MSMEs).

For really it does not matter that the AEC creates a market of 625 million, if the average MSME is unaware of the AEC, or how to access this market. No use harping on ASEAN as a single market and production-base if the MSMEs can’t appreciate it, or take advantage of the business opportunities we have created through regional economic integration.

Or, if the MSMEs perceive that the AEC will lead to their demise because of the “sudden opening of the Malaysian market” to ASEAN products and services.

Let’s take a step back and see how we got to where we are. Our journey towards the AEC really began in 1977 with the ASEAN Preferential Trading Arrangements, progressively on to the ASEAN Free Trade Area (AFTA) in 1993, and the full implementation of AFTA in 2010. In 2007 we took the next big step towards deepening ASEAN economic integration through the implementation of AEC Blueprint.

This means that the AEC is a deliberate process that has been on-going in the ASEAN spirit of progressive liberalization. AEC 2015 is the culmination of five decades of region-building and continued economic liberalization. This is to allow our companies to adjust and grow, to take advantage of the enlarged market. Thus at the end of 2015 we will not experience a “sudden opening” of our markets.

In this journey we witnessed ASEAN growing from a market with a GDP per capita of US\$1,054 in 1996 to estimated US\$4,130 in 2014; intra-ASEAN trade of US\$123.8 billion in 1995 to US\$608.3 billion in 2014; and FDI in-flows into ASEAN expanding from US\$28.2 billion in 1995 to US\$136.2 billion in 2014.

So who has benefitted from this economic integration? A quick analysis of the companies that have benefitted shows that those from the finance and communications sectors seem to dominate. For Malaysia, companies like Maybank, CIMB, Public Bank and Axiata have successfully made a presence in ASEAN. Some other important sectors include real estate, oil & gas, retail, agribusiness and utilities. Then there’s AirAsia.

Where are the MSMEs in this picture? Yes, there are Malaysian SMEs that have made inroads into ASEAN: in the auto sector, for example, companies like Ingress Auto Ventures and APPICO Hi-Tech both started as SMEs but have now emerged as regional players in that sector; and in the food sector, Julie’s, Marrybrown, Ramly, Mamee, Hup Seng, Bangi Kopitiam have successfully accessed the ASEAN market. These are just a few examples of over 1000 Malaysian companies operating in the region, many of them SMEs. Our task is to ensure that these are the norm and not the exception. Benefits for MSMEs include also as vendors and OEMs of the larger companies as well as in franchising and e-commerce.

Of course there are challenges. These include limited access to finance, low level of innovation and technology adoption, inadequate capacity to comply with standards and certification. Recognising these challenges, assistance and support of the MSMEs will be guided by implementation of the ASEAN Strategic Action Plan for SME Development 2016-2025. This is to ensure that strong, dynamic and efficient MSMEs contribute to sustainable, inclusive, broad-based economic and social development in the region.

Included in the ASEAN Strategic Action Plan for SME Development are measures for capacity building, in areas such as ICT adoption, e-Commerce, and standards conformance and compliance; facilitating inter-firm networks and linkages within ASEAN for economies of scale; and sectoral and geographical-based SME clusters for shared resources to reduce costs.

In addition to initiatives undertaken by the governments of the ASEAN Member States, the private sector, through the ASEAN Business Advisory Council (ABAC), is also putting in place measures to assist and support MSMEs. One key initiative is the establishment of the MSME financial support facility. In addition, Malaysian companies operating in ASEAN have formed networks of Malaysian business councils that can provide advisory services for Malaysian companies interested in doing business in the region.

“DRIVING Transformation, POWERING Growth”



# ASEAN Statistics

## ASEAN Economic Forecast

GDP growth in %

### Myanmar

GDP 2013 : 8.3%  
GDP 2019 : 7.7%

### Singapore

GDP 2013 : 4.4%  
GDP 2019 : 3.2%

### MALAYSIA

GDP 2013 : 4.7%  
GDP 2019 : 5.0%

### Philippines

GDP 2013 : 7.2%  
GDP 2019 : 6.0%

### Laos

GDP 2013 : 8.0%  
GDP 2019 : 7.5%

### Thailand

GDP 2013 : 2.9%  
GDP 2019 : 3.9%

### Cambodia

GDP 2013 : 7.4%  
GDP 2019 : 7.3%

### Brunei

GDP 2013 : -1.8%  
GDP 2019 : 11.2%

### Indonesia

GDP 2013 : 5.6%  
GDP 2019 : 6.0%

### Viet Nam

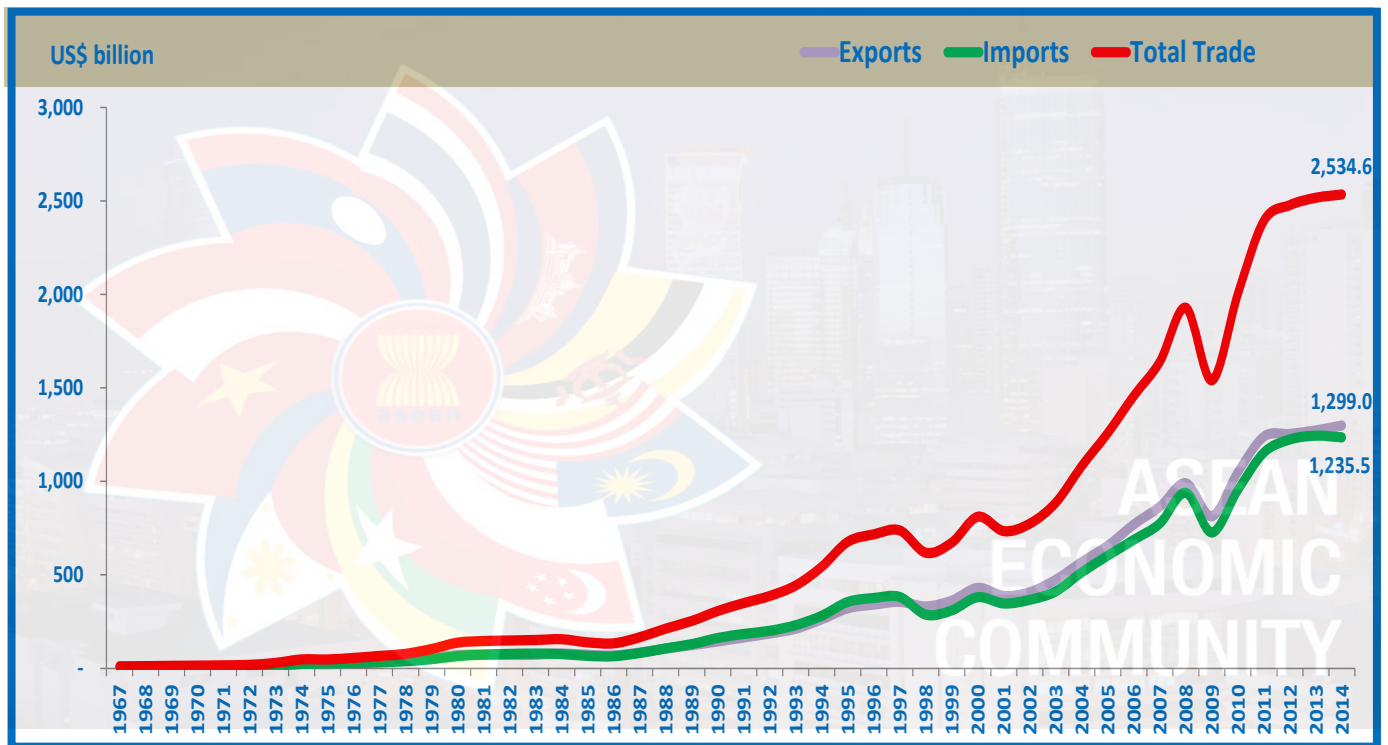
GDP 2013 : 5.4%  
GDP 2019 : 6.0%

“DRIVING Transformation, POWERING Growth”

Source: IMF World Economic Outlook April 2015

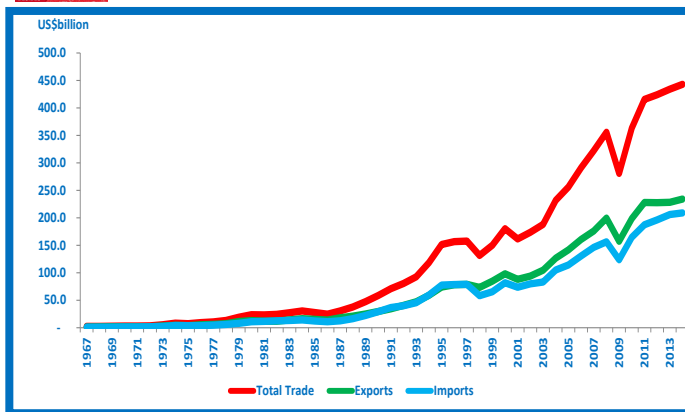


# ASEAN Global Trade Performance 1967-2014

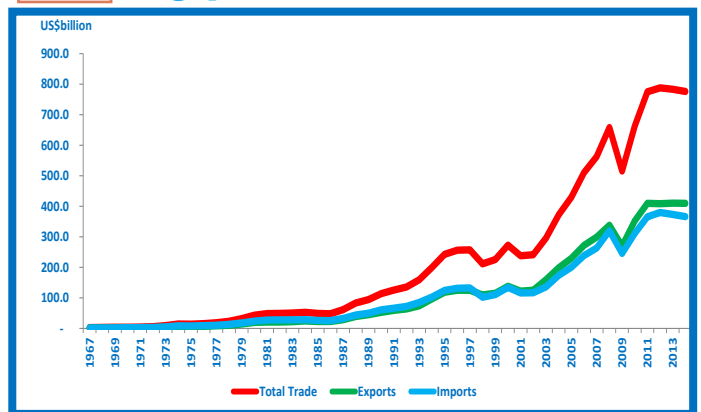


"DRIVING Transformation, POWERING Growth"

