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MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

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'TPPA and You'

Seven Business Groups Express Support for TPPA

The Sun Daily, 21 January 2016

Several Malaysian business organisations have come out to endorse the Trans-Pacific Partnership Agreement (TPPA), calling on the government to take necessary steps to materialise the pact.

The business community was represented by seven organisations, including the Federation of Malaysian Manufacturers, Malaysian International Chambers of Commerce and Industry, Associated Chinese Chambers of Commerce and Industry of Malaysia, Malay Consultative Council, SME Association of Malaysia, Malay Businessmen and Industrialist Association of Malaysia and American Malaysian Chamber of Commerce.

FMM president Datuk Seri Saw Choo Boon yesterday announced its support at a joint industry press conference, calling it a "significant" agreement that will open foreign markets, boost exports and create more jobs.

"Our market is so small and if we only focus on the domestic market, there is no hope that we can ever progress. We need to play in the global arena to grow and prosper," he said, noting that 62% of the country's trade is already covered by the previous free trade agreements (FTAs).

"But if we are to continue to grow we need to expand our markets," he added.

Saw said TPPA will make Malaysia more attractive to foreign direct investments (FDIs) as the agreement enhances transparency and corporate governance, and accord investors better protection.

He noted that it is important for Malaysia to continuously attract FDIs in high technology and knowledge activities to help the country achieve high-income status by 2020.

Saw said 773 manufacturing projects started production in 2014, of which were 34.7% foreign owned. "These created 35,130 jobs, of which 25% or 8,700 were jobs at executive level requiring tertiary education."

Among the products that will benefit from duty-free access to the TPP countries are automotive, machinery and equipment, electrical and electronic goods, textiles and apparel and rubber products.

Under the TPPA, tariffs will be eliminated on 85% of Malaysia's trade with the new FTA partners, namely Canada, Mexico, Peru and the US.

"This will ultimately represent US$1.2 billion (RM5.2 billion) of tariff savings a year for Malaysian industries," Saw said.

In terms of national sovereignty, government procurement, state-owned enterprises and the bumiputra agenda, he said the government has managed to negotiate numerous exclusions and exemptions to safeguard the nation's and stakeholders' interests.

MITI Weekly Bulletin (MWB) Mobile Apps

MITI MWB APPs is now available on IOS, Android and Windows platform and is ready for download from the Gallery of Malaysian Government Mobile APPs (GAMMA).

Local Iron and Steel Industry Backs TPPA

The Malaysian Iron and Steel Industry Federation (MISIF) fully supports Malaysia's participation in the Trans Pacific Partnership Agreement (TPPA), saying that it provides opportunities for the Malaysian iron and steel manufacturers to advance further.

"We are pleased that the government has negotiated the market access and rules of origin (ROO) issues based on the mandate provided by MISIF. Hence, MISIF is fully supportive of the government's plan to be a participating country in the TPPA," president Datuk Soh Thian Lai said in a statement yesterday.

He also cautioned that a decision not to participate in the TPPA will result in Malaysian exporters being less competitive in the TPPA market because Malaysia will be excluded from enjoying the preferential tariffs compared with competing countries like Vietnam and Singapore.

"Presently, Vietnam is the largest exporter of iron and steel products among Asean countries. The impact of that disadvantage will be even more significant should countries such as China, Indonesia, South Korea, Taiwan, Thailand and other competitors decide to join the TPPA later," he said.

Soh also noted that the TPPA is expected to become a platform for the Free Trade Agreement for the Asia Pacific (FTAAP) involving 21 Apec member economies.

"By not being in the TPPA, Malaysia will not have a first mover advantage to write the rules and ensure Malaysian industries' interests are addressed. In short, joining at a later date will subject Malaysia to a 'one way accession process' and not on Malaysia's terms," he added.

Soh said the TPPA is not only about the advocating of trade liberalisation and free trade, but more importantly, it is to ensure that fair trade will also prevail.

"The provision of a chapter on Trade Remedies under the TPPA entailing various trade measure mechanisms will safeguard the accomplishment of this fair trade objective," he added.

The Sun Daily
20 January 2016

TPPA Crucial for Malaysia

Not being part of it will make country less attractive to investors

Malaysia will become significantly less attractive as an investment destination for multinational corporations (MNCs) if it does not become a signatory of the Trans-Pacific Partnership Agreement (TPPA), says investment promotion agency InvestKL.

The MNCs Malaysia has attracted so far come mostly from the United States, Japan and Singapore, all of whom have agreed to sign on to the agreement, thus signing on would make Malaysia and particularly Kuala Lumpur a more attractive investment destination.

Not signing, warned InvestKL chairman Datuk Seri Michael Yam, would make Malaysia only "a second choice" for investors who prefer access to larger markets that the TPPA can give access to.

He told StarBiz that investors could choose other countries in the region should Malaysia exclude itself from the trade pact. Last week, prominent Malaysian economist and former United Nations assistant secretary-general for economic development Professor Jomo Kwame Sundaram said Malaysian federal lawmakers should reject the TPPA as the trade pact only provided minimal economic growth.

There have also been concerns over national sovereignty as the Government would be obliged to compensate investors for losses of expected profits in binding private arbitration under the investor-state dispute settlement (ISDS) clause.

Yam said Malaysia had been an investment destination of choice in the region because of the infrastructure, economic-growth fundamentals and availability of talent.

"Given Malaysia's size and resources, we are ranked very high in terms of trading and bilateral trade. And we are there because we are a relatively open economy, our talent pool is good and we are able to do much better than many other countries.

"Are we saying that we are not prepared to compete, that we are not prepared for the challenge?" he asked.

"The question is, will our job be more difficult if we are not part of the TPPA? The answer would be, yes," Yap said, adding that out of the 50 MNCs brought in, 24 were from countries that had negotiated for the trade pact. Yam said the invesments that InvestKL brought in were committed to creating jobs with regional responsibilities for locals as well as transferring skills and technology know-how to the country.

To-date, 4,600 jobs have been created since June 2011 from the 7,600 planned by the investors who have set up their regional operations in Malaysia.

Yam said these jobs had deep multiplier effects on the economy as the employees of these firms were high-earning professionals. There has also been demand for office space in Kuala Lumpur and the greater metropolitan region due to these investors.

Yam revealed that up until the end of last year, RM1.7bil worth of business spending and investments have been realised out of the approved or committed investments of RM5.7bil. The rest would be invested gradually up to 2020.

"What we will now have is Malaysians who are able to secure higher pay and higher skilled jobs ... the upgrading of the standard of living of our local professionals, who we could have otherwise lost to Singapore or other countries," Yam added.

CIMB Investment Bank Bhd chief economist Maslynnawati Ahmad noted that Malaysia could not afford to be left out of either the TPPA or the Regional Comprehensive Economic Partnership (RCEP).

She pointed out that joining the TPPA at an earlier stage would help safeguard the nation's interests as the Government would be able to negotiate better terms for the country, especially on clauses regarding ISDS, state-owned enterprises, government procurement policy and labour.

"The case for joining has more to do with potential losses outweighing benefits in the event of not joining, including the intangible impact of carved-out issues," she said.

Starbiz
19 January 2016

Boosting Public, Market Sentiments

I AGREE with the prime minister that, in view of the challenging economic scenario for 2016, a recalibration of the Federal Government's budget is inevitable to take into account the continuous drop in the world price of crude oil. Thankfully, due to the fiscal reforms introduced last year, including the Goods and Services Tax and the removal of fuel subsidies, the country is better prepared to address the sharp fall in the price of crude oil and its impact on government revenue. We can expect that while the calibration may involve spending cuts to the budget for this year and possibly next year, too, the adjustment will not be too drastic, unlike in previous economic downturns.

Malaysia is confronted with poor sentiments among consumers due to the anticipated one-time effects of the GST and the depreciation of the ringgit, all feeding into the cost of living. There is a wait-and-see attitude in the private sector about how 1Malaysia Development Bhd issues will be resolved and when the political in-fighting will end. At the same time, the external economic outlook is not looking better. There are fresh worries about the sustainability of growth in the two largest economies in the world — the United States and China — and with the geopolitics in the conflict zones getting more complicated, there is a likelihood of greater volatility in the world economy. Despite these short-term worries, several Malaysian corporations are planning to increase their investments abroad in search of bigger markets and higher returns, as seen in the announcement by Khazanah Nasional Berhad recently.

The president of the Federation of Malaysian Manufacturers also said at the Malaysian Economic Association forum recently that many of its members were looking at external markets for growth, as Malaysia is too small a market for more expansion. Sixty per cent of its members are small- and medium-scale industries (SMEs). They, too, are looking abroad for new opportunities. It is therefore not surprising to see from the government statistics that we are already a capital-exporting country, with outflows of investments outpacing the inflows of foreign direct investments. This trend is clearly happening with the major government-linked companies such as Petronas, Employees' Provident Fund and Sime Darby, and several private sector corporations. Basically, they have no choice but to go abroad. The government itself is encouraging Malaysian corporations to become global champions. When they go abroad, they will choose the countries that are safe for their investments — countries that practise high standards of governance. One smart decision that the government can take to lift business spirits and give a helping hand to the Malaysian corporations venturing abroad is by joining the Trans-Pacific Partnership (TPP) agreement because this will open up opportunities to have access to the biggest trading block in the world. Investor sentiments will be encouraged that as a TPP country, Malaysia is showing a commitment to the high standards of governance that are becoming the common expectation in international trade.

Our corporations should not have a problem meeting the high TPP standards of doing business wherever they go because for the last 10 years, our regulatory authorities like the Securities Commission Malaysia, Bursa and Bank Negara Malaysia have been introducing guidelines on the codes of conduct and ethics, and integrity and transparency to raise the standards of governance in the corporate sector. Indeed, our standards are as high as those found in the most advanced countries. In Malaysia, it is mandatory for company directors and top executives to attend training on good corporate practices so that they can be prepared for the competition on the world stage and for attracting world class corporations to establish themselves in the country.

The TPP is the most comprehensive, high standard trade agreement to date as its provisions on governance make it binding on member countries, unlike the Asean Economic Community (AEC) agreement, which is loose on the obligations of member countries that business leaders are left wondering whether the AEC is serious about creating a regional free trade area. Although Malaysia should not ignore Asean, this regional economic community is not a substitute for the stronger TPP framework of trade in goods and services, which is governed by clear rules on transparency and integrity on the part of corporations and governments, so as to make the playing field level for all players. No doubt the TPP provisions on intellectual property rights, settlement of investor disputes (through the Investor-State Dispute Settlement), government procurement, minority rights, labour standards, human rights, etc go beyond trade issues, but in modern-day trade negotiations with developed countries, these are often the stumbling blocks for the West to open up their markets to developing countries that are in violation of these universal principles of justice and fair play.