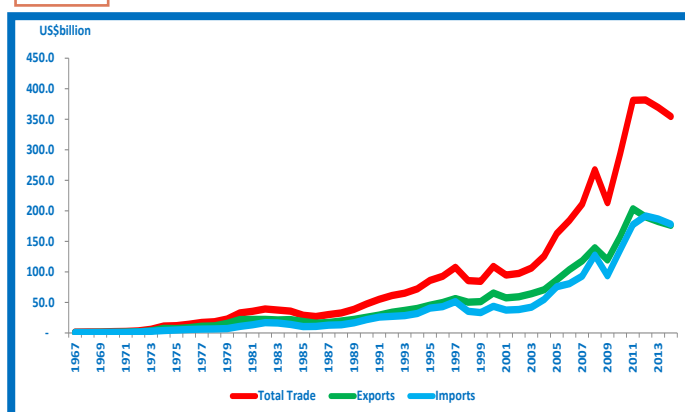
## MALAYSIA



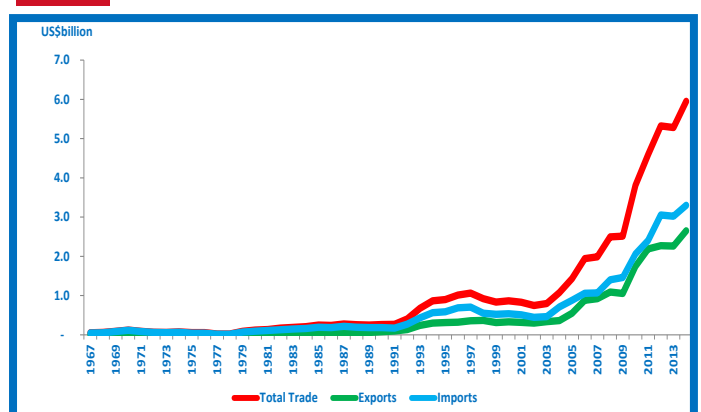
## Singapore



## Indonesia



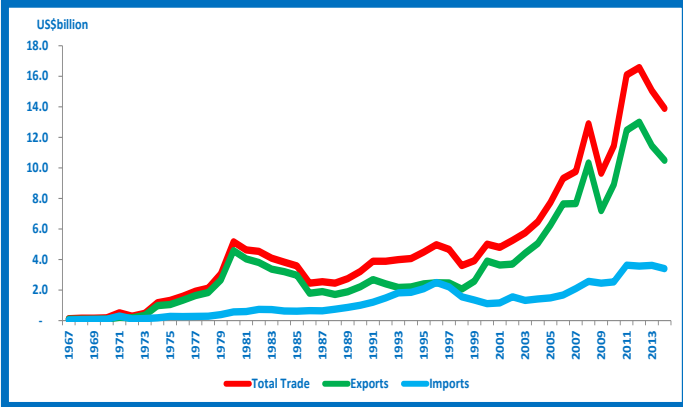
## Laos



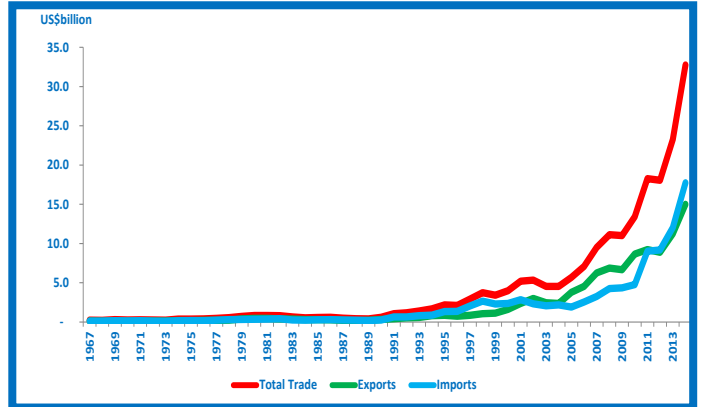
Source : wto



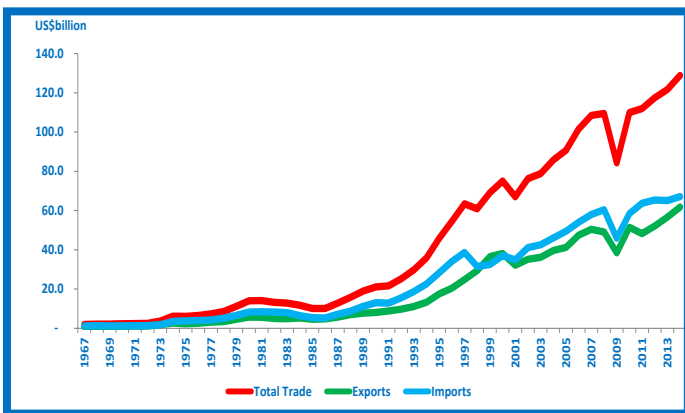
## Brunei



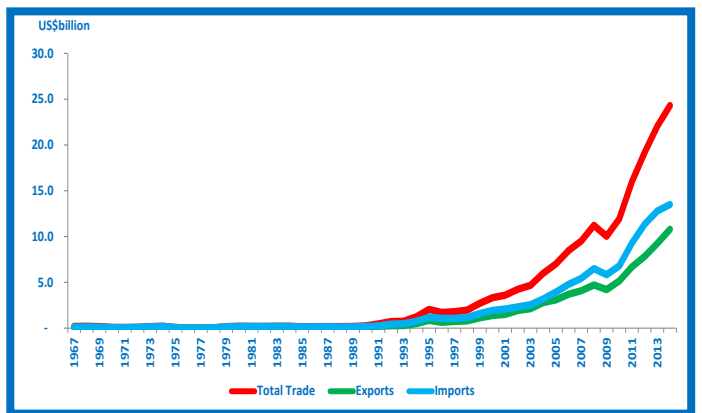
## Myanmar



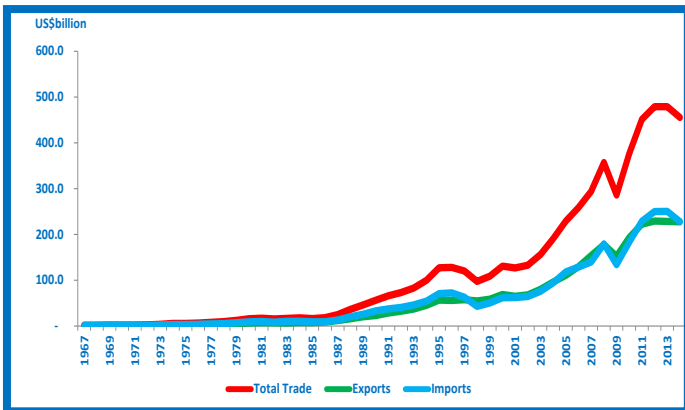
## Philippines



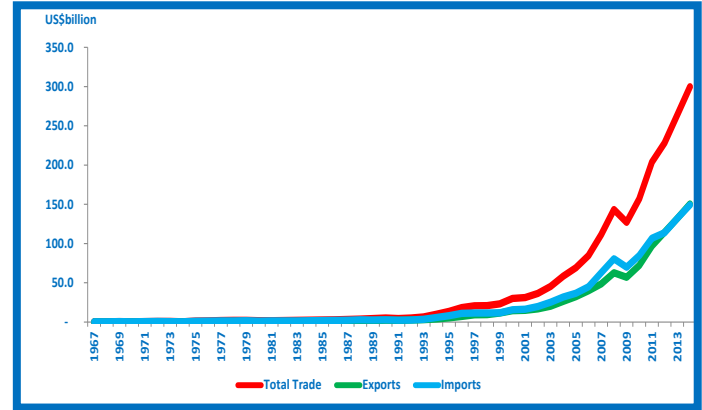
## Cambodia



## Thailand



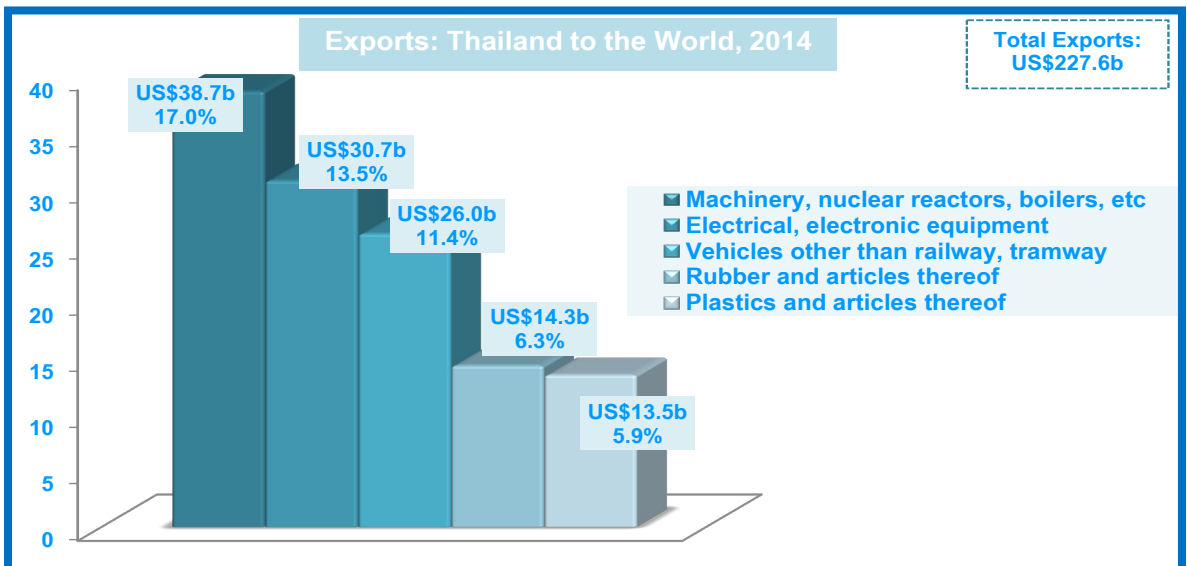
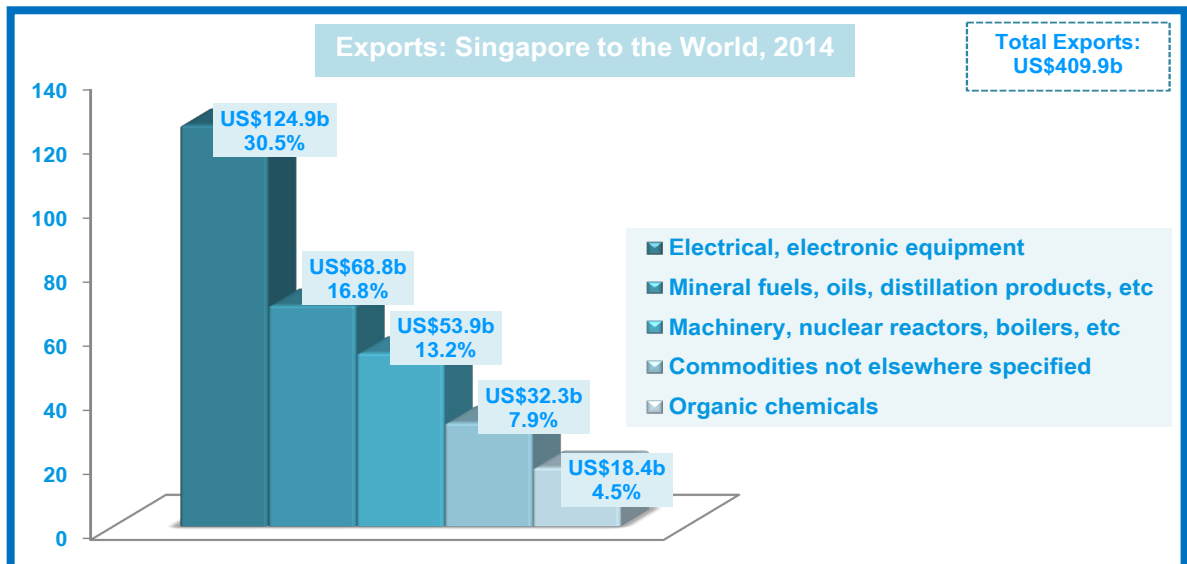
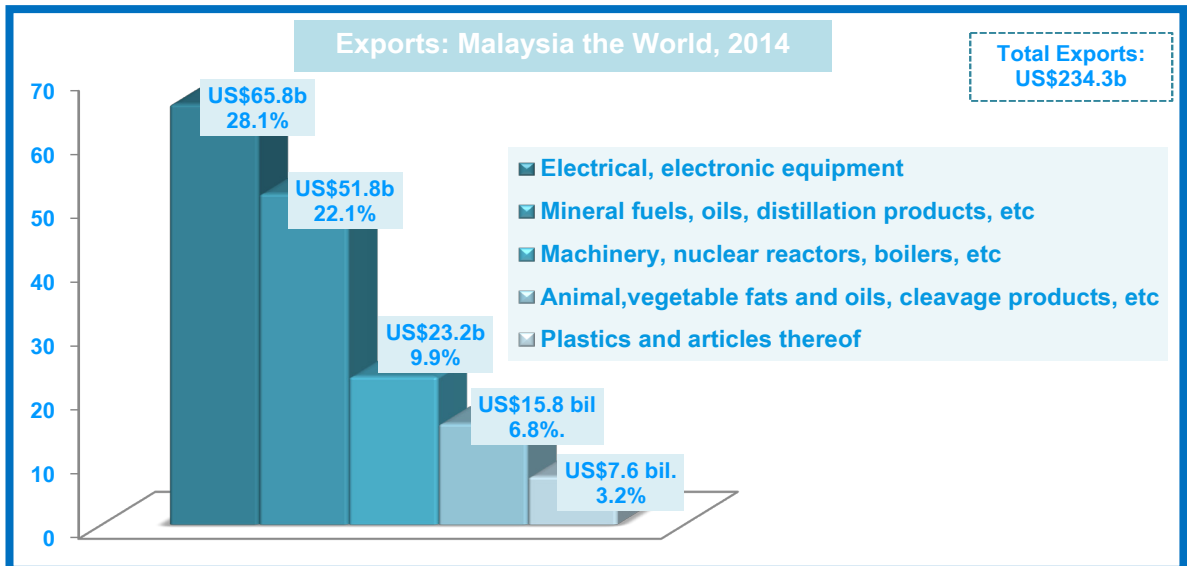
## Viet Nam



“DRIVING Transformation, POWERING Growth”

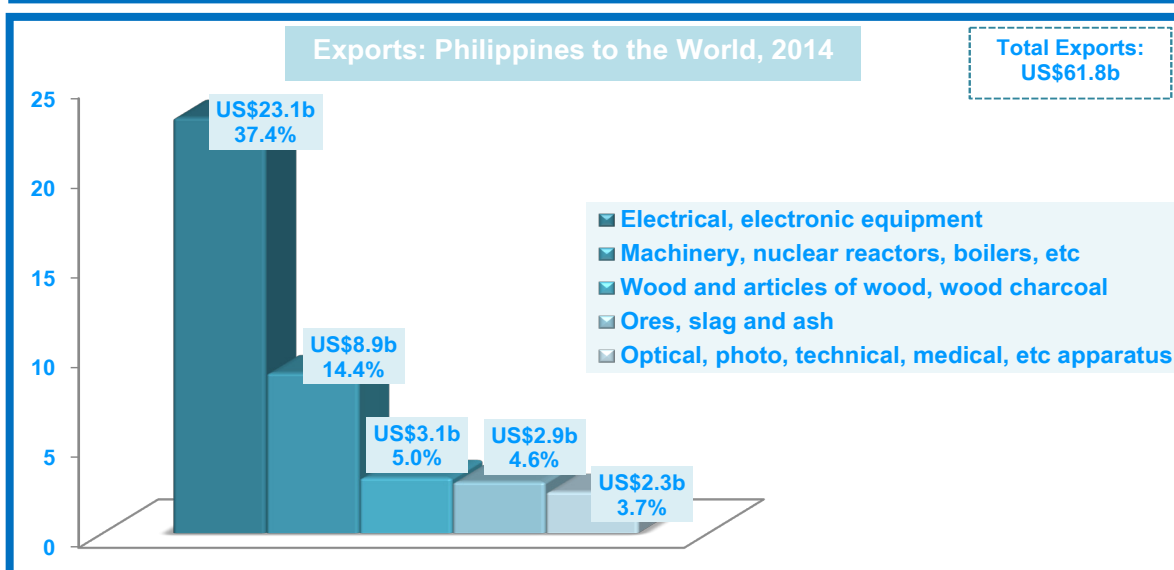
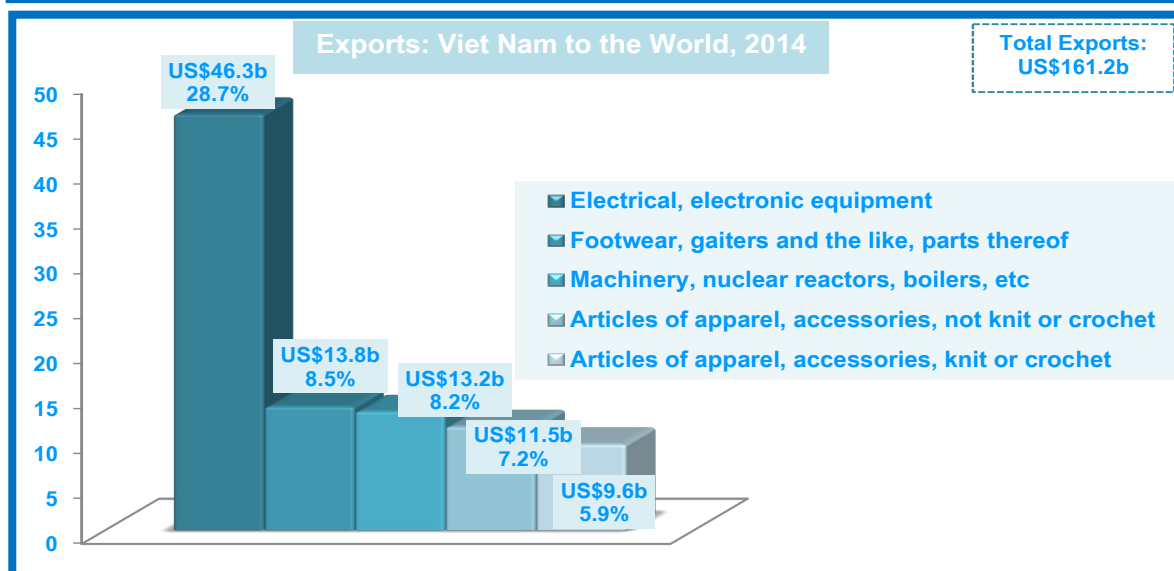
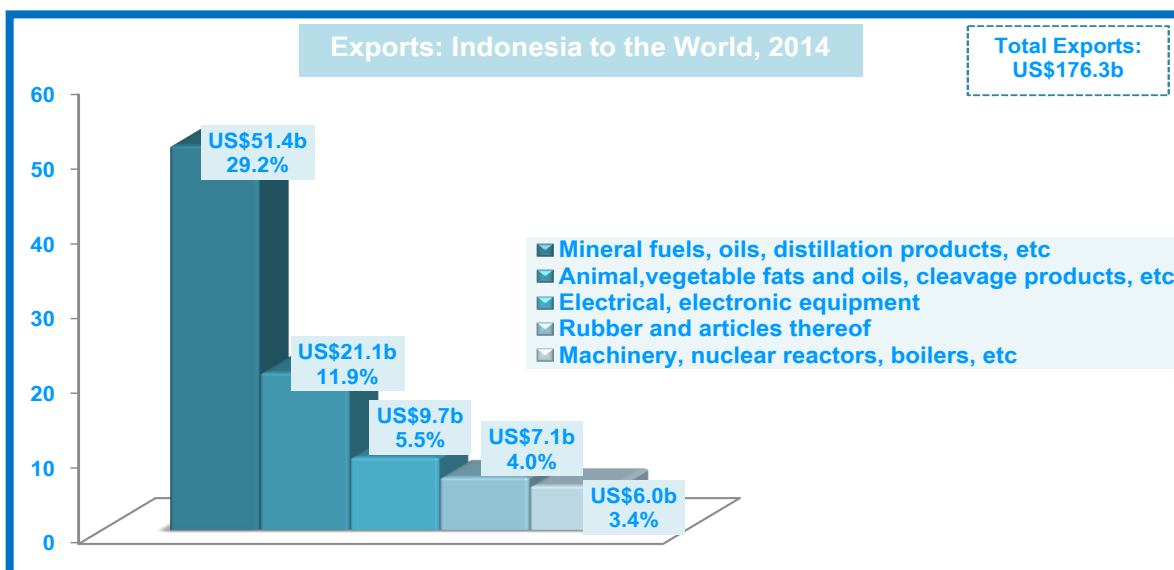