Now that the TPP has laid down the rules, it will facilitate the flow of trade, as well as foreign investments to and from the developed countries. How much benefit this will bring to our gross domestic product (GDP) is a matter for discussion. Some estimates say the benefit will be minimal — only about one to two per cent additional growth, while other estimates say eight per cent. Malaysian manufacturers and exporters are saying that whatever the econometric models say about the benefits of TPP, the fundamental point is that when free trade opens the doors wider for business, our corporate leaders, including the SMEs, will know how to grab the opportunities that come their way, either locally or in foreign countries. Critics of TPP argue that since the governance standards require that member countries must allow a separate legal authority (the ISDS) to be set up to settle investor disputes with the host country, Malaysia will be sacrificing its sovereignty if we join the international trade treaty, especially as it is driven by the US for its own strategic reasons.

American and European multinationals have also been prolific in suing foreign governments, including Australia. Critics argue that our legal system is already good and should be allowed to sit in judgment when a foreign investor sues the government for breach of promise. They also recognise that there are flaws in our legal institutions, and lack of trust in our courts, which explain why, even now, most commercial agreements with foreign partners stipulate that the arbitration on commercial disputes be done outside Malaysia, preferably Singapore. These flaws, they argue, can be rectified by us internally without being forced to do so by outside parties. The truth is that, without outside pressure, it's unlikely Third-World countries will introduce the reforms to make their justice system independent and trustworthy, and since it is going to be difficult to make all countries raise their standards to the same high level of governance, the best solution is to have a separate system to deal with investment disputes involving foreign corporations. I think this is an acceptable arrangement, given the reality that most large corporations prefer to operate abroad in safe countries. Indeed, as our own corporations have said, they, too, would feel safer to be in TPP countries because of the ISDS provision, which is a much more binding requirement than in the other existing free trade agreements. It is these high standards of protection against abuse of power by host country governments that make the TPP superior to the free trade agreements that we have signed before with several countries.

The International Trade and Industry Ministry has explained that the ISDS under the TPP have incorporated several safeguards against frivolous and unfair claims against the governments of host countries, and that it will be more transparent to the public. These safeguards have been introduced at the insistence of the smaller countries in the final stages of the negotiations. I believe that members of parliament should support Malaysia signing up for the TPP because the broad political consensus will have a positive impact on public sentiments, which in turn will help to create the feel-good factor in the economy. With Malaysia committing itself to the high standards of governance under the TPP, this will give support to our sovereign ratings and help the ringgit strengthen to a level closer to its fair value. A more cheerful market sentiment is what we need in these trying times, especially for the working public. Many are now worried about their job security. When the mood in the market is more cheerful, workers will be less worried about retrenchment. Their families will be confident to spend more and with stronger consumer demand, this will help the country's GDP to grow, despite the external uncertainties. Parliament can help to boost public and market sentiments by voting for the TPP.

Tan Sri Mohd Sheriff Mohd Kassim
NST, 21 January 2016

Manufacturing and Business Chambers Say Govt Should Sign TPPA

More business groups have come out in support of the Trans-Pacific Partnership Agreement (TPPA), with seven different manufacturing and commerce bodies coming together to state their stance.

They were represented by the Federation of Malaysian Manufacturers (FMM), Malaysian International Chambers of Commerce and Industry (MICCI), Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and Malay Consultative Council (MPM).

Besides these groups, the SME Association of Malaysia, Malay Businessmen and Industrialist Association of Malaysia (Perdasama) and American Malaysian Chamber of Commerce (Amcham) was also present at the press conference.

"We are in the industry and we know what is happening. It is imperative that we ratify and become a member of the TPPA – we cannot afford to be excluded, given new economic dynamics," FMM president Datuk Seri Saw Choo Boon said.

"Based on the years of our practice and experience in the business sector, we are confident that the TPPA will bring significant benefits into the country. The signing is central to our aspirations to attain sustainable growth," Saw added.

In their joint statement, they said the signing of the TPPA was key to Malaysia's aspirations to move into the ranks of a high-income economy.

They said the cost benefit analysis studies by the Institute of Strategic and International Studies and PricewaterhouseCoopers further reaffirmed the TPPA's positive impact compared to the negative impacts to the local economy.

The seven bodies said the TPPA also promoted an atmosphere of transparency and predictability in investment rules and tariff concessions in all participating countries.

On allegations from some parties that the deal is not good for the country, Saw said these must be backed up by facts and not weak statements.

MPM's secretary-general Datuk Hasan Mad said those who opposed the deal were largely limited to academic circles. "We speak on behalf of the industry players," Hasan said.

Notably, the manufacturers said they were supporting the trade pact despite knowing that labour costs could go up.

"Labour is one of the areas that is covered by the TPP, and the aims of that chapter on labour are very honourable. We must protect the welfare of workers and we must ensure that workers get proper treatment and that their rights are protected," Saw said.

"This is something that we cannot avoid. In fact, if you look at how we treat foreign workers in Malaysia, we should feel ashamed of ourselves. We expect wages of workers to go up. One of the problems of this country today is not the cost of living but rather the level of wages, which is very low," he added.

Rebutting concerns that small and medium enterprises (SMEs) will suffer from the deal, ACCCIM's deputy secretary-general 2 Michael Chai said there would always be a fixed number of SMEs that would cease operations every year and that this was a natural process even without the TPPA.

"Some SMEs may not be able to cope due to increased competition or being in the wrong industry. But even though there will be closures, new SMEs will also be formed to cater for new industries. This is the natural process of things," Chai said.

The Star, 21 January 2016

MITI has published a booklet on Trans-Pacific Partnership Agreement (TPPA). The PDF version can be read here:

http://fta.miti.gov.my/miti-fta/resources/Text%20Of%20

World Economic Forum 2016 - Davos Investors Remain Confident in the Malaysian Economy

The Minister of International Trade and Industry, YB Dato' Sri Mustapa Mohamed hosted a business luncheon jointly organised by MITI, MIDA and the Swiss-Asian Chamber of Commerce. It was attended by 56 foreign business executives and 20 leading Malaysia's corporate figures. The international corporate leaders and investors were from a wide range of industries including oil & gas, chemicals & petrochemicals, machinery & equipment, healthcare services, financial services, engineering services and construction services. Notable Malaysian business leaders include Datuk Wan Zulkiflee, CEO and President of Petronas, Tan Sri Azman Mokhtar, Managing Director of Khazanah Nasional, Dato' Izzaddin Idris, CEO of UEM Group, Dato' Rohana Rozhan, CEO of Astro and Dato' Vijay Eswaran of QI Group. This was truly a joint effort to showcase what Malaysia can offer to international businesses and investors.

Dato' Sri Mustapa shared the latest updates on the Malaysian economy and highlighted measures undertaken to strengthen the fiscal and monetary position in mitigating the current economic situation. In addition, he stressed that Malaysia is always open and conducive for business. Approved investments to Malaysia continued to be strong with USD34.4 billion in the first 9 months of 2015. This can be attributed to investors' confidence in Malaysia given the politically stable climate since independence as well as continuity and certainty of policies. The successful execution of the government and economic transformation plans has contributed to Malaysia's macroeconomic stability, improved governance and integrity. Malaysia does have world class infrastructure. Our economic diversity and broad-based exports give the country a certain level of resilience in facing the current challenges from low oil prices and slower global economic growth. Manufacturing industry continues to play an important role in driving the economy.

Dato' Sri Mustapa also emphasized that Malaysia is committed towards ASEAN's economic integration and the Trans-Pacific Partnership (TPP). These economic partnerships will make Malaysia more attractive to foreign investments. Many investors and corporate leaders at Davos were optimistic on the potential benefits of TPP and ASEAN Economic Community (AEC) given the improvement in market access and reductions in trade barriers for their businesses and investments in Malaysia.

In the true Davos culture of debate and knowledge sharing, both Malaysian and international leaders shared their experience in doing business in Malaysia. Guest speaker Felix Sutter, partner at PwC Switzerland commented on the difference between the perception and reality in Malaysia. In his view, Malaysia had truly world-class infrastructure rivaling many European countries. Malaysia's diverse culture enables companies to better link to different markets around the world and makes Malaysia a strategic location for multinational companies. Our skilled workforce is also an added advantage.

A leading healthcare CEO in Asia spoke about how the other developing markets can emulate best practices and state of the art medical facilities from leading Malaysian healthcare providers. A number of leading oil and gas executives were upbeat on the potential of Pengerang as a major global petrochemical hub in the next 5 years and some are looking forward to increase their investments in this sector. The participants were also bullish on investments in the retail space given Malaysia's relatively young demographics. They acknowledged the excellent support and facilitation from the relevant Government ministries and agencies such as MIDA.

There is no substitute for being on the ground when investing and expanding their business overseas. Hence, at the end of the event, YB Dato' Sri Mustapa invited all the luncheon guests to visit Malaysia as well as participate in the World Economic Forum East Asia 2016 scheduled to be held on 1 to 2 June 2016 in Kuala Lumpur.

Ministry of International Trade and Industry, 21 January 2016

Malaysian Exports to Benefit from EU Import Tariff De-Regulation

Malaysian exporters may gain from a recent decision by the European Union (EU) to review its autonomous tariff suspensions and quotas to the EU from 1 January 2016 onwards.

Beginning this year, the EU implemented autonomous tariff suspension for 2,433 products (increased from approximately 1600 products in 2011) and autonomous tariff quota for 113 products (increased from 84 products in 2013).

Tariff suspensions and quotas are part of the EU's autonomous liberalisation schemes, and provide temporary exceptions to the EU's application of normal customs duty rate to goods imported into the EU. It usually lasts for a period of five years.

The implementation of these policies can expand opportunities for Malaysian exporters in sectors including automotive parts, boards and panels equipped with switchboards, clothing and apparels, furniture, glass fibres, miscellaneous loudspeakers/headphones, palm oil, plastic products, as well as television parts.

In principle, these tariff suspensions and quotas will impact these sectors for the exports of raw materials, semi-finished goods and components. The tariff suspensions and quotas, are however, not provided for finished products.

The Ministry of International Trade and Industry (MITI) said Malaysian exporters should take advantage of these new measures to further expand their market access in Europe. Malaysian exporters can leverage on MITI's office in Brussels as well as MATRADE offices in Europe, namely in London, Frankfurt, Milan, Warsaw, Paris and Rotterdam for facilitation and support.