# ASEAN Member States Major Exports to the World, 2014

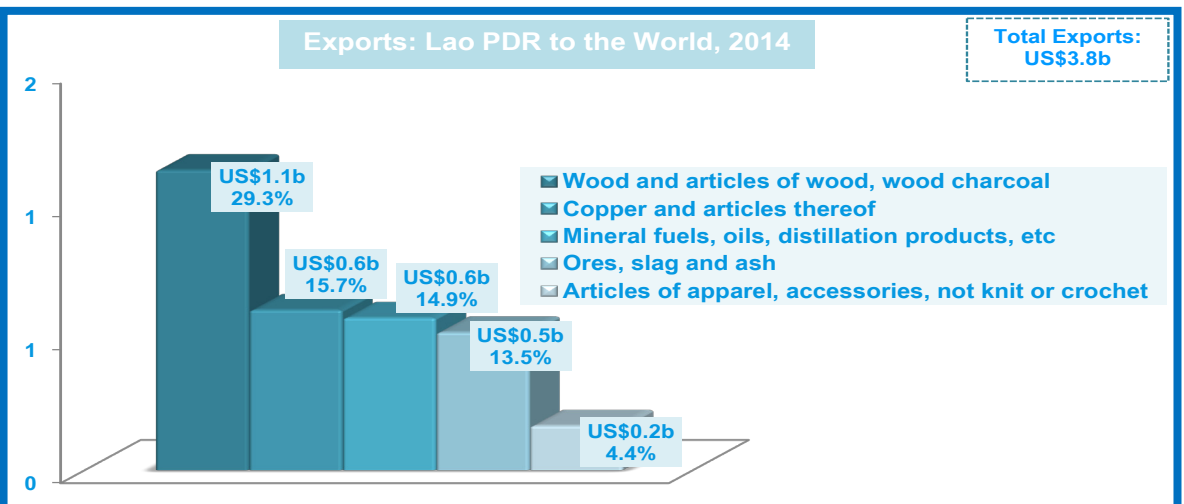
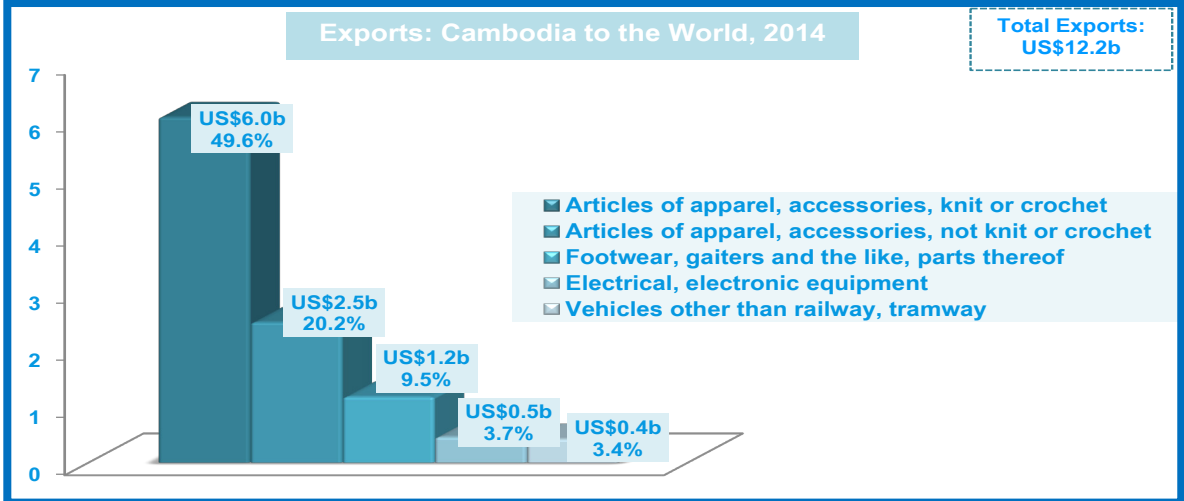
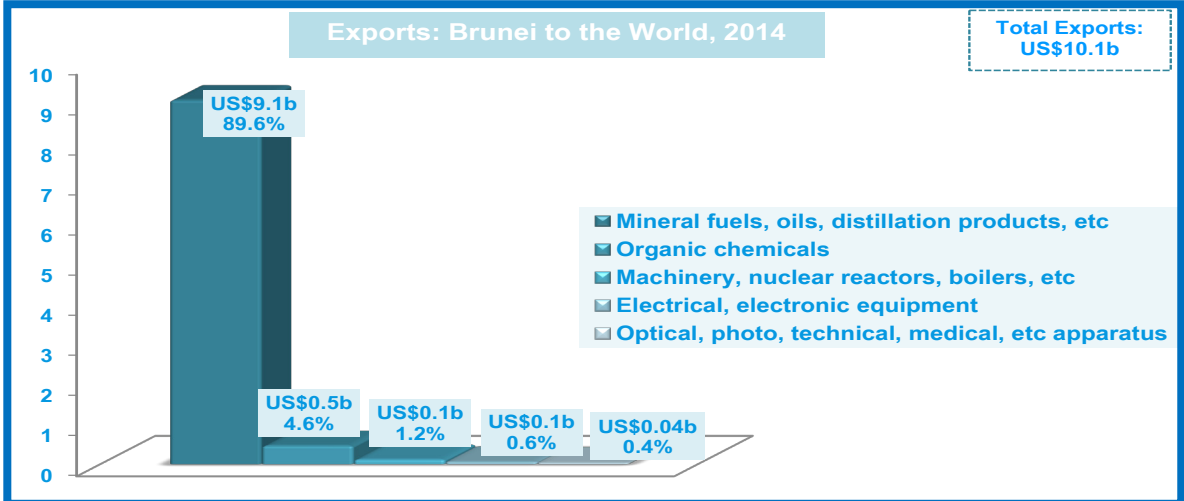
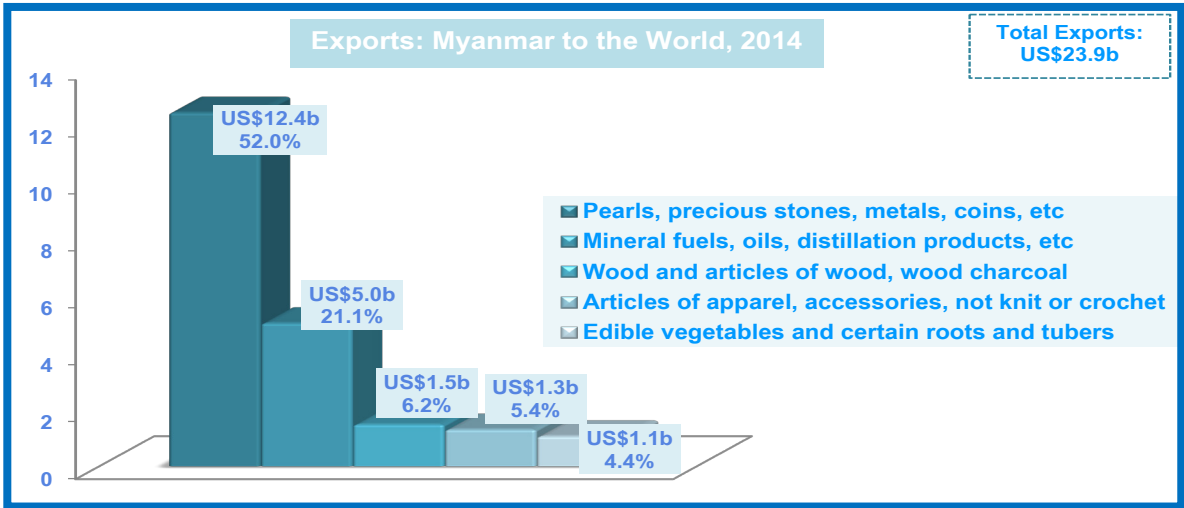


“DRIVING Transformation, POWERING Growth”

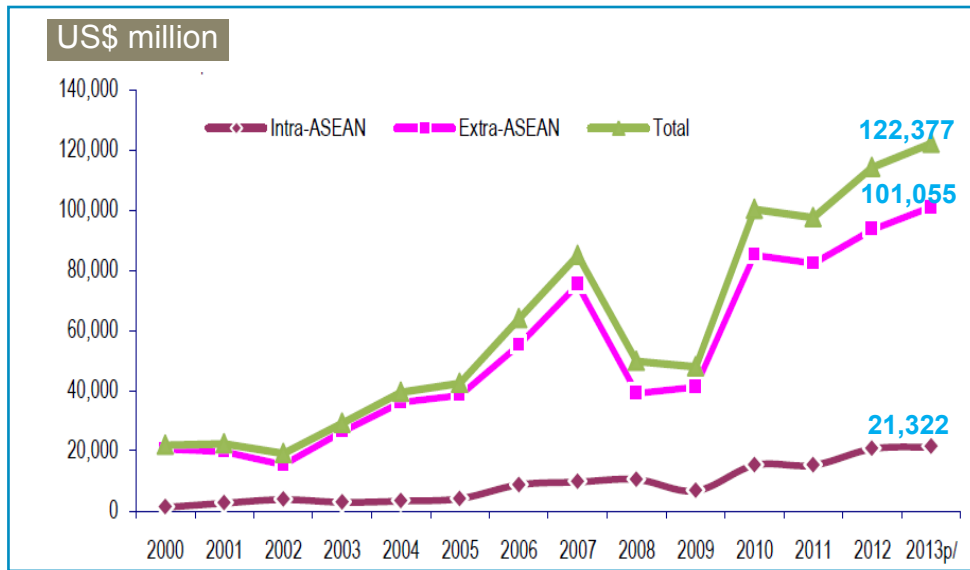




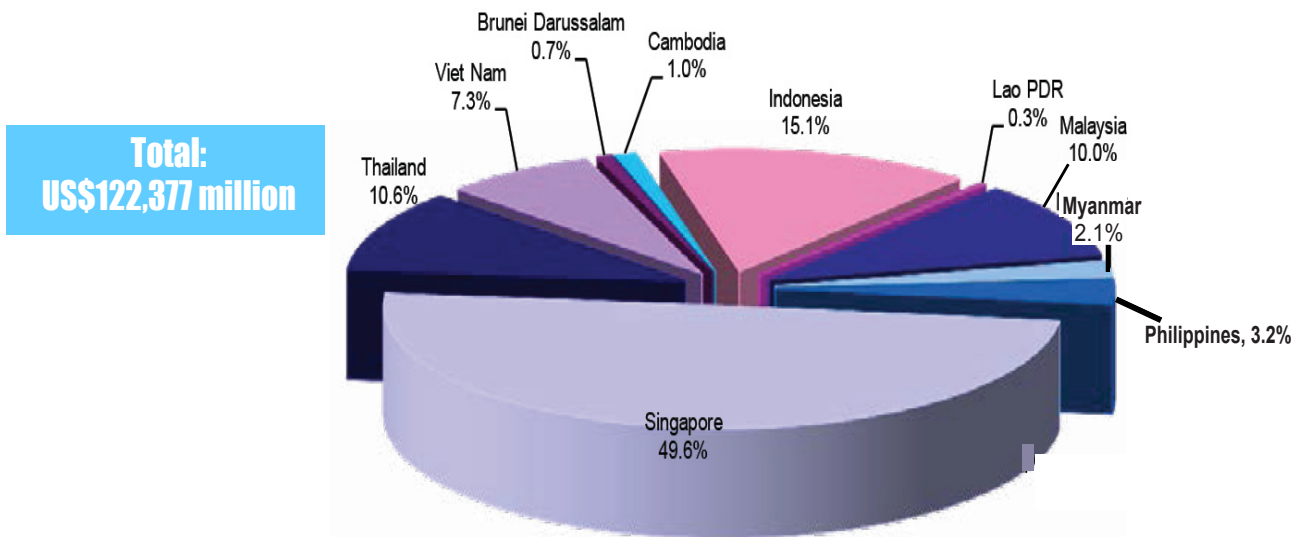




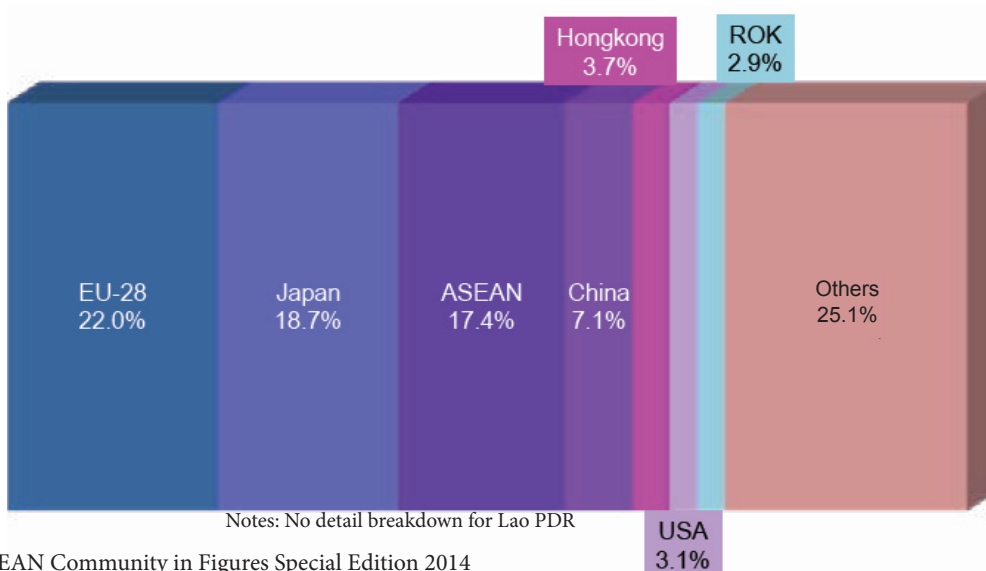
# Intra and Extra-ASEAN FDI Inflows 2000-2013



## Recipients of ASEAN FDI Inflows, 2013



## Sources of ASEAN FDI Inflows, 2013



Notes: No detail breakdown for Lao PDR





# International Report

## Reunion Island



**Area**  
2,511 km<sup>2</sup> (970 sq mi)



**Population (Jan. 2013)**  
844,994



**GDP (2013)**  
€16.7 billion (US\$22.2 bn)  
Per capita : €19,854 (US\$26,369)



**CPI: Consumer price index**  
(2000=100)  
125 (2012)

**Tourist arrivals at national borders (2012)**  
447,000



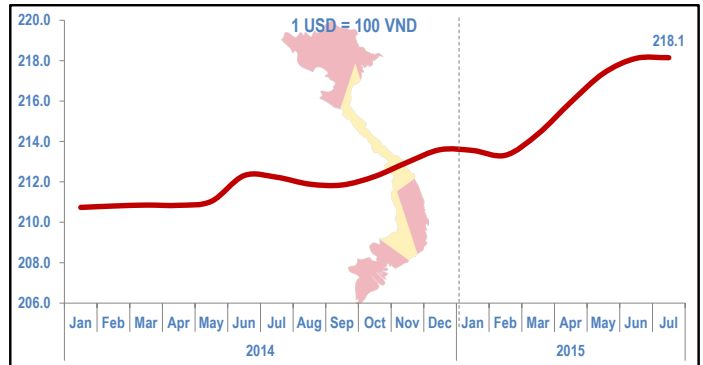
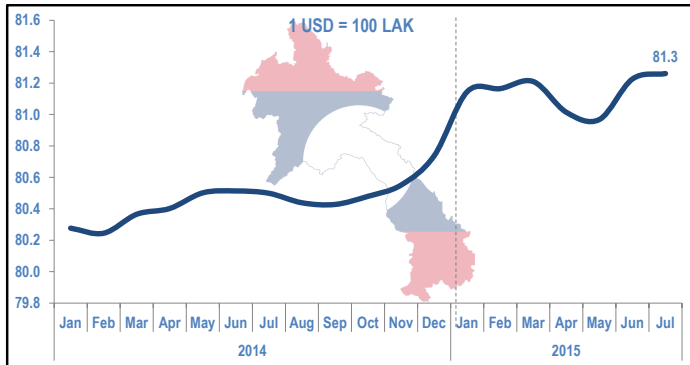
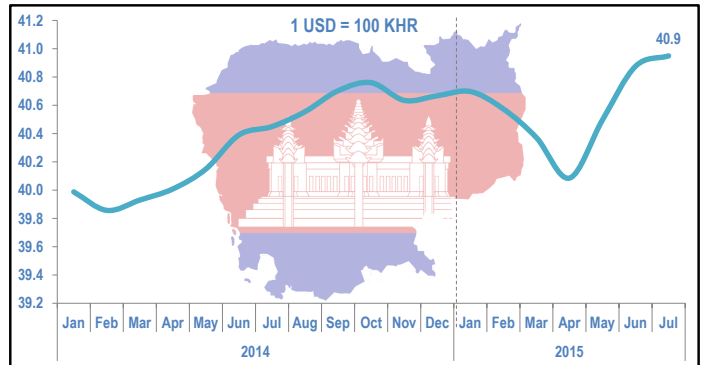
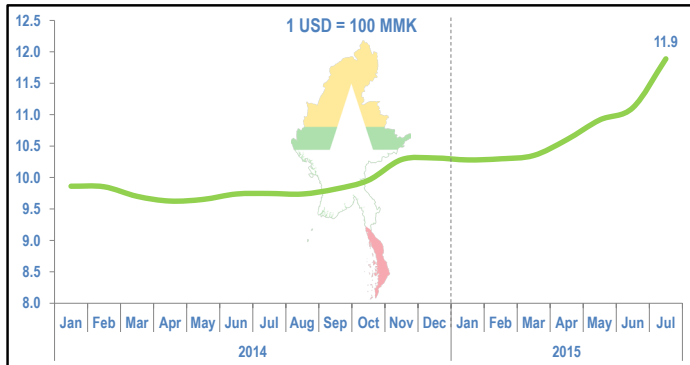
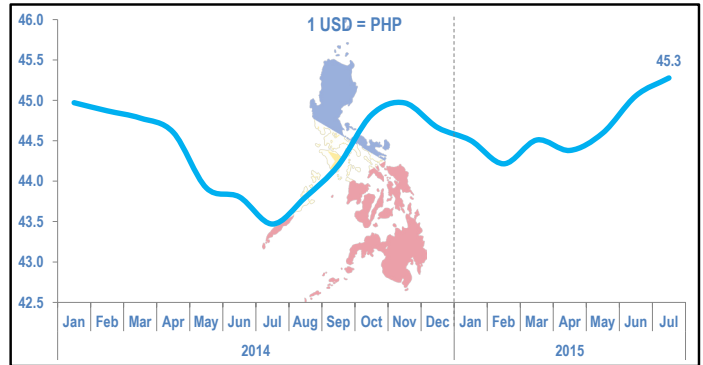
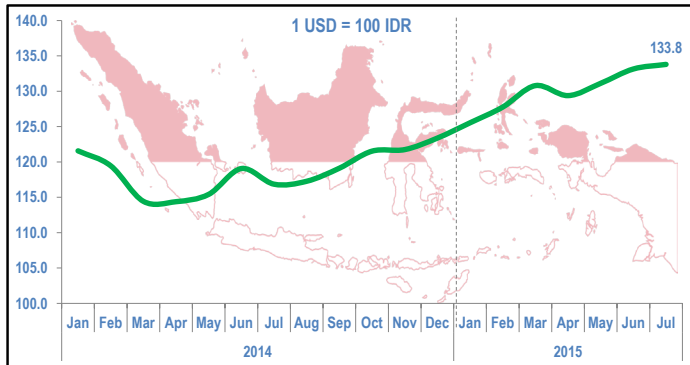
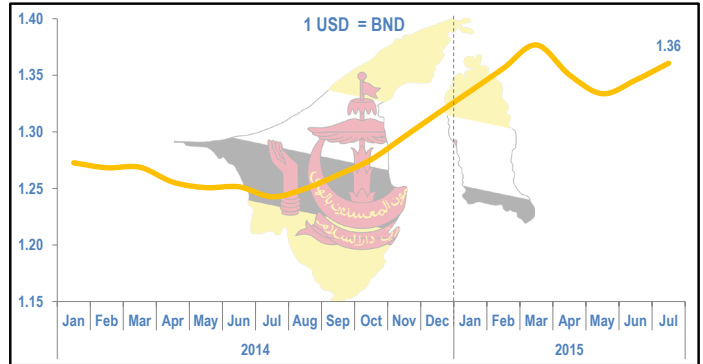
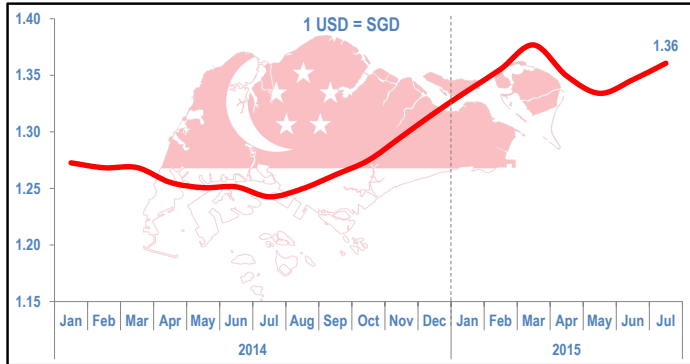
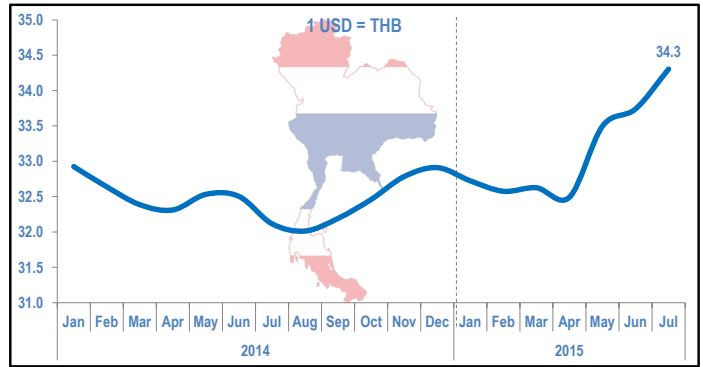
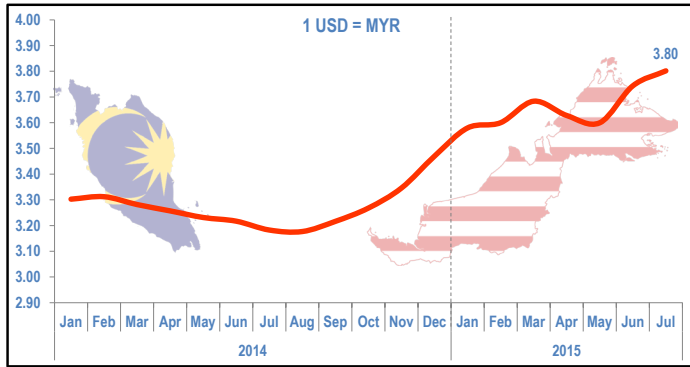
**Labour force participation (2012)**  
adult female pop. 51.8%  
adult male pop. 64.2%



“DRIVING Transformation, POWERING Growth”



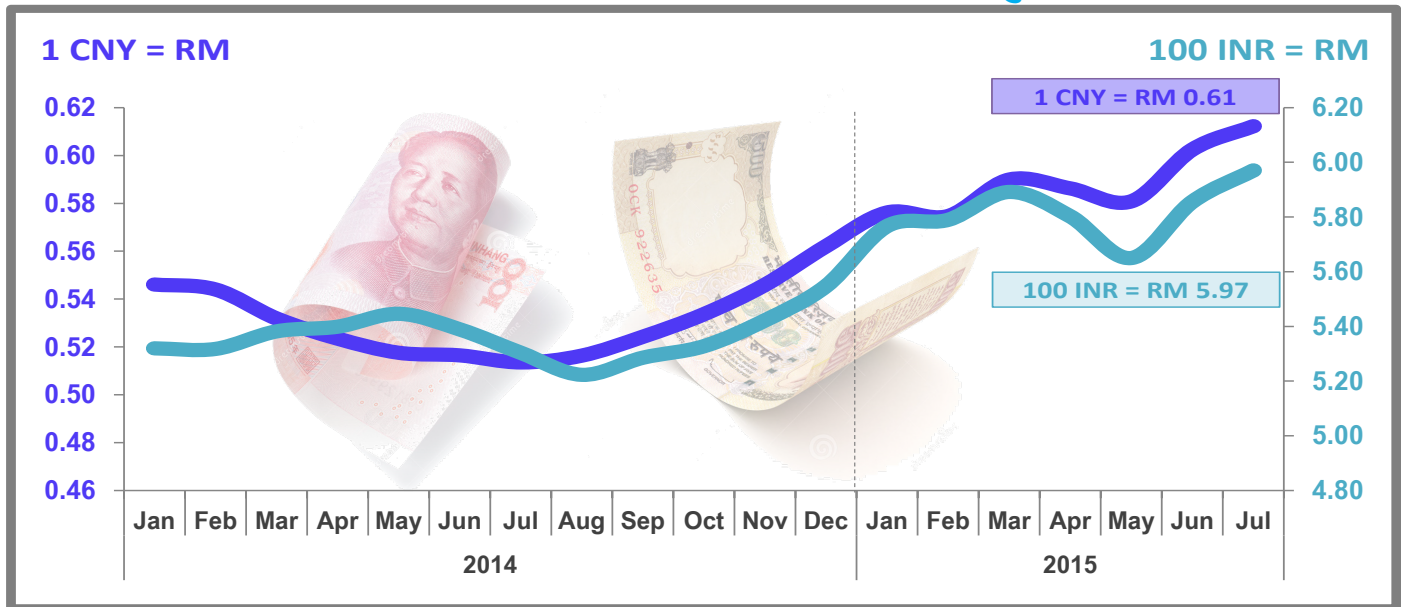
# US Dollar Exchange Rate with ASEAN Countries