MITI said that the new measures would especially benefit Malaysian exporters who currently focus on exports of parts and components such as those involved in the automotive and electrical and electronic sectors. The furniture sector which in the past was focused on exports of finished products into EU can leverage on this new rules to strengthen exports of parts and components related to the furniture sector.

Tariff suspensions and quotas were first introduced by the EU Commission in 1998. Since then, the lists of eligible products have been periodically reviewed, where recent reviews were held in 2011 and 2013.

These autonomous measures are aimed at providing EU enterprises with increased access to inputs, by importing goods at zero or reduced duty rates.

Details of these measures can be obtained from:

(i) Autonomous tariff suspension

(ii) Autonomous tariff quota

Ministry of International Trade and Industry, 27 January 2016

MALAYSIA

Labour Market, November 2015

Working Age Population[1]
21,207,200

Labour Force
14,352,400

Labour Force Participation Rate[2] (%)
67.7

Outside Labour Force[3]
6,854,800

Labour Force
14,352,400

Employed
13,899,200

Unemployed
453,300

Unemployment Rate[4] (%)
3.2

Notes : [1]Age between 15 to 64 years
[2]Labour force participation rate is defined as the ratio of labour force to the working age population, expressed as percentage.
[3]All persons not classified as employed or unemployed such as housewives, students (including those going for further studies), retired, disabled persons and those not interested in looking for job.
[4] Unemployment rate is the proportion of unemployed population to the total population in labour force.

Source : Department of Statistics, Malaysia

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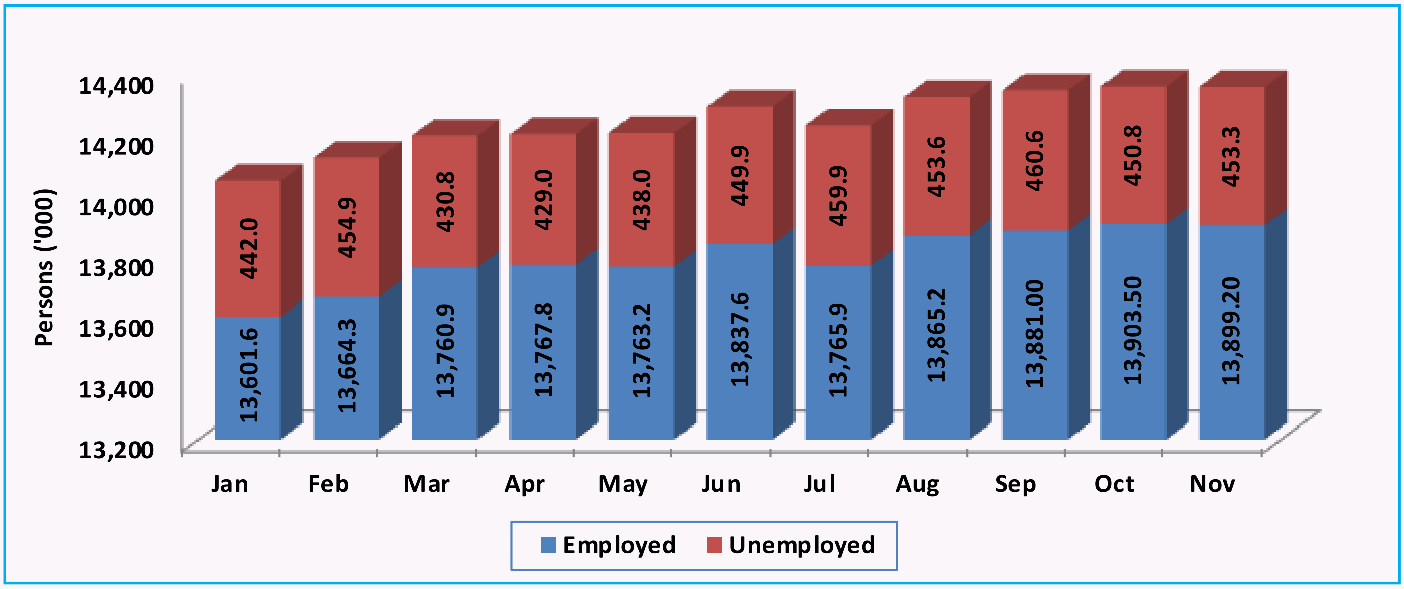
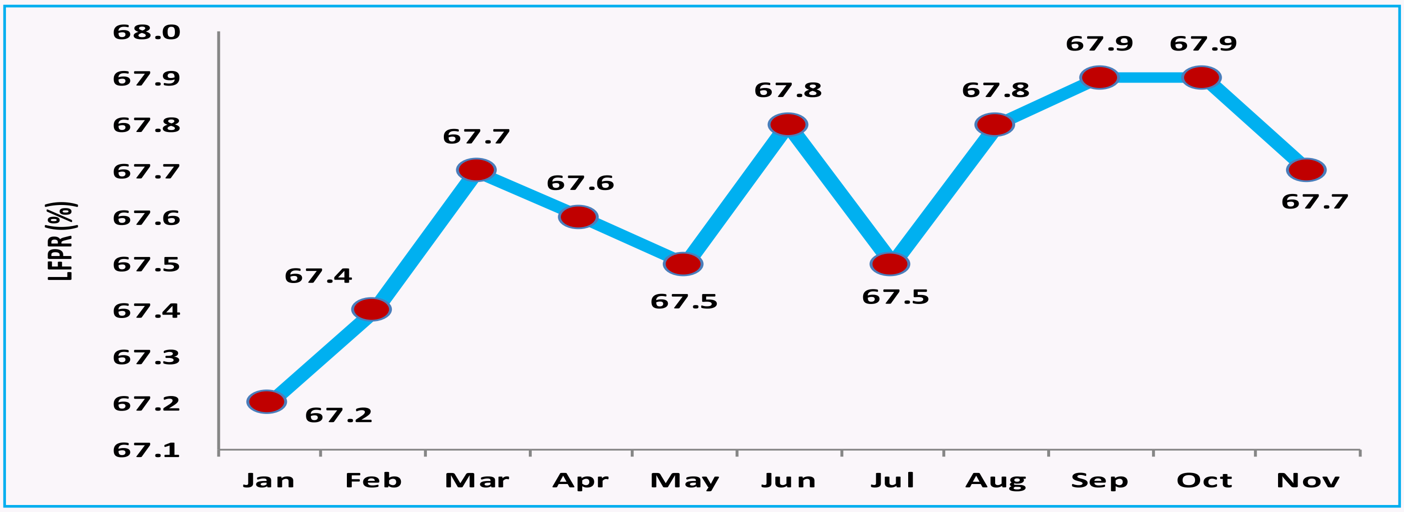
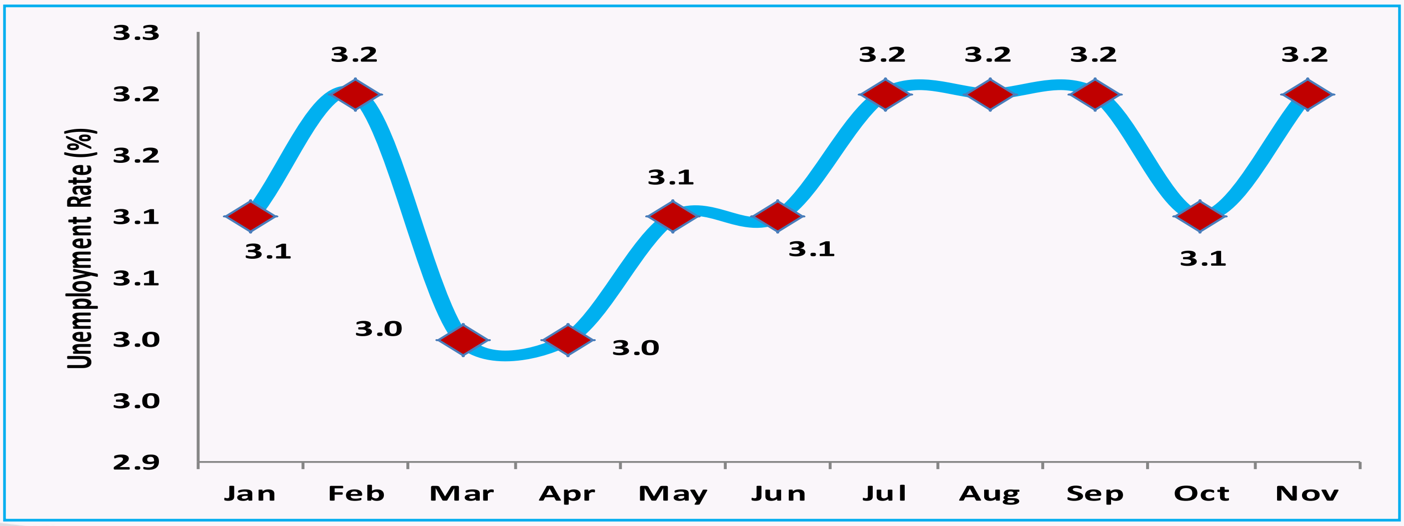
Labour Force, January - November 2015



Labour Force Participation Rate (LFPR), January - November 2015



Unemployment Rate, January - November 2015



Source : Department of Statistics, Malaysia

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Petroleum and Gas Statistics 2014

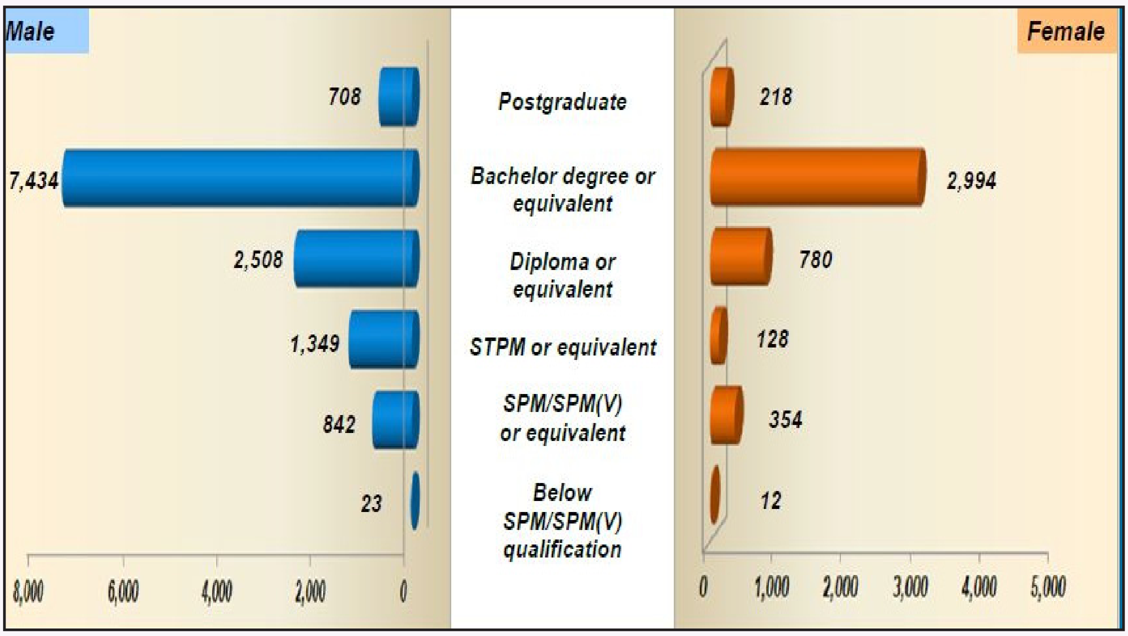
Principal Statistics of Petroleum and Natural Gas Mining Industry