Source : [freecurrencyrates.com](http://freecurrencyrates.com) - Yahoo Finance

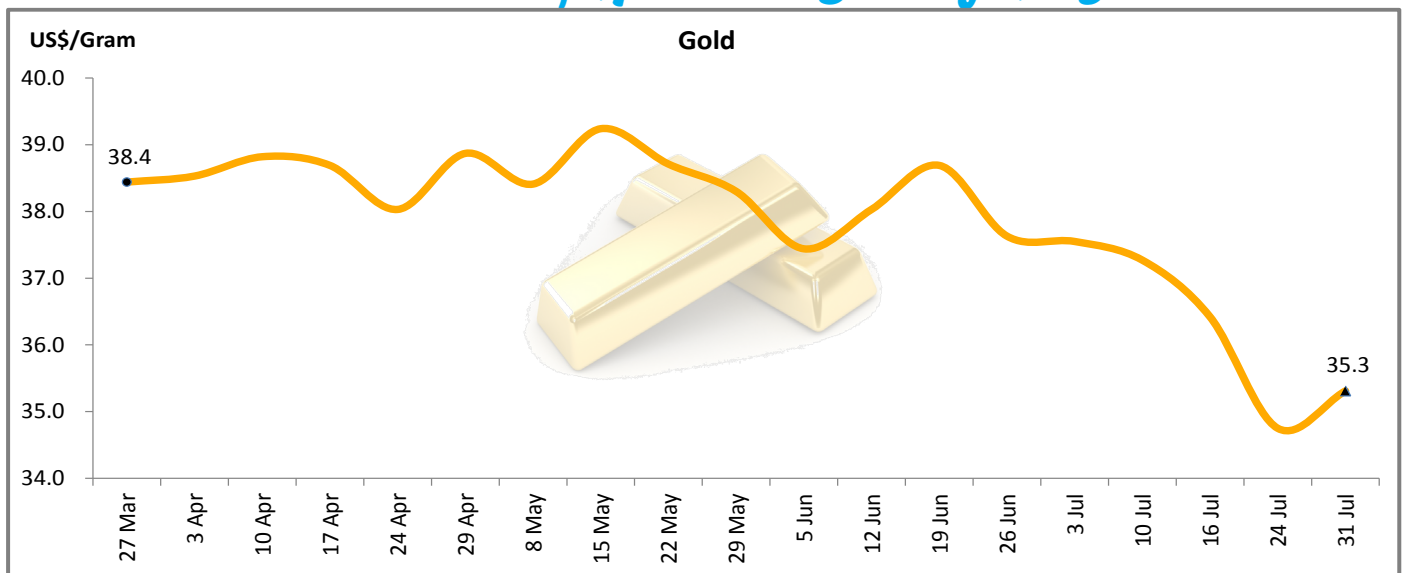


# Malaysian Ringgit Exchange Rate with Chinese Yuan and Indian Rupee



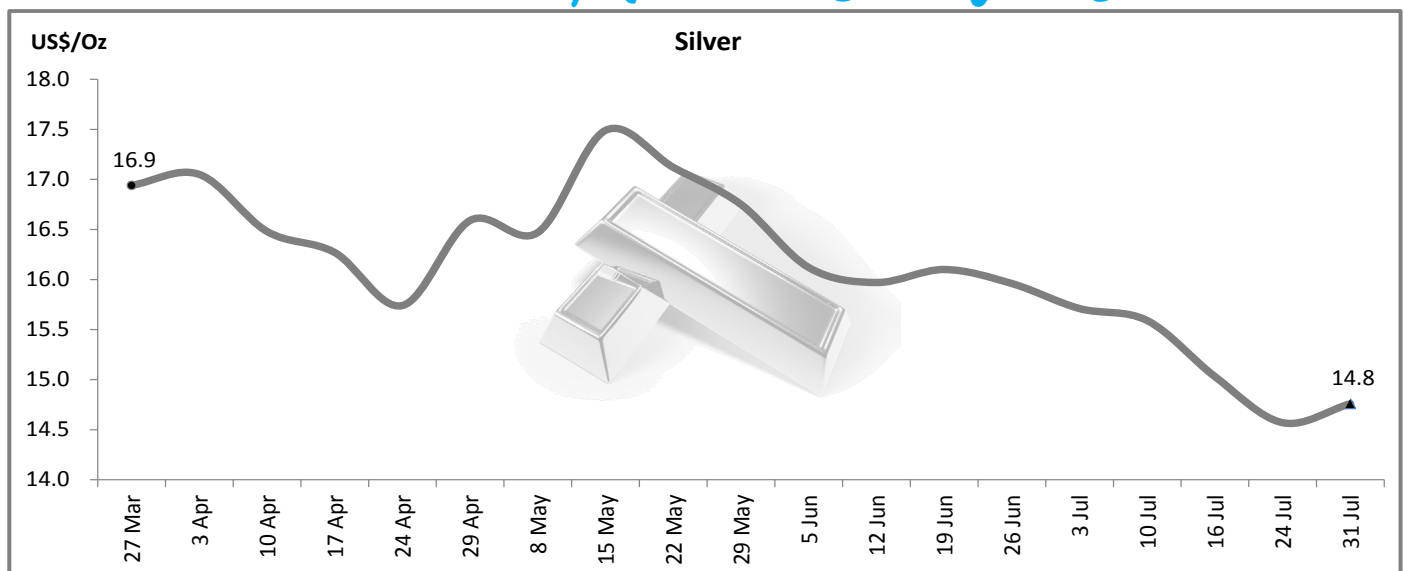
Source : Bank Negara, Malaysia

## Gold Prices, 27 March - 31 July 2015



Source : [http://www.gold.org/investments/statistics/gold\\_price\\_chart/](http://www.gold.org/investments/statistics/gold_price_chart/)

## Silver Prices, 27 March - 31 July 2015



Source : <http://www.hardassetsalliance.com/charts/silver-price/usd/oz>

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# Number and Value of Preferential Certificates of Origin (PCOs)

## Number of Certificates (Provisional data)

	7 Jun 2015	14 Jun 2015	21 Jun 2015	28 Jun 2015	5 Jul 2015	12 Jul 2015	19 Jul 2015	26 Jul 2015
AANZFTA	841	799	836	924	928	841	582	601
AIFTA	605	527	597	662	702	618	413	624
AJCEP	170	196	179	169	321	157	148	221
ATIGA	4,390	4,548	4,532	4,202	4,583	3,633	3,066	3,212
ACFTA	1,653	1,319	1,535	1,351	1,488	1,177	1,076	1,022
AKFTA	816	670	851	822	855	672	677	740
MICECA	362	279	328	302	318	381	190	336
MNZFTA	8	2	14	6	13	7	2	4
MCFTA	71	75	55	48	89	56	35	64
MAFTA	494	438	291	435	387	432	288	371
MJEPA	844	687	839	867	778	938	637	763
MPCEPA	138	137	177	167	198	95	110	130
GSP	188	97	105	116	195	154	93	76

Notes: The preference giving countries under the GSP scheme are Switzerland, the Russian Federation, Norway and Cambodia.



AANZFTA: ASEAN-Australia-New Zealand Free Trade Agreement (Implemented since 1 January 2010)



ATIGA: ASEAN Trade in Goods Agreement (Implemented since 1 May 2010)



AJCEP: ASEAN-Japan Comprehensive Economic Partnership (Implemented since 1 February 2009)



ACFTA: ASEAN-China Free Trade Agreement (Implemented since 1 July 2003)



AKFTA: ASEAN-Korea Free Trade Agreement (Implemented since 1 July 2006)



AIFTA: ASEAN-India Free Trade Agreement (Implemented since 1 January 2010)



MPCEPA: Malaysia-Pakistan Closer Economic Partnership Agreement (Implemented since 1 January 2008)



MJEPA: Malaysia-Japan Economic Partnership Agreement (Implemented since 13 July 2006)



MICECA: Malaysia-India Comprehensive Economic Cooperation Agreement (Implemented since 1 July 2011)



MNZFTA: Malaysia-New Zealand Free Trade Agreement (Implemented since 1 August 2010)

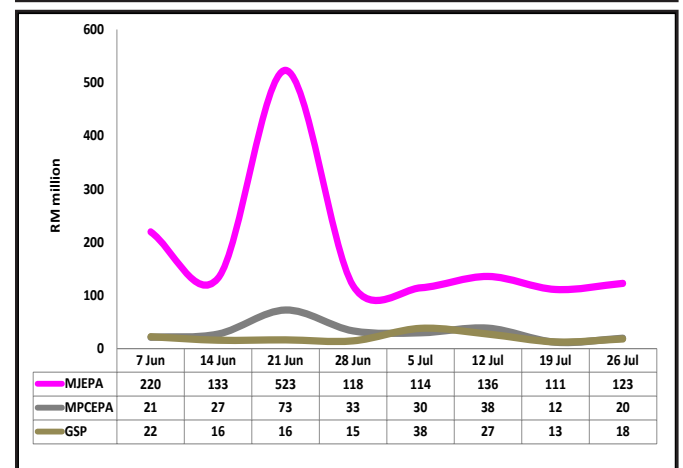
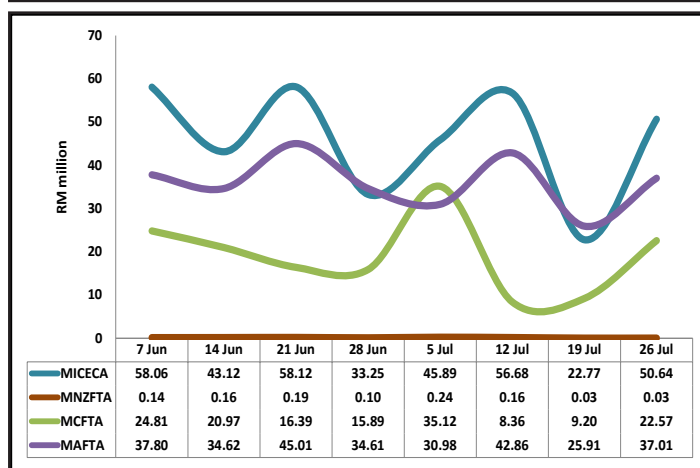
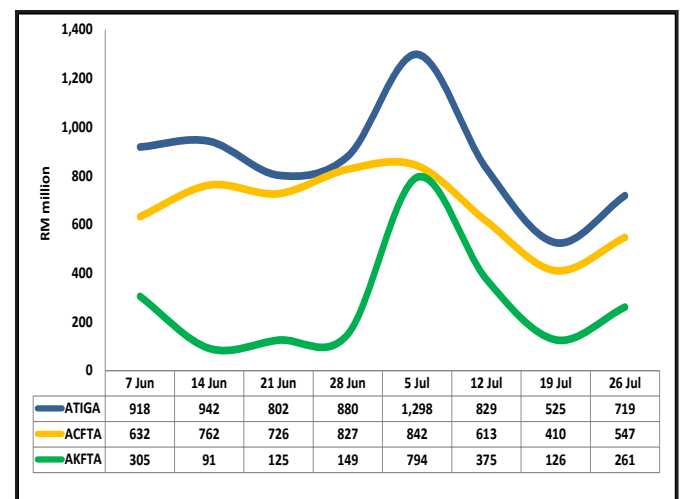
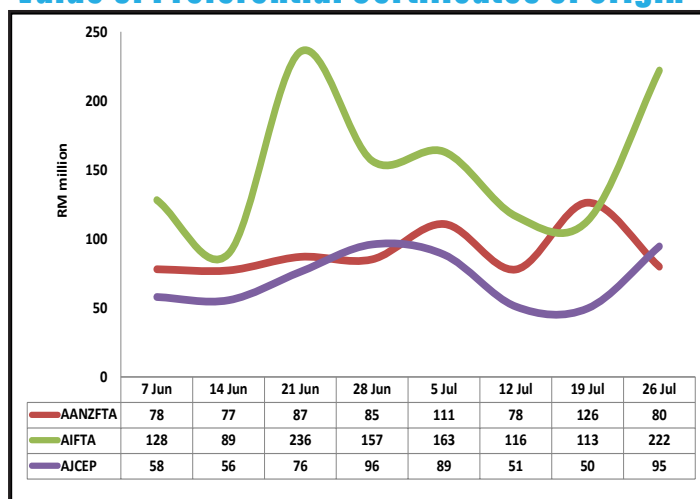


MCFTA: Malaysia-Chile Free Trade Agreement (Implemented since 25 February 2012)



MAFTA: Malaysia-Australia Free Trade Agreement (Implemented since 1 January 2013)

## Value of Preferential Certificates of Origin



# Commodity Prices



Commodity	Crude Petroleum (per bbl)	Crude Palm Oil (per MT)	Raw Sugar (per MT)	Rubber SMR 20 (per MT)	Cocoa SMC 2 (per MT)	Coal (per MT)	Scrap Iron HMS (per MT)
31 July 2015 (US\$)	47.1	622.5	242.0	1,396.0	2,231.5	47.5	260 (high) 230 (low)
% change*	↓ 2.1	↓ 1.3	↓ 2.5	↓ 0.8	↑ 2.2	unchanged	unchanged
2014 <sup>i</sup>	54.6 - 107.6	823.3	352.3	1,718.3	2,615.8	59.8	370.0
2013 <sup>i</sup>	88.1 - 108.6	805.5	361.6	2,390.8	1,933.1	..	485.6

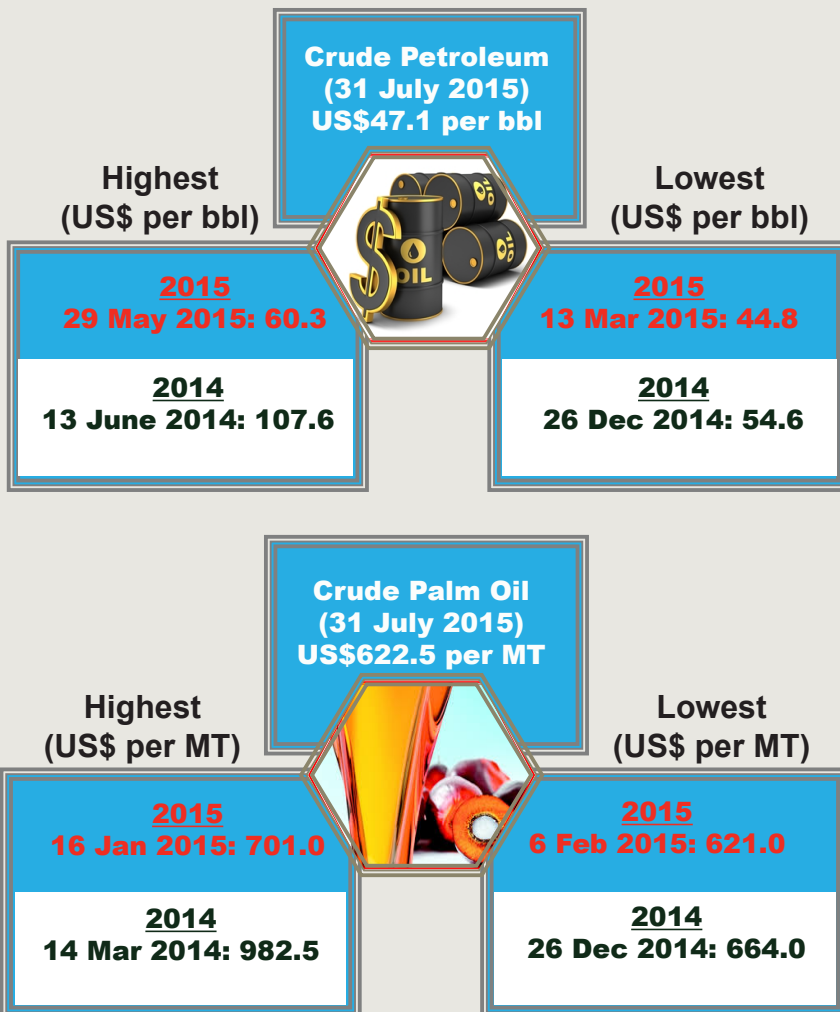
Notes: All figures have been rounded to the nearest decimal point