	Gross output (RM billion)	Intermediate input (RM billion)	Value added (RM billion)	Total employment	Salaries & wages (RM billion)	Value of fixed assets (RM billion)
2014	119.1	15.5	103.6	17,350	4.9	239.8
2013	115.1	16.8	98.3	16,355	4.2	185.5
Annual growth rate %	3.4	- 7.8	5.4	6.1	18.6	29.2

Number of Employees and Salaries & Wages by Category of Wokers

	Managerial and professional	Technicians and associate professionals	Clerical and related occupations	Production/ operative workers-directly employed	Production/ operative workers-labour contractors	Elementary workers	Total
Employees	9,389 (54.1%)	4,998 (28.8%)	1,482 (8.6%)	964 (5.6%)	232 (1.3%)	285 (1.6%)	17,350
Salaries & wages (RM million)	3,549.6 (72.0%)	970.5 (19.7%)	174.1 (3.5%)	176.3 (3.6%)	37.9 (0.8%)	22.2 (0.4%)	RM4,930.6
Average annual salary received (RM)	RM378,064	RM194,181	RM117,442	RM182,916	RM163,427	RM77,758	RM284,186

Number of Employees by Gender and Academic Qualification



Source : Department of Statistics, Malaysia

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'ASEAN and You'

ASEAN Special Committee Meeting (Part 1)

GOALS OF THE SPECIAL MEETING OF THE COMMITTEE OF THE WHOLE (COW)

The Special Meeting of the Committee of the Whole (COW) for ASEAN Economic Community, together with the High Level Task Force on Economic Integration (HLTF-EI), aims to achieve the following goals:

a) Align all parties (HLTF-EI, SEOM and sectoral bodies) with the bigger picture of the AEC, as well as discuss cross-cutting issues.

b) Facilitate discussion for participants to give feedback on the action plans of sectoral bodies i.e. unfinished AEC 2015 measures and key priorities for implementation in 2016.

c) Finalize the approach and format for the Strategic Action Plan (which includes making decisions on planning sessions, monitoring mechanisms, engaging the private sector, funding and implementation.

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AEC TIMELINE

AEC 2025

- 2015 – Formal Establishment of the AEC
- 2013 – ASEAN Comprehensive Investment Agreement (ACIA) entry into force
- 2010 – ASEAN Trade in Goods Agreement (ATIGA) entry into force
- 2008 – ASEAN Charter adopted
- 2007 – AEC Blueprint adopted
- 2003 – Bali Concord III (ASEAN Community) signed
- 1997 – ASEAN Vision 2020 adopted
- 1995 – ASEAN Framework Agreement on Services (AFAS) signed
- 1993 – ASEAN Free Trade Area (AFTA) entry into force
- 1967 – Birth of ASEAN

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THE CHARACTERISTICS AND ELEMENTS OF ASEAN ECONOMIC COMMUNITY BLUEPRINT 2025

The AEC Blueprint 2025 builds on the AEC Blueprint 2015 to further deepen economic integration in the region. The AEC 2025 consist of five interrelated and mutually reinforcing elements:

- A Highly Integrated and Cohesive Economy (or: **Cohesive**).
- A Competitive, Innovative and Dynamic ASEAN (or: **Competitive**).
- Enhanced Connectivity and Sectoral Cooperation (or: **Connectivity**).
- A Resilient, Inclusive, People-Oriented and People-Centred ASEAN (or **Centered on People**).
- A **Global ASEAN.**

To date ASEAN is the 3rd largest economy in Asia, the 7th largest economy in the world, and the 3rd largest market in the world with 622 million people. The focused efforts from sectoral bodies to integrate these five elements will enhance ASEAN's collective economic strength.

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SECTORAL BODIES UNDER THE AEC PILLAR (TOTAL 19)

1. Senior Economic Officials Meeting (SEOM).
2. ASEAN Committee on Consumer Protection (ACCP).
3. ASEAN Working Group on Intellectual Property Cooperation (AWGIPC).
4. ASEAN Experts Group on Competition (AEGC).
5. ASEAN Consultative Committee for Standards and Quality (ACCSQ).
6. ASEAN Directors-General of Customs Meeting (Customs DG).
7. Coordinating Committee on ATIGA (CCA).
8. Coordinating Committee on Services (CCS).
9. Coordinating Committee on Investment (CCI).
10. ASEAN Small and Medium Enterprise Agencies Working Group (ASEAN SMEWG).
11. ASEAN Finance and Central Bank Deputies' Meeting (AFCDM).
12. ASEAN Community Statistical System (ACSS) Committee.
13. Senior Officials Meeting – ASEAN Ministers on Agriculture & Forestry (SOM-AMAF).
14. ASEAN National Tourism Organisations (ASEAN NTOs).
15. ASEAN Senior Officials Meeting on Mineral (ASOMM).
16. Senior Officials Meeting on Energy (SOME).
17. Senior Transport Officials Meeting (STOM).
18. Telecommunications and Information Technology Senior Officials Meeting (TELSOM).
19. Committee on Science and Technology (COST).

In the implementation of AEC 2025, do we need to maintain OR create new sectoral bodies ?

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......to be continued

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International Report

Global Talent Competitiveness Index 2015-2016 Rankings

Country (score)	Rank
Switzerland (72.648)	1
Singapore (71.456)	2
Luxemborg (69.978)	3
USA (67.902)	4
Denmark (67.865)	5
Sweden (66.621)	6
UK (66.597)	7
Norway (66.339)	8
Canada (65.346)	9
Finland (65.333)	10
Malaysia (54.039)	30
Philippines (44.229)	56
Thailand (40.985)	69
Viet Nam (37.728)	82
Indonesia (34.365)	90

As witnessed in the first edition of the GTCI, talent competitiveness is quite closely correlated with wealth. Countries with a high GDP per capita are generally more talent-competitive than countries with lower levels of income. Not surprisingly, rich countries tend to have better systems of higher education, and a greater ability to attract and retain foreign talents through better quality of life and higher remuneration.