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

<sup>i</sup> Average price in the year except otherwise indicated

n.a Not available

## Highest and Lowest Prices, 2014/2015



## Average Domestic Prices, 24 July 2015

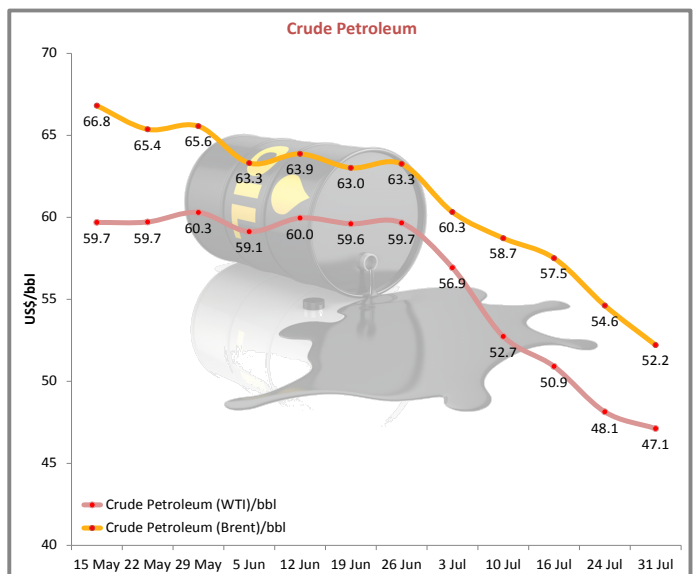
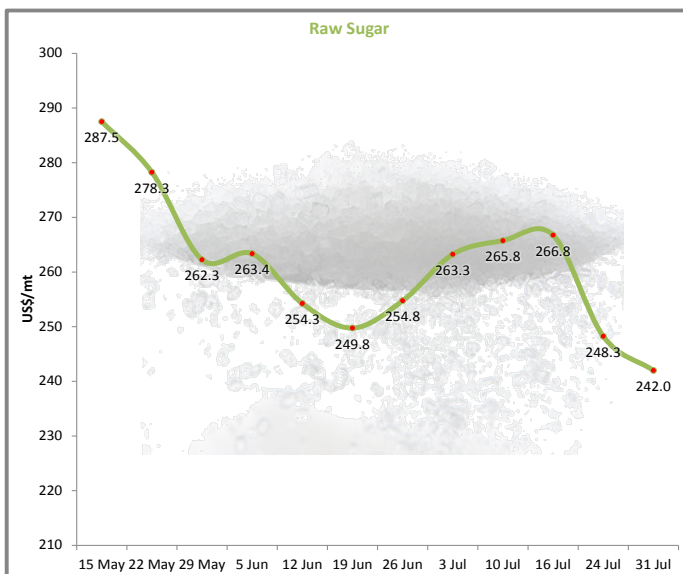
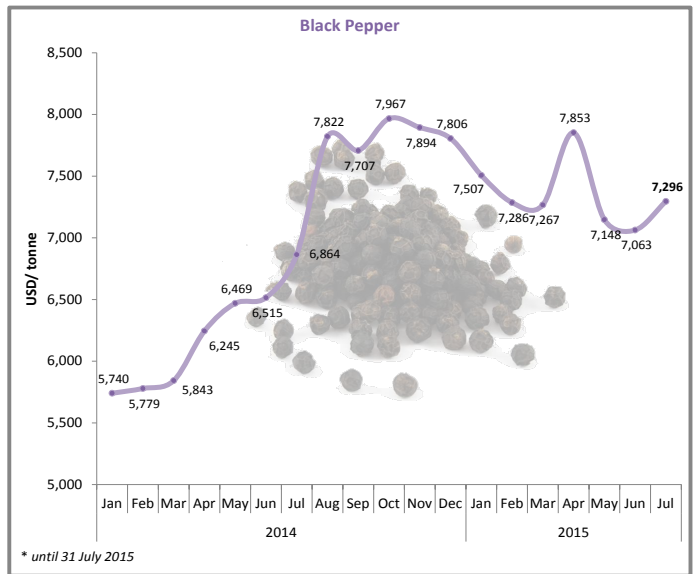
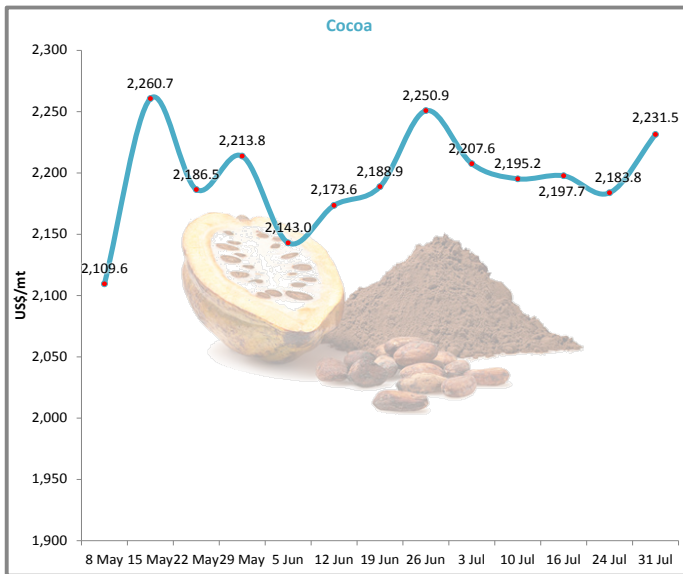
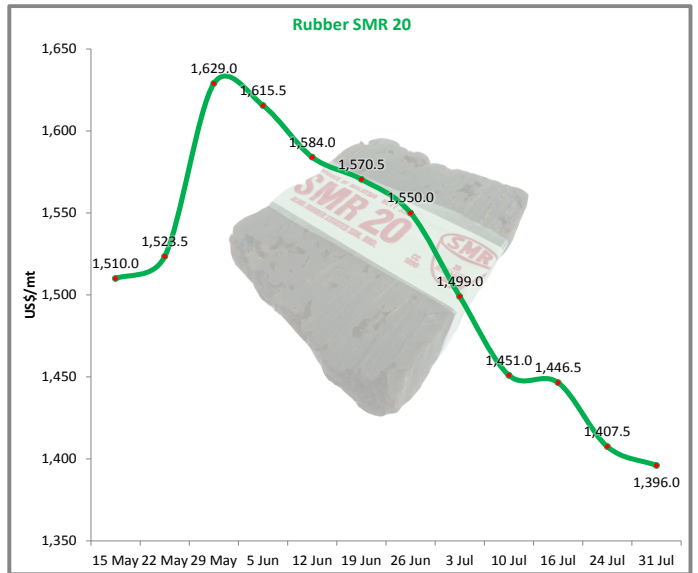
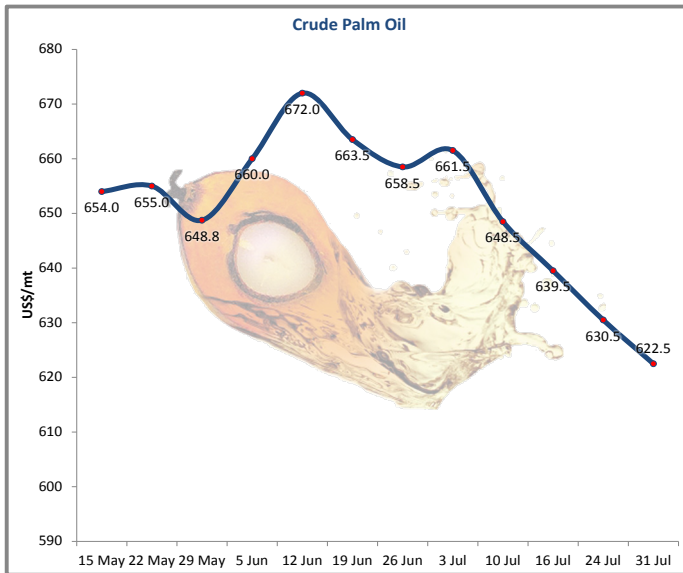


"DRIVING Transformation, POWERING Growth"

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



# Commodity Price Trends



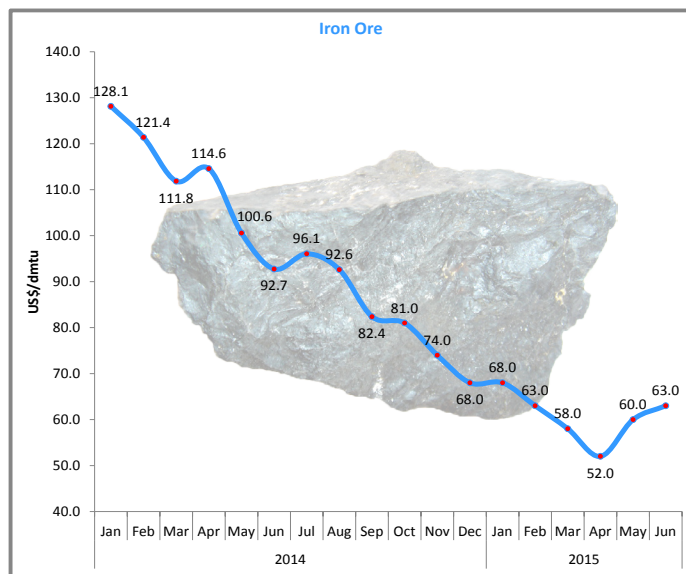
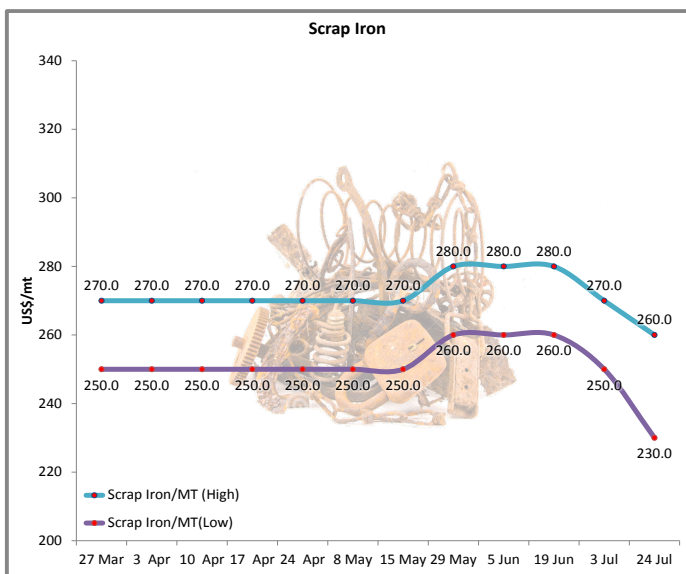
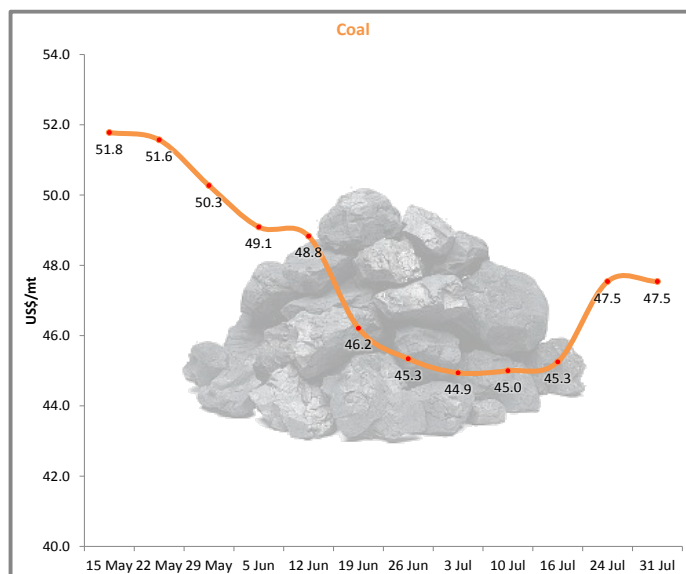
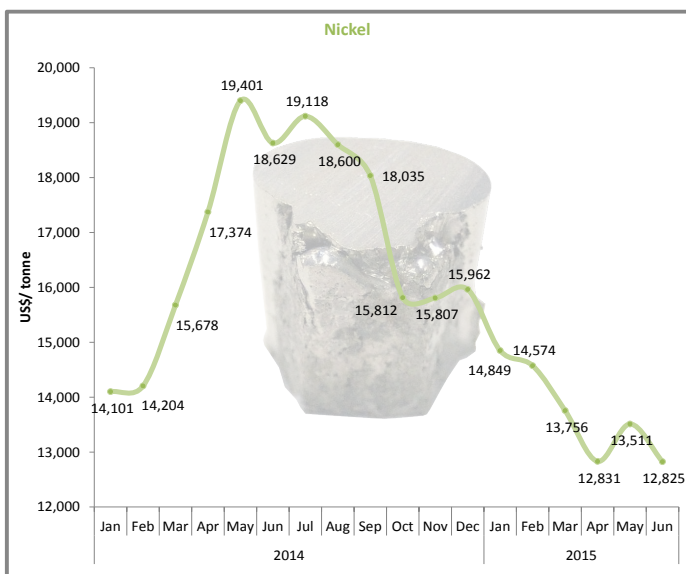
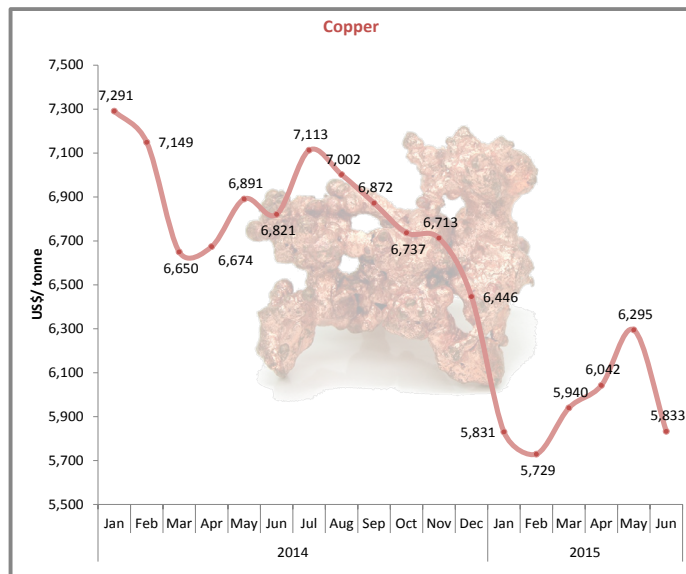
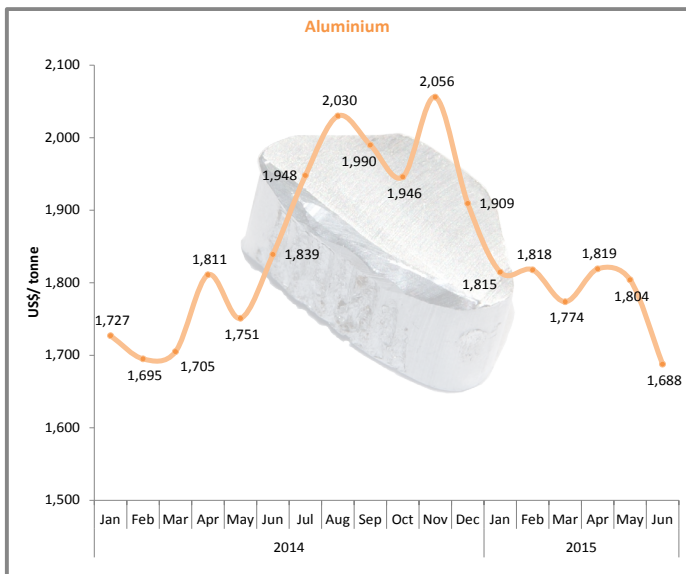
"DRIVING Transformation, POWERING Growth"

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





# Commodity Price Trends



"DRIVING Transformation, POWERING Growth"

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





# Media Statement by Minister of International Trade and Industry 29 July 2015

Malaysia is participating in the TPP Ministerial Meeting from 28-31 July 2015 in Hawaii, USA. The aim of this meeting is to substantially conclude negotiations that began five years ago. There will be no signing of any Agreement in Hawaii. I repeat: Signing of the TPPA will not happen in Hawaii. Like Malaysia, each TPPA member will need to go through its own domestic process before a final decision to sign and ratify the TPPA is made.

2. I wish to emphasise that as the Minister-in-charge of the TPPA negotiations for Malaysia, it is my responsibility to ensure that our Constitution, sovereignty and core policies of the nation – including the interests of the Bumiputera community – are safeguarded and upheld. Our objective at this meeting is to ensure that Malaysia's interests and concerns are addressed in the negotiations.

3. The Malaysian negotiating team that I head comprises experts from more than 20 ministries and agencies. For example, Bank Negara Malaysia handles the financial services negotiations; the Ministry of Finance negotiates the Government Procurement chapter; the Ministry of Human Resources, the Labour Chapter; the Ministry of Natural Resources and Environment, the Environment chapter; the Ministry of Agriculture, the Sanitary and Phytosanitary chapter; the Ministry of Domestic Trade, Consumerism and Cooperatives, the chapters on Competition Policy, and Intellectual Property Rights. The team is assisted by legal officials from the Attorney General's Chambers. Positions taken by our officials on issues negotiated in the TPP are also based on feedback received from various stakeholders.

4. To enhance public understanding of the TPPA, we have held more than 100 engagements with various stakeholders over the last few years. These include parliamentarians, industry groups, academicians, students, cleared advisors and non-governmental organisations (NGOs) as well as individuals. About 18 months ago, the Government also took the unprecedented step of establishing a bipartisan Parliamentary Caucus

on TPPA comprising 6 MPs from Barisan Nasional and 5 MPs from the opposition. These lawmakers have been actively engaged in discussions on the TPPA and their feedback has been important in formulating Malaysia's position in the negotiations.

5. I have also personally met and discussed the TPPA with many prominent critics. I am very grateful to all who have given me feedback, guidance, as well as criticisms of the TPPA. These have helped me in strengthening our negotiating position. Let me address six major concerns regarding the TPPA:

#### a) Sovereignty

6. One of the main concerns over the TPPA is the inclusion of the Investor-State Dispute Settlement (ISDS) mechanism. The criticism is that this would impinge on Malaysia's sovereignty and limit the policy space of the Government to regulate.

7. Let me state very clearly that the TPPA does NOT prevent Governments from pursuing and regulating legitimate public policy objectives, especially in areas such as national security, public health environment and welfare. There are a number of safeguards being negotiated to address key concerns, including the avoidance of frivolous challenges by investors. We are committed to ensuring that our core national policies, including the Bumiputera agenda, will be safeguarded.

8. It is important to note that the ISDS is not new for Malaysia. We already have 74 BITs and eight FTAs which contain ISDS provisions. While the scope of the ISDS in the TPP is wider, there are clear provisions that reaffirm the rights of Governments to regulate and prevent frivolous claims and challenges. Let's bear in mind that the ISDS cuts both ways. Malaysian investors abroad will also have the same protection mechanism in the TPPA countries they venture into. In fact, as at the end of last year, the stock of Malaysian investments overseas has exceeded foreign direct investments into Malaysia.

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## b) Government Procurement

9. On Government Procurement, Malaysia is safeguarding Bumiputera preferences by ensuring that the current Bumiputera and SME preferences will be maintained.

## c) Capital Controls

10. There have also been claims or concerns that the TPPA will not allow countries to impose capital flow measures. Malaysia and other like-minded countries have successfully defended the rights to ensure that there will be sufficient policy space to mitigate any destabilizing effect of capital flows and preserve financial and macroeconomic stability.

## d) Medicines

11. Another major concern is the claim that the price of medicines will rise astronomically as a result of stronger patent protection. In reality, the patent-protection clauses in the TPPA are not that different from Malaysia's current regulations on this subject. Our laws provide patent protection for 20 years. In the on-going negotiations, the proposal will require countries to extend patent protection only if there is unreasonable delay within the regulatory approval process. As our current approval process is efficient, the issue of unreasonable delay will not arise.

12. One other point: prices of drugs are not solely determined by patent protection. Other factors are involved as well, including currency fluctuations, the cost of research and development, marketing budgets and current procurement practices.

13. The Government is fully mindful of the need to ensure that our people have access to affordable drugs and health care. The Government has taken a stand that would balance the access to drugs with incentives for new drugs to be produced and brought into the market.

## e) Market Access

14. The TPPA also provides Malaysia with market access for four trading partners that Malaysia has no FTAs with, namely, the US, Canada, Mexico and Peru. For these markets, we will see tariff elimination for between 2,000 and about 4,000 tariff lines of products of interest to Malaysia, including, electrical & electronics products, timber and timber products; textiles; plastic and plastic products; and palm oil and palm oil related products.

## f) Islam

15. Contrary to some allegations, I can assure that nothing in the TPPA will threaten the position of Islam as the official religion of Malaysia. The Government will never allow any FTA to undermine this constitutional provision.

16. Let me give one example. There have been claims that as a result of the TPPA, Malaysia's ability to continue to impose halal requirements will be impaired. In actual fact, our negotiators have successfully argued that halal is not a barrier to trade. This has been acknowledged by the respective parties and thus excluded from the TPPA.

## g) Secrecy

17. A common concern is that the TPPA is being negotiated "secretly." It needs to be clarified that in international negotiations, the negotiating text is not normally made public. However, all the issues being negotiated have been openly discussed in all our engagements with various stakeholders.

18. It is not the intention of the Government to keep the negotiating text a secret. In the event that an agreement is reached, the Malaysian public will have access to the full text and as promised, our Parliament will deliberate and make a decision on Malaysia's participation in the TPP.

## h) Conclusion

19. After five years of negotiations, the TPPA negotiations are nearing conclusion. At this stage, countries need to make hard decisions. As in all negotiations, there are concessions that need to be made. But the Government has taken a firm stand in the TPPA: our Constitution, sovereignty, and core policies such as government procurement, state-owned enterprises and the Bumiputera agenda will be safeguarded.

20. I urge all Malaysians to keep an open mind on the TPPA. acknowledge that while there are costs, there are also benefits to Malaysia. As I mentioned earlier, the feedback from all parties has helped guide and influence our negotiating stance on various issues under discussion. Ultimately, the final document together with the two cost-and-benefit analyses will be presented to the public and Parliament. The decision whether to sign or reject TPPA will be a collective Malaysian decision.



# MALAYSIA IN DYNAMIC ASEAN

ASEAN has come a long way since its formation in 1967. The achievements over the last 48 years have been commendable. ASEAN is currently one of the most dynamic and fastest-growing regions in the world. It is a known fact that with a sizeable population of 625 million, ASEAN offers a significant consumer market base with distinct needs and increasing purchasing power. Through close collaboration, ASEAN has been able to focus its efforts on economic development in the region. Global companies are increasingly making ASEAN their production base, thus creating business and employment opportunities for the growing population.

The regional economic cooperation in ASEAN particularly under ASEAN Free Trade Area (AFTA), ASEAN Framework Agreement on Services (AFAS) and ASEAN Comprehensive Investment Agreement (ACIA) has encouraged trade and investment by enhancing relations.

In 2014, the total FDI inflows into ASEAN amounted to USD136.2 billion, an increase of 15.7% from 2013. The uptrend over the years indicates that ASEAN has become a popular FDI destination among member states as well as major developed countries due to the lower cost of doing business. The share of intra-ASEAN investments in overall FDI inflows increased from 9.9% in 2000 to 17.5% in 2014. Extra-ASEAN investments have always been the main contributor to total FDI inflows from USD38.4 billion in 2000 to USD112.4 billion in 2014.

## FDI INFLOWS TO ASEAN

FDI (USD mil.)	2000	2014
Extra ASEAN	38,345	112,352
Intra-ASEAN	4,211	23,829
<b>Total FDI</b>	<b>42,556</b>	<b>136,181</b>

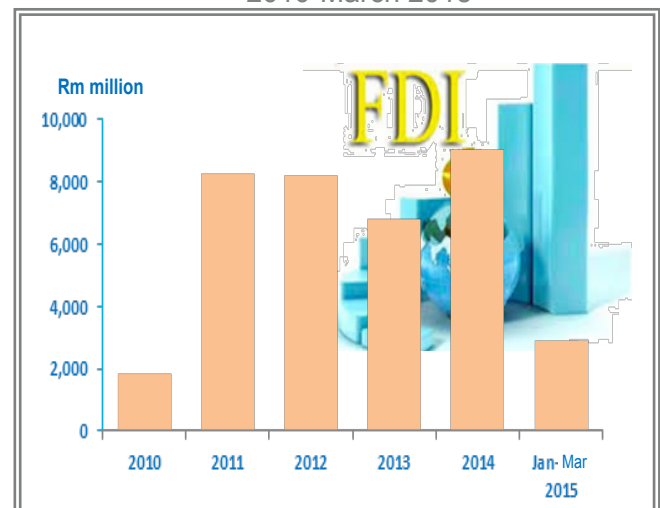
Source: ASEAN Secretariat

## MAJOR FOREIGN COMPANIES INVESTING IN ASEAN



Malaysia is a strategic business partner within the framework of ASEAN. In the past five years (2010-2014), FDI inflows from ASEAN Member States into the Malaysian economy grew from RM1.8 billion in 2010 to RM9.0 billion in 2014. The share of ASEAN investments in FDI inflows has also increased from 6% in 2010 to 26% in 2014. This made Malaysia the third largest recipient of intra-FDI investments in 2014. For the first quarter of 2015, FDI inflows from ASEAN totalled RM2.9 billion.

FDI Inflows from ASEAN into Malaysia  
2010-March 2015



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Investments from ASEAN were concentrated mainly in the manufacturing (57%), financial and insurance/takaful (23%), and mining & quarrying (10%) sectors. Major ASEAN investments in Malaysia were contributed by Singapore (80%), whilst Indonesia, Philippines, Thailand and Vietnam accounted for 12% of total ASEAN FDIs.

## MAJOR ASEAN COMPANIES IN MALAYSIA



It is noteworthy that more and more Malaysian companies are having large regional footprints in other ASEAN countries. This development reflects Malaysia's foray into the global arena to seek new market opportunities. It also indicates that local firms are capable of competing effectively with MNCs on the world stage.

## MAJOR MALAYSIAN COMPANIES INVESTING IN ASEAN



During the period of 2010-2014, Malaysia's investments in other ASEAN countries were RM64.8 billion which is equivalent to 27.1% of Malaysia's total outward investments. More than half or 63% of Malaysia's investments in ASEAN went into the financial, insurance and takaful sectors. Other major investment sectors were the mining & quarrying sector, information & communication, manufacturing and real estate sectors.

Malaysia is now riding on an ecosystem approach to attract investments. The country is also leveraging on the ecosystem not just within Malaysia but also the competitive advantages of other ASEAN member states to create more vibrant and accessible investment



Source : Malaysian Investment Development Authority

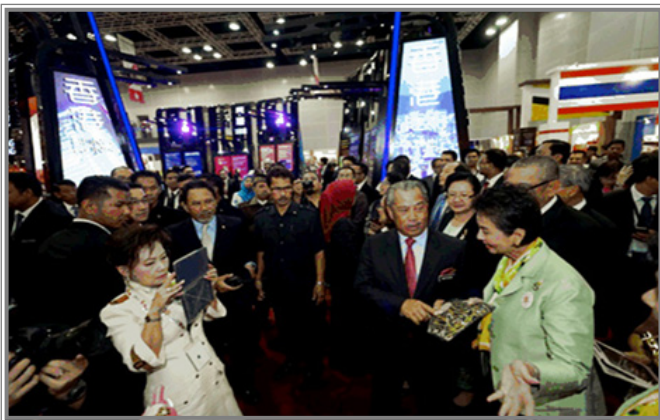
# ASEAN SME Showcase & Conference 2015 (ASSC 2015) Kuala Lumpur, Malaysia, 26-28 May 2015

The ASSC 2015 was organised by the Ministry of International Trade and Industry (MITI) and SME Corp. Malaysia in conjunction with Malaysia's chairmanship of ASEAN this year. Themed 'ONE Business, ONE Community', the ASSC 2015 was a three-pronged event comprising of the ASEAN SME Showcase, the ASEAN SME Conference and the ASEAN Business XchanGe Platform. It not only featured the 'Success Story' of ASEAN - current and beyond post the establishment of the ASEAN Economic Community (AEC), but also provided access to interact with the ASEAN SME community and the proponents of SME growth, including governments and the private sector which can help SMEs seize the region's exciting wealth of opportunities.



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## ASEAN SME Showcase



### Participation :

- ✓ 607 Booths
- ✓ 486 Companies & Government Agencies (Local: 324 / International: 62)

### International Participation:

Regional and international SMEs and Government Agencies from ASEAN Member States and ASEAN Dialogue and Trade Partners.

## ASEAN Business XchanGe Platform

- Potential sales value recorded: RM418.54 million exceeding set targets
- Negotiated loans generated: RM133.5 million
- No. of Business Matching sessions: 76
- Top four (4) sectors with the highest potential sales value:
  - Electrical & Electronics
  - SSL/LED
  - Machinery & Engineering
  - Ship Building/Ship Repair
- All four (4) are priority sectors under the National Key Economic Areas (NKEA).