Source: The Global Talent Competitiveness Index, 2015-16

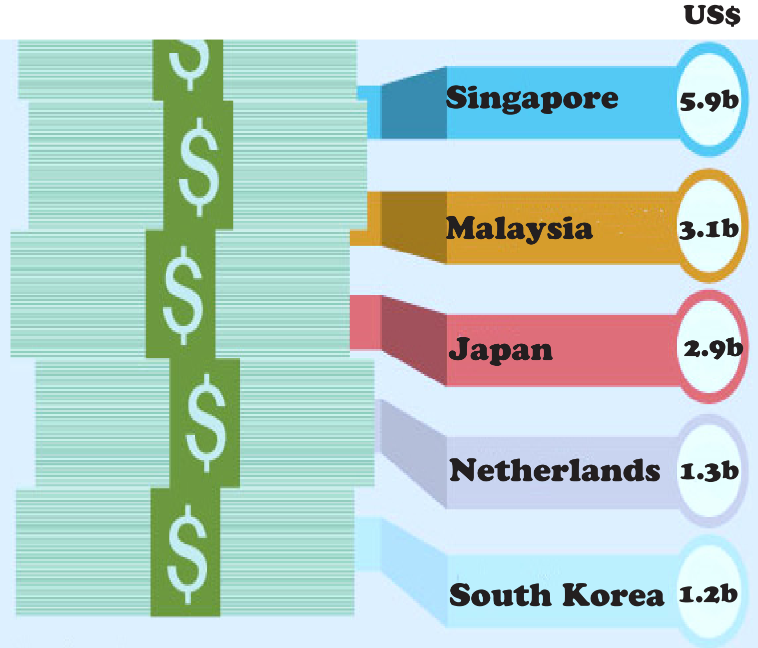
Indonesia Investment Performance 2015

Total Investment US$43.63b

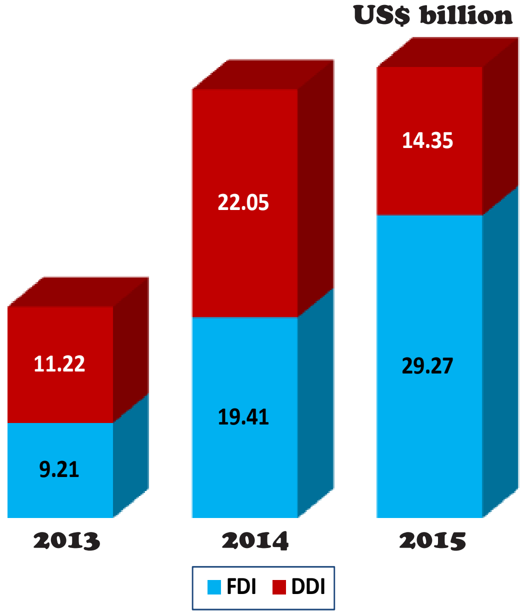
Domestic Direct Investment US$14.35b

Foreign Direct Investment US$29.27b

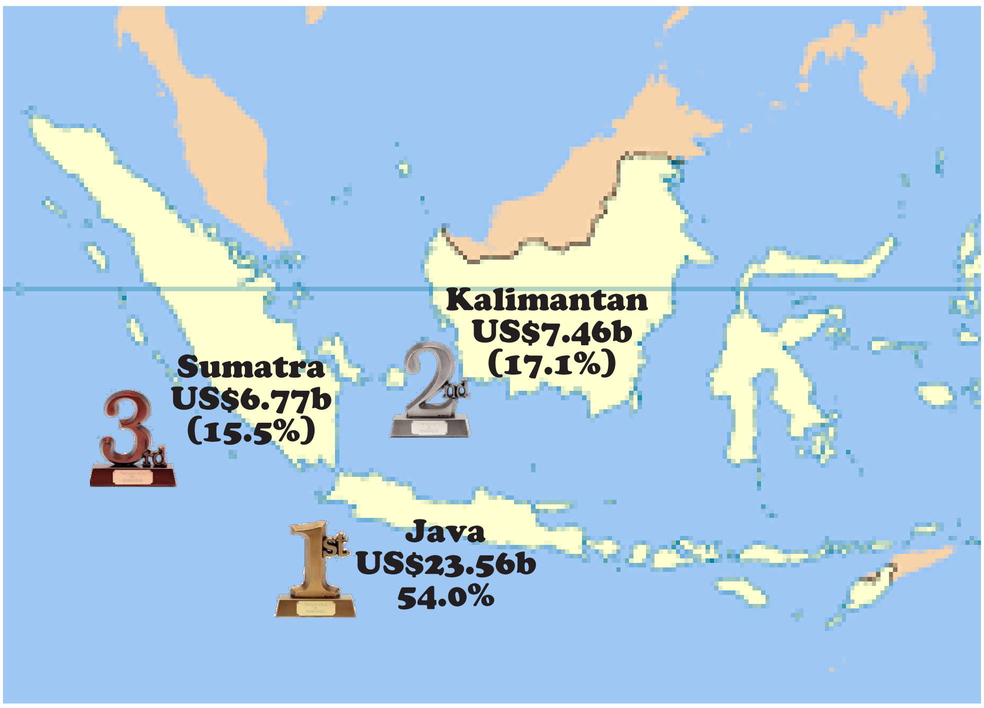
Top Five FDI 2015



Realised Investment 2013-2015



Top Three Investment Locations 2015



Source : Indonesia Investment Coordinating Board

DID YOU KNOW?

Asian Infrastructure Investment Bank (AIIB)

57 Members of AIIB:

1. France
2. Switzerland
3. Austria
4. Luxembourg
5. Germany
6. Netherlands
7. Poland
8. Malta
9. Georgia
10. Azerbaijan
11. UAE
12. Qatar
13. Kuwait
14. Tajikistan
15. Saudi Arabia
16. Sri Lanka
17. India
18. Bangladesh
19. Myanmar
20. Laos
21. Thailand
22. Viet Nam
23. Cambodia
24. Malaysia
25. Brunei
26. New Zealand
27. Australia
28. Brazil
29. China
30. Denmark
31. Egypt
32. Finland
33. Iceland
34. Indonesia
35. Iran
36. Israel
37. Jordan
38. Kazakhstan
39. Kyrgyzstan
40. Maldives
41. Mongolia
42. Nepal
43. Norway
44. Oman
45. Pakistan
46. Philippines
47. Portugal
48. ROK
49. Singapore
50. South Africa
51. Spain
52. Sweden
53. Turkey
54. UK
55. Russia
56. Uzbekistan
57. Italy

What is the Asian Infrastructure Investment Bank?

The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank (MDB) conceived for the 21st century. Through a participatory process, its founding members are developing its core philosophy, principles, policies, value system and operating platform. The Bank's foundation is built on the lessons of experience of existing MDBs and the private sector.

Its modus operandi will be lean, clean and green.;

i. lean, with a small efficient management team and highly skilled staff;
ii. clean, an ethical organization with zero tolerance for corruption; and
iii. green, an institution built on respect for the environment.

The AIIB will put in place strong policies on governance, accountability, financial, procurement and environmental and social frameworks.

More information on AIIB are available at http://www.aiib.org/

Number and Value of Preferential Certificates of Origin (PCOs)

Number of Certificates (Provisional data)

	29 Nov 2015	6 Dec 2015	13 Dec 2015	20 Dec 2015	27 Dec 2015	31 Dec 2015	3 Jan 2016	10 Jan 2016
AANZFTA	870	683	863	518	516	812	1,065	929
AIFTA	593	656	732	649	411	672	613	646
AJCEP	175	169	178	205	72	247	244	217
ATIGA	4,591	4,552	4,782	3,995	2,891	3,873	4,100	4,570
ACFTA	1,611	1,659	1,673	1,541	989	1,555	1,432	1,383
AKFTA	875	935	770	772	573	691	820	865
MICECA	252	302	280	239	224	277	287	284
MNZFTA	9	8	18	1	2	3	12	13
MCFTA	69	34	60	39	16	44	71	66
MAFTA	466	424	449	281	294	326	570	463
MJEPA	873	875	674	647	528	913	836	898
MPCEPA	119	122	197	169	106	145	139	177
GSP	81	93	166	104	94	103	134	165
MTFTA	208	222	174	163	120	187	282	196

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

ASEAN - AUSTRALIA - NEW ZEALAND Free Trade Area

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)

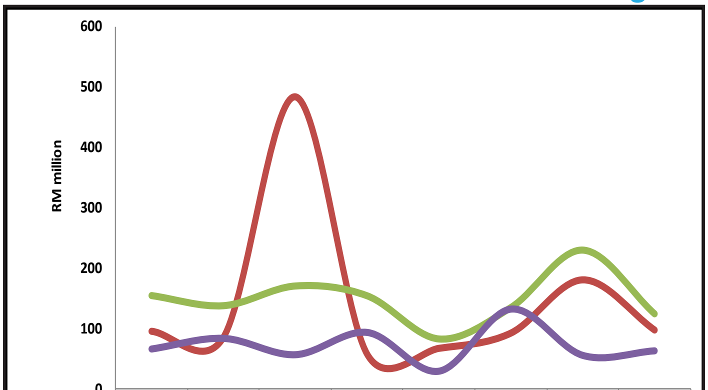
MNZFTA: Malaysia-New Zealand Free Trade Agreement (Implemented since 1 August 2010)

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

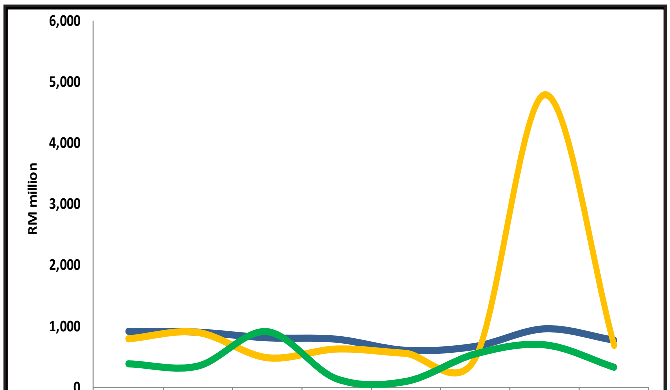
MAFTA: Malaysia-Australia Free Trade Agreement (Implemented since 1 January 2013)

MTFTA: Malaysia-Turkey Free Trade Agreement (Implemented since 1 August 2015)

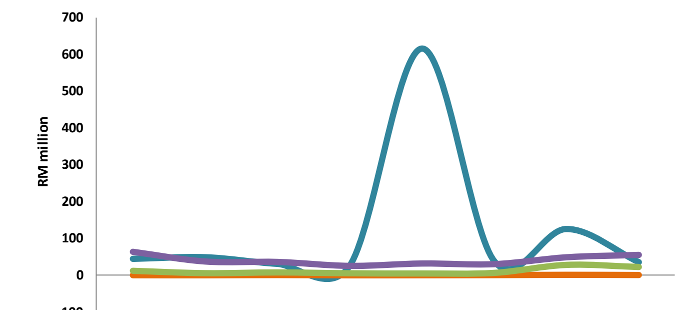
Value of Preferential Certificates of Origin



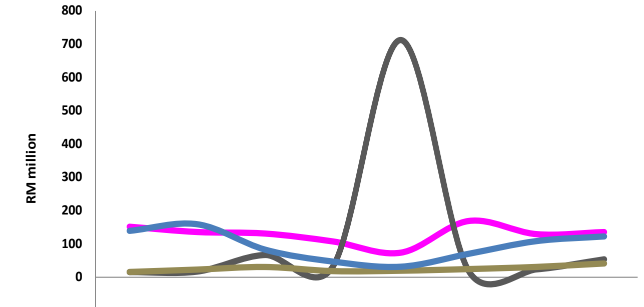
	29 Nov	6 Dec	13 Dec	20 Dec	27 Dec	31 Dec	3 Jan	10 Jan
AANZFTA	95	85	483	58	67	92	181	98
AIFTA	155	138	170	154	83	135	230	124
AJCEP	66	84	57	94	29	132	56	63



	29 Nov	6 Dec	13 Dec	20 Dec	27 Dec	31 Dec	3 Jan	10 Jan
ATIGA	915	902	809	786	604	668	956	769
ACFTA	792	896	483	625	553	476	4,788	684
AKFTA	383	345	909	138	95	545	694	326



	29 Nov	6 Dec	13 Dec	20 Dec	27 Dec	31 Dec	3 Jan	10 Jan
MICECA	44.69	49.06	31.11	26.04	615.68	38.42	125.81	35.69
MNZFTA	0.23	0.11	0.70	0.02	0.19	0.51	1.30	0.78
MCFTA	12.11	5.72	7.77	5.45	4.87	6.54	28.29	22.56
MAFTA	63.78	37.50	36.28	25.58	32.00	30.26	48.95	55.37



	29 Nov	6 Dec	13 Dec	20 Dec	27 Dec	31 Dec	3 Jan	10 Jan
MJEPA	151	135	131	107	73	168	129	135
MPCEPA	15	16	66	32	711	19	23	53
GSP	15	22	30	18	19	24	30	41
MTFTA	139	158	82	46	31	70	108	122

Source: Ministry of International Trade and Industry, Malaysia

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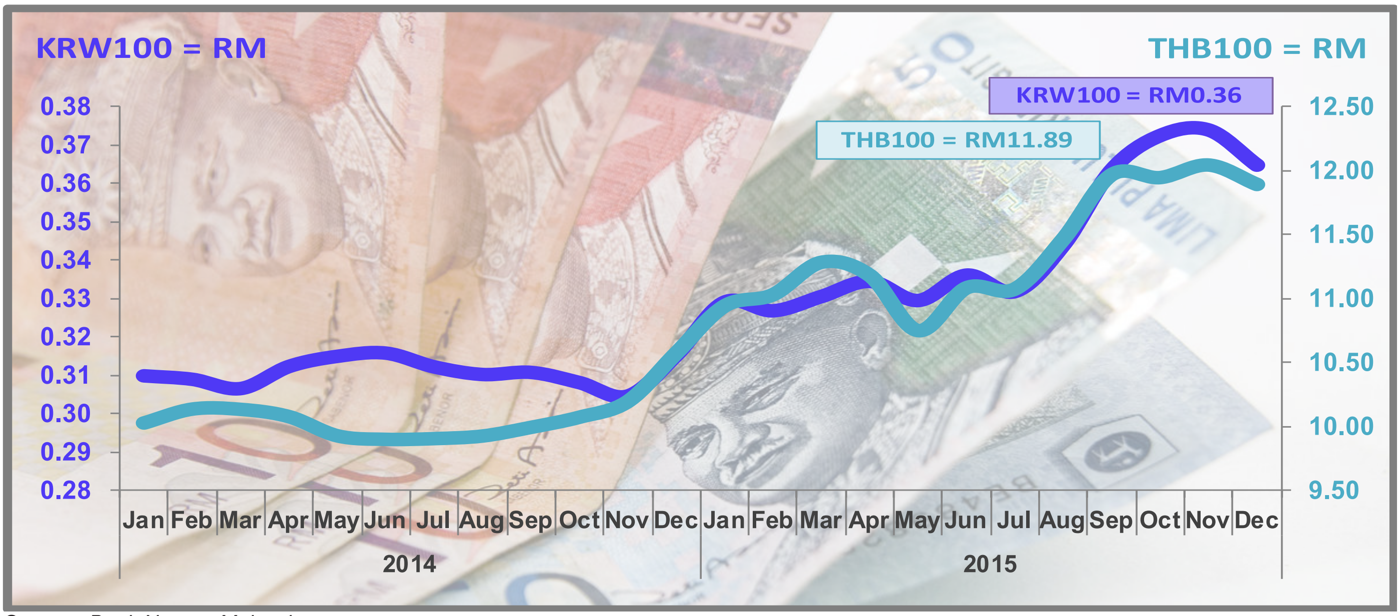
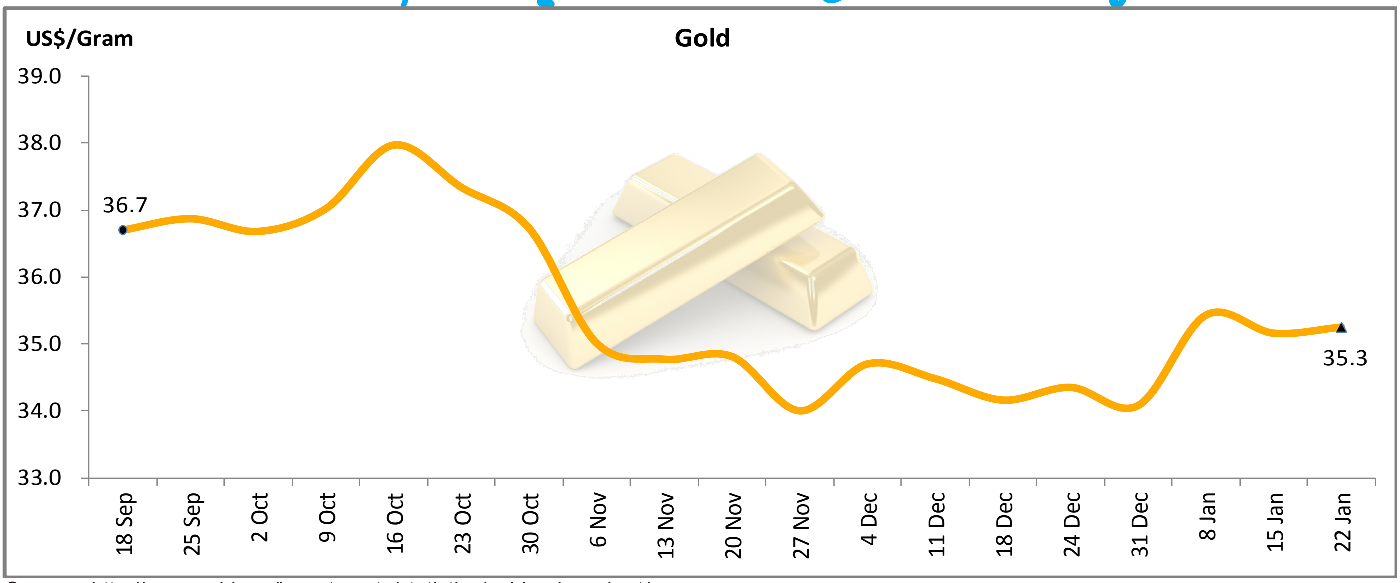
Malaysian Ringgit Exchange Rate with South Korean Won and Thai Baht



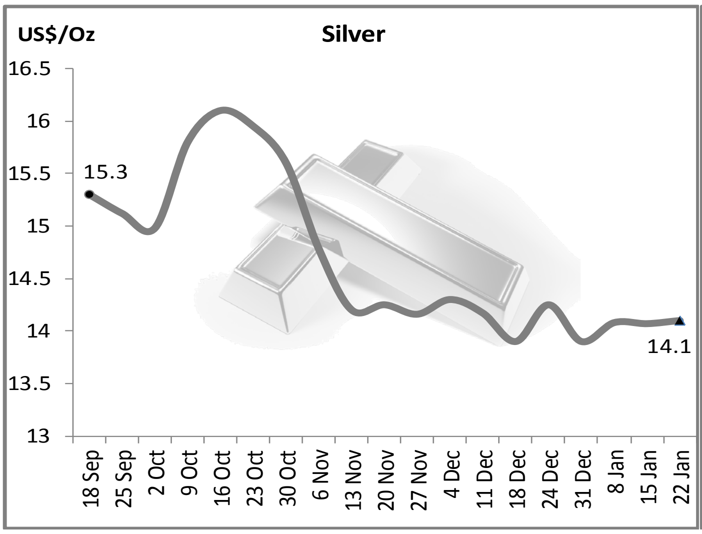
Source : Bank Negara Malaysia

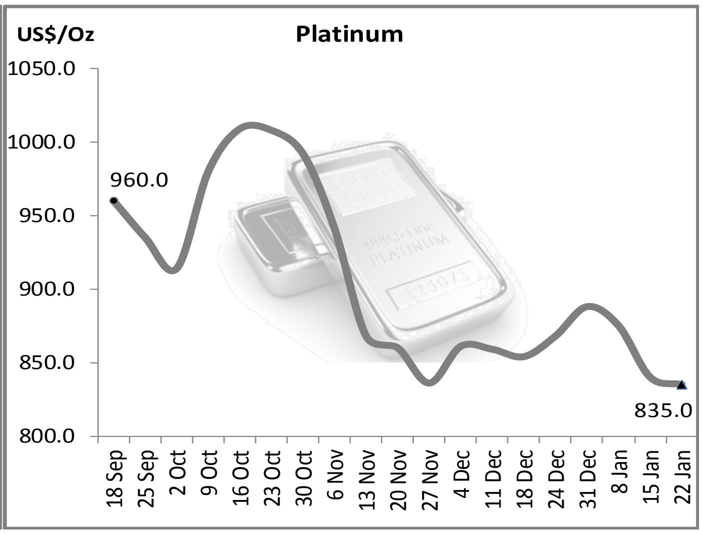
Gold Prices, 18 September 2015 - 22 January 2016



Source : http://www.gold.org/investments/statistics/gold_price_chart/

Silver and Platinum Prices, 18 September 2015 - 22 January 2016





http://online.wsj.com/mdc/public/page/2_3023-cashprices.html?mod=topnav_2_3023

Commodity Prices

Commodity	Crude Petroleum (Brent) (per bbl)	Crude Palm Oil (per MT)	Sugar (per lbs.)	Rubber SMR 20 (per MT)	Cocoa SMC 2 (per MT)	Coal (per MT)	Scrap Iron HMS (per MT)
22 Jan 2016 (US$)	32.2	546.0	14.4	1,118.5	1,959.4	47.7	200 (high) 170 (low)
% change*	↑ 11.2	↑ 0.1	↓ 3.4	↑ 3.4	↑ 5.6	↓ 0.3	unchanged unchanged
2015[i]	36.9 - 66.8	616.9	13.2	1,364.3	2,077.0	49.9	239.6
2014[i]	59.5 - 114.8	823.3	16.6	1,718.3	2,615.8	59.8	370.0

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

n.a Not availble

Highest and Lowest Prices, 2015/2016

Crude Petroleum (Brent) (22 Jan 2016) US$32.2 per bbl

Highest (US$ per bbl)

2016
8 Jan 2016: 33.6

2015
15 May 2015: 66.8

Lowest (US$ per bbl)

2016
15 Jan 2016: 28.9

2015
18 Dec 2015: 36.9

Crude Palm Oil (22 Jan 2016) US$546.0 per MT

Highest (US$ per MT)

2016
8 Jan 2016: 566.9

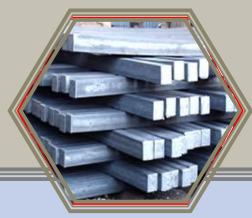
2015
16 Jan 2015: 701.0

Lowest (US$ per MT)

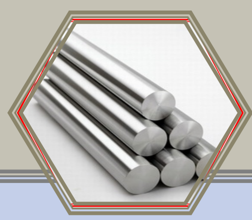
2016
15 Jan 2016: 545.5

2015
4 Sep 2015: 500.5

Average Domestic Prices, 8 Jan 2016



Billets
(per MT)
RM1,150 - RM1,200



Steel Bars
(per MT)
RM1,450 - RM1,550

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.