Business Matching Session

# ASEAN SME Conference

- Provided good platform for speakers, discussants and participants to share opportunities and challenges towards AEC.
- Conference as a model to be emulated in bringing member states together.
- Helped forged closer collaboration within ASEAN and between ASEAN & Trade partners.
- More than 1,500 local and international participants.
- Six (6) sessions by reputable speakers and discussants from public and corporate sectors.
- Luncheon Power Talks by:
  - YBhg. Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, Governor of Bank Negara Malaysia
  - Mr. Timothy Leung, Head of Global Business Development, Alibaba Group
- Special Session with YB Senator Dato' Sri Idris Jala, Minister in the Prime Minister's Department and CEO of PEMANDU.



Presenter and discussants at the ASEAN SME Conference



YB Khairy Jamaluddin, Minister of Youth and Sports giving his presentation at the ASEAN SME Conference



YBhg. Tan Sri Dr. Mohd Munir Abdul Majid (Chairman, ASEAN Business Advisory Council), Datuk Bernard Chandran and fellow discussants sharing light moments together

## \* ASSC 2015 KEY SIDE EVENTS \*

“Conversation with ASEAN Ministers Responsible for SMEs”

- Discussion on the economic perspectives of the AEC in achieving a common goal of greater unity, prosperity and sustainability of SMEs in ASEAN.
- Participation by Ministers and Deputy Ministers from Lao PDR, Myanmar, Thailand, Viet Nam, Malaysia, Singapore and the Philippines.
- ASEAN is a launch pad to the world for SMEs, creating global champions across the globe. ASEAN provides:

Opportunity for cooperation  
SMEs to be part of the global value chain  
Source for cheaper inputs  
Synergy to penetrate global markets effectively.



YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry sharing his thoughts at the Conversation with ASEAN Ministers

## ‘Pocket Talks’

- A total of fifteen (15) sessions were conducted.
- Enabled participants and visitors to learn and acquire information and knowledge on various aspects and topics of business.



Participants at a Pocket Talk session

## Exchange of Memoranda of Understanding

- Between Malaysia's LED champion, Extra-Built (M) Sdn. Bhd. and Hadar Lighting of United Kingdom
- Between Extra-Built (M) Sdn. Bhd. and KPRJ Petroleum Sdn. Bhd.

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# Launch of ASEAN Market Place (aMP)

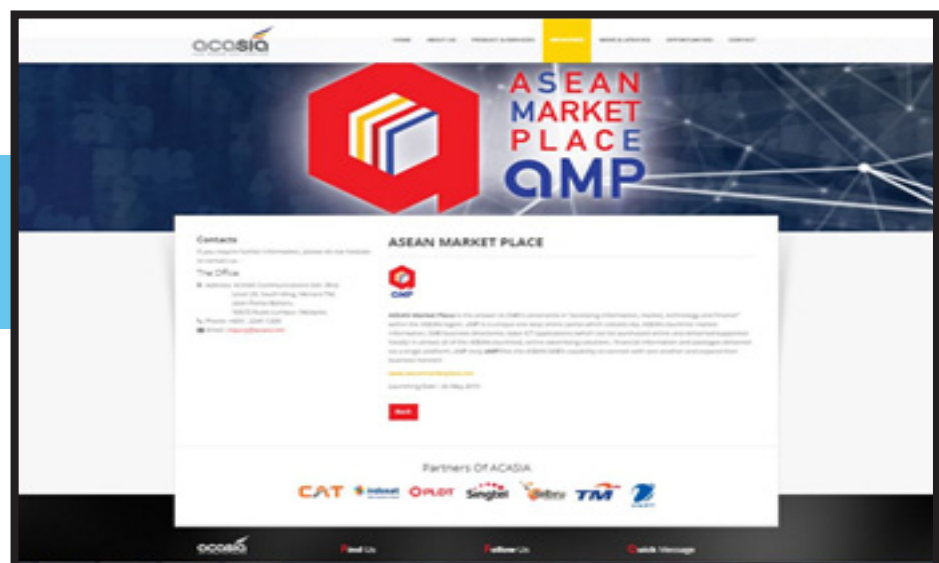
- ★ Launched on 26 May 2015 in conjunction with the ASSC 2015.
- ★ A one-stop portal to assist ASEAN SMEs in general to access information on market, technology and finance.
- ★ Aims to ultimately amplify ASEAN businesses as one community and accelerate the ASEAN regional growth.
- ★ Integrated communications provider: ACASIA Communications Sdn. Bhd., a Malaysian entity with seven (7) major ASEAN telcos as shareholders, namely CAT (Thailand); Indosat (Indonesia); PLDT (Philippines); Telbru (Brunei); TM (Malaysia); Singtel (Singapore); and VNPT (Viet Nam).



Launch of ASEAN Market Place (aMP)

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ASEAN Market Place (aMP) Portal  
[www.acasiacommunications.net](http://www.acasiacommunications.net)





resilience, reduce uncertainty

Ascan needs harmonised standards... SCIENCE-BASED information to regulate the food and beverage industry is the way forward.

ECONOMICS FOR BUSINESS... AS the global financial crisis recedes further from memory after almost seven years, the tentative and divergent growth among the major countries is not surprising.

WORLD BANK... The long journey continues... AEC will chart the same journey as the European Economic Community towards a common market destination.

Perbelanjaan modal dalam AEC dijangka meninggi... SINGAPURA 31 Mac - ASEAN dijangka mengalami peningkatan ketara dalam perbelanjaan modal dengan perubahan Komuniti Ekonomi ASEAN (AEC) dan organisasi korporat.

Mode approach to seed disbursement... ANAK ANAK bukan sekadar orang muda, mereka adalah generasi yang mampu membawa perubahan.

Habib sees gold in AEC formation... OPTIMISTIC: Jeweller sees massive potential in Asean markets, especially Brunei and Singapore.

Regional consolidation to greatly benefit SMEs

CHEERYL YVONNE ACIU... KUALA LUMPUR: Liberalisation via the much-anticipated Asean Economic Community (AEC) will greatly benefit small and medium enterprises (SMEs) in the region as it provides greater opportunities for them to be part of the regional business network.

Role of Asean youth recognised

LEADERSHIP FORUM: Meeting timely to discuss development issues, says PM... The meeting was a major step in the process of preparing the region for the challenges ahead.

Usahawan Bumiputera perlu rebut potensi AEC

Usahawan Bumiputera untuk meraih potensi yang besar... Uabah cara berfikir, strategi berniaga untuk cipta keuntungan daripada keterbukakan pasaran.

Let's build credible roots for AEC

Let's build credible roots for AEC... The AEC would aid and magnify economic growth for everyone.

Notices a more uni

Notices a more uni... The effort must be an ongoing one that is not limited to a single event.

Reaping potential AEC's rich promis

Reaping potential AEC's rich promis... A SHARE OF THE PIE: Firms in the region must engage in best practices and overcome hurdles to achieve its vision.

Solutions to ensure a vibrant AEC

CHALLENGES: A strong Asean secretariat, private sector role, SMEs and monitoring mechanism crucial to realise vision... one great challenge. The other would be the inequality in the level of development of the 10 member countries.

Asean task force to meet in Singapore

Asean task force to meet in Singapore... SINGAPORE: As part of the process of developing the Asean Community Vision 2025 and the three Asean Community Blueprints, Singapore is currently hosting the four-day Seventh Meeting of the High-Level Task Force.

Upin & Ipin

Upin & Ipin... Asean task force to meet in Singapore

ISIS ASEAN perlu bincang isu Rohingya

ISIS ASEAN perlu bincang isu Rohingya... KUALA LUMPUR 1 Jun - Perdana Menteri meminta Institut Kajian Strategik Antarabangsa ASEAN (ISIS ASEAN) yang berbilang selama dua hari di negara ini bertajuk mengenai membincangkan isu pelarian etnik Rohingya yang berkecuali raih tau ini sejak beberapa tahun lalu.

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# MITI Programme

## 21<sup>st</sup> ASEAN Economic Ministers Retreat 1<sup>st</sup> March 2015, Kota Bharu, Kelantan



## Visit to ICQS Complex, Rantau Panjang 1<sup>st</sup> March 2015



“DRIVING Transformation, POWERING Growth”

## Sesi Bicara Komuniti Ekonomi ASEAN, Universiti Malaysia Kelantan, Kampus Kota, Pengkalan Chepa, Kelantan, 27 Februari 2015



## SEOM Working Dinner, Renaissance Hotel Kota Bharu 27<sup>th</sup> February 2015



“DRIVING Transformation, POWERING Growth”





# Congratulations



**Datuk Seri Ong Ka Chuan**  
**Minister II**  
Ministry of International Trade & Industry, Malaysia

**Datuk Haji Ahmad Haji Maslan**  
**Deputy Minister**  
Ministry of International Trade & Industry, Malaysia



“DRIVING Transformation, POWERING Growth”



# Announcement

## ASEAN SELF-CERTIFICATION SYSTEM

The creation of the ASEAN Economic Community (AEC) at the end of 2015 will establish ASEAN as a single market and production base with the aim of ensuring the free flow of goods, services, investment, skilled labour and freer flow of capital. ASEAN recognized the crucial role of Rules of Origin in the achievement of free flow of goods within the ASEAN single market in responding to the changes of the global production processes.

To facilitate intra-ASEAN trade, ASEAN has launched the Self-Certification System which aimed at allowing certified exporters (CE) to self-certify their goods. The Self-Certification System is currently in the pilot phase under the ASEAN Trade in Goods Agreement (ATIGA) scheme – Form D. Pilot Project 1 (PP1) commenced with the signing of the Memorandum of Understanding (MoU) on 30 August 2010 by three participating Member States, namely Brunei Darussalam, Malaysia and Singapore. The PP1 began on 1 November 2010 and Thailand joined later in October 2011. Myanmar and Cambodia are undertaking necessary action for the implementation of the Self-Certification.

Meanwhile, Pilot Project 2 (PP2) were developed by Indonesia, Lao PDR and Philippines in August 2012 and implemented in 2013. In addition, Thailand and Vietnam joined the PP2 in 2015. As of May 2015, numbers of Certified Exporters in PP1 and PP2 are:

Countries	PP1	PP2
Brunei Darussalam	10	
Cambodia	In process of appointing CE	
Indonesia		10
Lao PDR		2
Malaysia	132	
Myanmar	In process of appointing CE	
Philippines		3
Singapore	59	
Thailand	121	In process of appointing CE
Vietnam		In process of appointing CE

Self-Certification is an export system that enables the CE to make an Invoice Declaration on the Origin of the products to be exported. The CE has to demonstrate their capacity to comply with the origin requirements to self-certify the originating status of goods in lieu of applying for a conventional Certificate of Origin (CO) from the issuing government authority. The core concept is shifting of the responsibility from the Government to the private sector.

The general qualifying requirements to be a CE for Malaysia are as follows:

- exporter is a manufacturer / trader, currently utilising Form D to Brunei, Singapore and Thailand;
- has good track record of ePCO utilisation for at least 12 months;
- not blacklisted by any agency e.g. Customs or MITI; and
- comply with ROO requirement.

Key benefits include:

- Government Authorities may cut down the administrative infrastructure and manpower to issue COs while exporters save on costs for obtaining COs;
- manufacturer has better knowledge on the origin of raw materials as well as the manufacturing process compared to the Issuing Authorities;
- no specimen signatures of authorised personnel needed to sign the document to be exchanged between ASEAN countries; and
- fast clearance of goods.

Major differences between PP1 and PP2 are:

Key Area of Differences	PP 1	PP 2
Definition of Certified Exporter	Manufacturers / Traders.	Manufacturers only.
Commercial document for declaration	- Commercial Invoice; or - Packing List; or - Delivery Order; or - Billing Statements.	Commercial Invoice only.
Numbers of <u>authorised</u> signatories per company	No limit.	Maximum of 3 persons.
Circulation of <u>authorised</u> signatories & list of products	None.	The list must be submitted to the ASEAN Secretariat and shared between participating countries in PP2.
Declaration by any exporter for total value of consignment <USD200 FOB	Allowed.	Not relevant.
Information required in Invoice Declaration	Standard clause to be inserted/stamped in the commercial document for declaration.	(i) Standard clause to be inserted/stamped in the commercial document for declaration; and (ii) HS codes; and (iii) Signature over printed name of the <u>authorised</u> signatory.
Back-to-Back Arrangement	Allowed.	Not allowed.
3 <sup>rd</sup> Country Invoicing	Allowed.	Not allowed.

#### Responsibilities of CE :

- (i) CE to submit number of Invoice Declarations to the Issuing Authority on quarterly basis;
- (ii) CE is still requires to apply Cost Analysis for each product which will valid for 2 years;
- (iii) Traders to have a MoU with manufacturers to ensure originating status of products;
- (iv) Officers from MITI and Royal Malaysian Customs may inspect their factory operations as and when required; and
- (v) Company to keep and maintain up-to-date accurate books and records for at least 3 years.

Failure to comply with the conditions may result in termination of registration as a CE.

In implementing the PP1, MITI has come across issues and challenges as follows:

- (i) not fully utilised by the CE; low confidence level by the Importers, resulting in preference of the ATIGA Form D over Self Certification;
- (ii) extra domestic requirements imposed by the receiving authority/importing country e.g. request for additional document/information on Cost Analysis, raw materials invoices, imposition of Bank Guarantee; and
- (iii) Certified Exporters lack of knowledge on procedures of Self-Certification and require continuous engagement and monitoring.

The success of the ASEAN-wide implementation of Self-Certification System will provide the ASEAN business community with the added advantage in managing the cost and time of doing business in the region. Thus, all ASEAN Member States are striving to address the difficulties and challenges in implementing the ASEAN-wide implementation of the Self-Certification by end of 2015.

Source: Trade Cooperation & Industry Coordination Section  
MITI





## The ASEAN Way

Raise our flag high, sky high  
Embrace the pride in our heart  
ASEAN we are bonded as one  
Look-in out to the world.  
For peace, our goal from the very start  
And prosperity to last.  
We dare to dream we care to share.  
Together for ASEAN  
we dare to dream,  
We care to share  
For it's the way of ASEAN.

“DRIVING Transformation, POWERING Growth”

Kindly click the link below for ASEAN song:  
<http://www.asean.org/asean/about-asean/asean-anthem>



WE ARE ASEAN 





## Malaysia and ASEAN gear up for AEC.....



“DRIVING Transformation, POWERING Growth”

### Comments & Suggestions

Dear Readers,

Kindly click the link below for any comments in this issue. MWB reserves the right to edit and to republish letters as reprints.

<http://www.miti.gov.my/index.php/forms/form/13>