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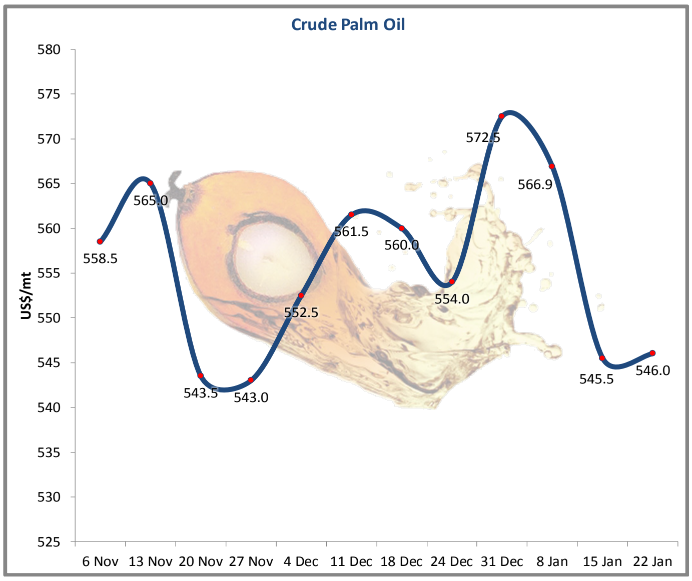
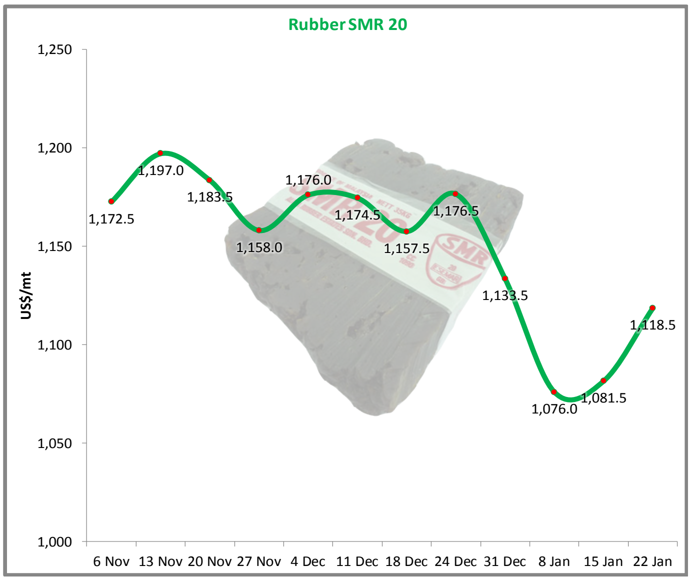
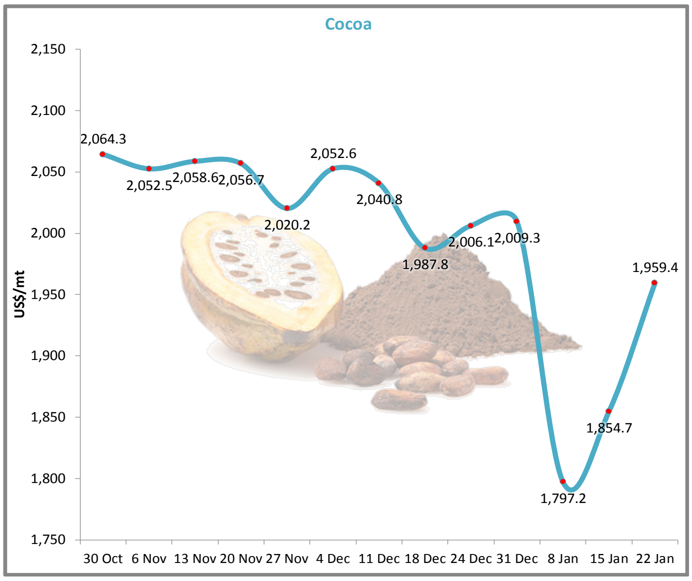
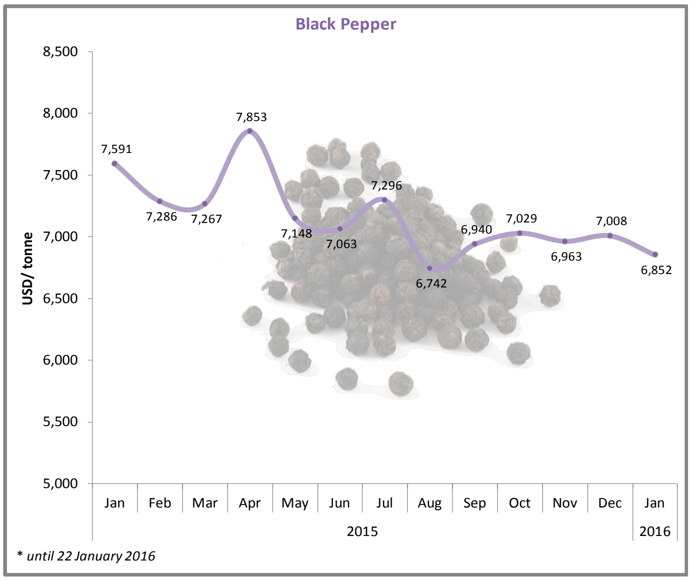
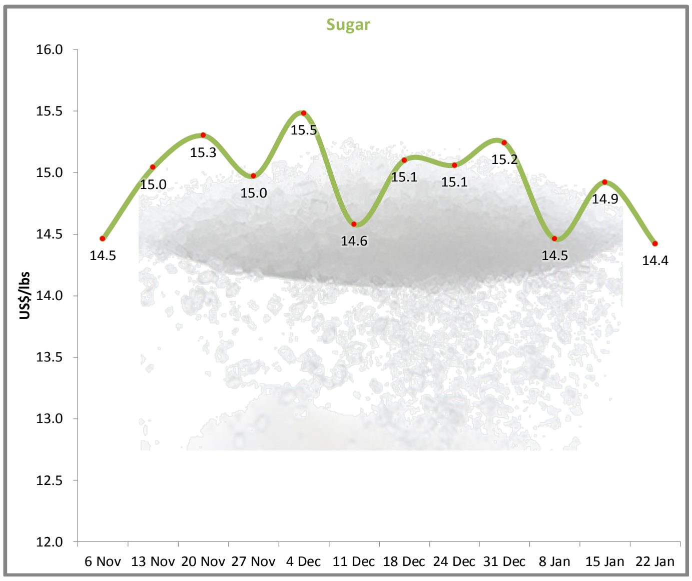
Commodity Price Trends

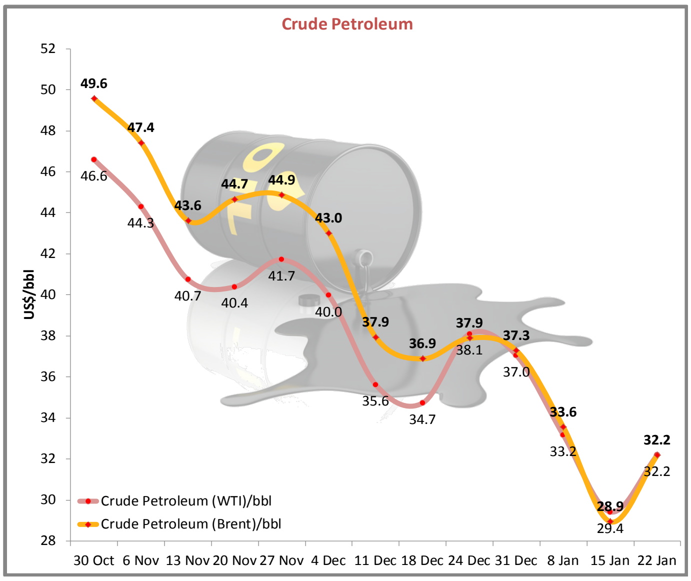






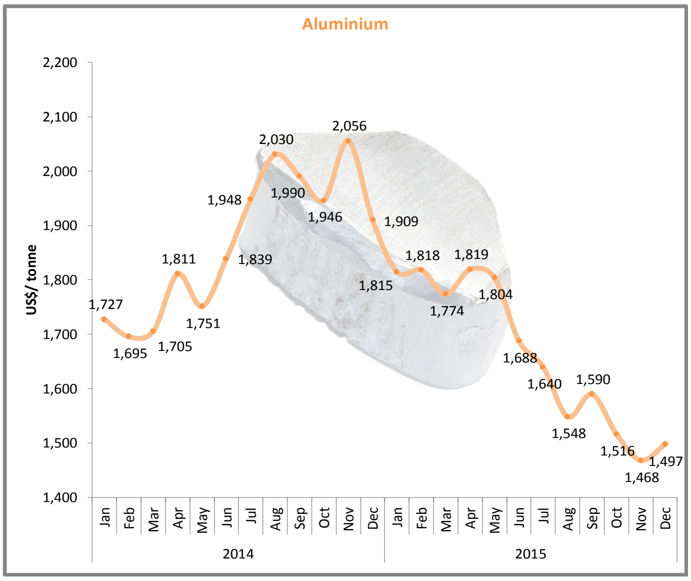


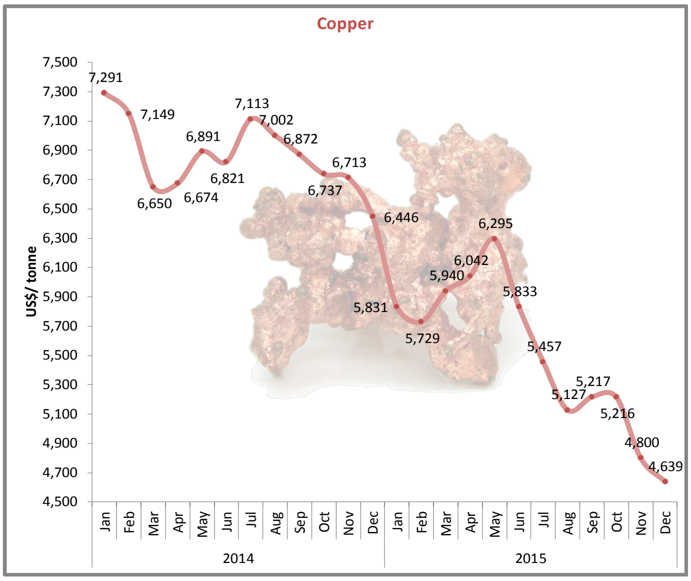


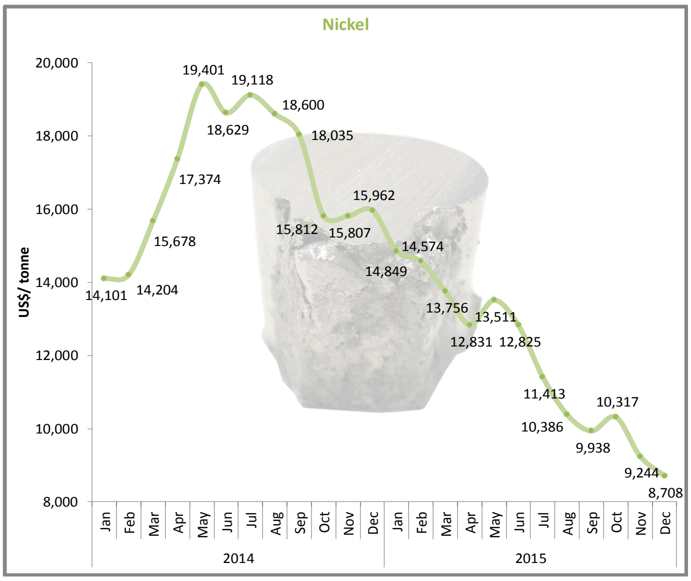


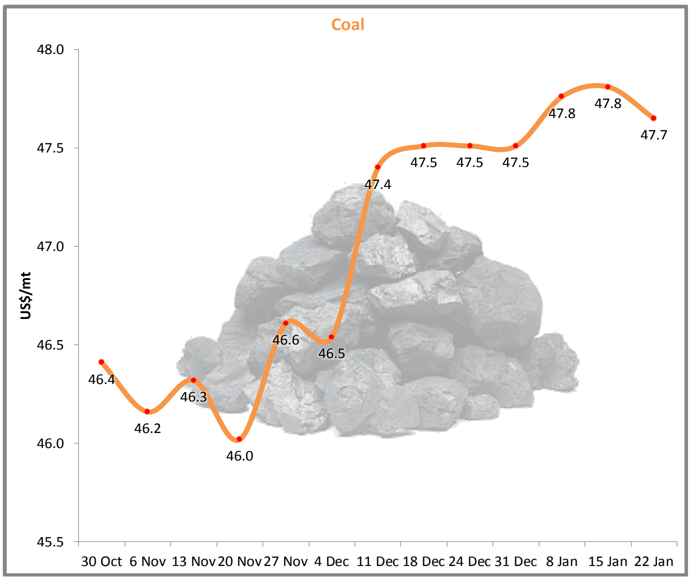
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

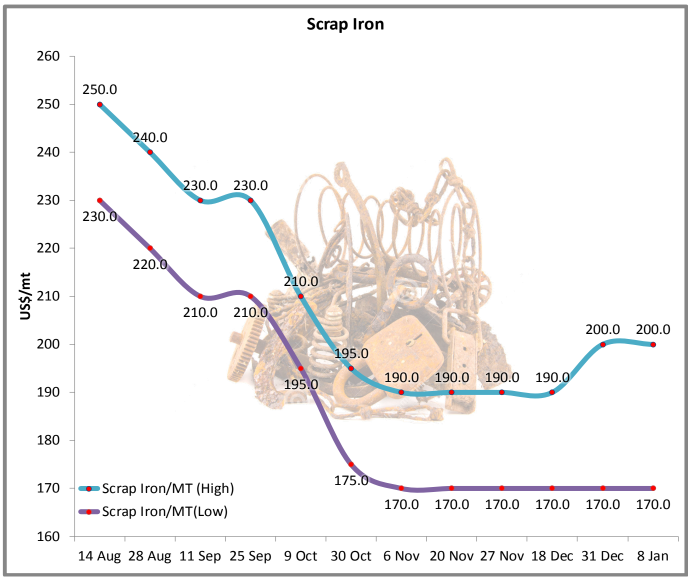
Commodity Price Trends

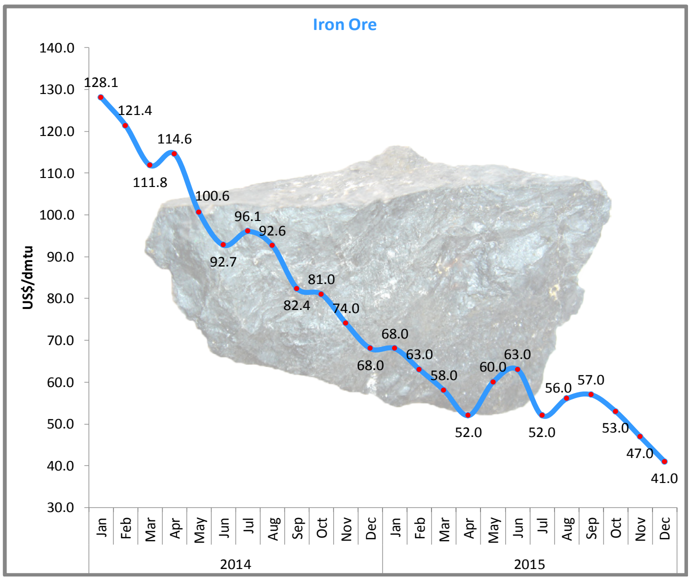












Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

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SUCCESS STORY

PLASTICS MANUFACTURER EYES ASEAN MARKET

In the early years of its existence it was an uphill battle but having weathered the storm, Tomher Industrial Sdn. Bhd. has carved a big name in the plastics manufacturing industry in Sabah as the pioneer in polyethylene building materials manufacturing.

Started by its late founder/chairman, Mr. Tan Ching Kuan in 1994, the company ventured into the plastics manufacturing industry some 10 years ago when the industry was still new in Sabah. "It took years for us to change the mindset of our clients to shift to plastic-based building materials and we did all that was possible to stay afloat," began Mr. Ethan Tan, the company's Managing Director.

Over the years, the company has diversified its portfolio and now offers various engineering products made from high density polyethylene (HDPE) including water and chemical storage tanks, prefab septic tank, rainwater harvester and portable toilets. Its HDPE Spiral Culvert System and HDPE Gravity Conveyor System for oil palm plantation are widely used by the plantation giants like Sime Darby, Felda, Genting and IOI. Through stringent in-house quality control, Tomher has also captured a major market share for water and sewerage pipeline as well as underground electric cable-line. Over the years, the company has been recognised through various awards at the domestic and international level. These include the Industry Excellence Award for Innovative Product by the Ministry of International Trade and Industry (MITI), the Sabah Industry Excellence Award and the SIRIM Quality Award. The company was also acknowledged at the international level with the New Millennium Award for Best Trade Name in Madrid, Spain.

Recently, Tomher was approached by the Malaysia External Trade Development Corporation (MATRADE) to participate in the Mid-Tier Companies Development Programme (MTCDP). "We think this is a good initiative from the Government to help accelerate the growth of local companies," Mr. Tan says. In the past, the company had also benefited from a loan by the Malaysian Industrial Development Finance (MIDF), which enabled Tomher to improve its production capability to cater for its growing market share. Tomher hopes the Government will continue to support SMEs that are hoping to spread its wings beyond the local market.

"Our plan is to expand our sales and marketing reach to ASEAN countries and we definitely need assistance from Government agencies like MATRADE that can make a positive impact by encouraging more SMEs to take the first step to venture abroad," says Mr. Tan. He also believes that entry into the ASEAN market can be facilitated by forging partnerships with local businesses as they will know their market better. He further added that joint ventures with local players are the best way to increase capacity without having to invest in new infrastructure.

Nevertheless Mr. Tan is being cautiously optimistic when it comes to taking his business abroad. While the move will provide the company with more scope to expand, globalisation can be a 'double-edged sword' as it will result in more competition. With that in mind, his advice to SMEs that want to thread on Tomher's path is "in order to capitalise on the opportunities and not be sidestepped by competition, SMEs need to value add to their product offerings and services. Do thorough research on the market and be well prepared for the battle. Always seek ways to adjust your strategy to keep up with globalisation."

Contact us

Tomher Industrial

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MITI Programme

Export Day 2016, 19 January 2016

World Economic Forum (WEF) Annual Meeting, 20 - 23 January 2016, Davos, Switzerland

Announcement

MITI Weekly Bulletin (MWB) Mobile Apps

MITI MWB APPs is now available on IOS, Android and Windows platform and is ready for download from the Gallery of Malaysian Government Mobile APPs (GAMMA). MWB APPs can be downloaded by following a simple step-by-step guideline as provided below:

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Synopsis of the Fourth Industrial Revolution: What It Means and How to Respond by Klaus Schwab:

We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before. We do not yet know just how it will unfold, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society.

The First Industrial Revolution used water and steam power to mechanize production. The Second used electric power to create mass production. The Third used electronics and information technology to automate production. Now a Fourth Industrial Revolution is building on the Third, the digital revolution that has been occurring since the middle of the last century. It is characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres.

There are three reasons why today's transformations represent not merely a prolongation of the Third Industrial Revolution but rather the arrival of a Fourth and distinct one: velocity, scope, and systems impact. The speed of current breakthroughs has no historical precedent. When compared with previous industrial revolutions, the Fourth is evolving at an exponential rather than a linear pace. Moreover, it is disrupting almost every industry in every country. And the breadth and depth of these changes herald the transformation of entire systems of production, management, and governance.

The possibilities of billions of people connected by mobile devices, with unprecedented processing power, storage capacity, and access to knowledge, are unlimited. And these possibilities will be multiplied by emerging technology breakthroughs in fields such as artificial intelligence, robotics, the Internet of Things, autonomous vehicles, 3-D printing, nanotechnology, biotechnology, materials science, energy storage, and quantum computing.

Already, artificial intelligence is all around us, from self-driving cars and drones to virtual assistants and software that translate or invest. Impressive progress has been made in AI in recent years, driven by exponential increases in computing power and by the availability of vast amounts of data, from software used to discover new drugs to algorithms used to predict our cultural interests. Digital fabrication technologies, meanwhile, are interacting with the biological world on a daily basis. Engineers, designers, and architects are combining computational design, additive manufacturing, materials engineering, and synthetic biology to pioneer a symbiosis between microorganisms, our bodies, the products we consume, and even the buildings we inhabit.

CHALLENGES AND OPPORTUNITIES

Like the revolutions that preceded it, the Fourth Industrial Revolution has the potential to raise global income levels and improve the quality of life for populations around the world. To date, those who have gained the most from it have been consumers able to afford and access the digital world; technology has made possible new products and services that increase the efficiency and pleasure of our personal lives. Ordering a cab, booking a flight, buying a product, making a payment, listening to music, watching a film, or playing a game—any of these can now be done remotely.

In the future, technological innovation will also lead to a supply-side miracle, with long-term gains in efficiency and productivity. Transportation and communication costs will drop, logistics and global supply chains will become more effective, and the cost of trade will diminish, all of which will open new markets and drive economic growth.

At the same time, as the economists Erik Brynjolfsson and Andrew McAfee have pointed out, the revolution could yield greater inequality, particularly in its potential to disrupt labor markets. As automation substitutes for labor across the entire economy, the net displacement of workers by machines might exacerbate the gap between returns to capital and returns to labor. On the other hand, it is also possible that the displacement of workers by technology will, in aggregate, result in a net increase in safe and rewarding jobs.

We cannot foresee at this point which scenario is likely to emerge, and history suggests that the outcome is likely to be some combination of the two. However, I am convinced of one thing—that in the future, talent, more than capital, will represent the critical factor of production. This will give rise to a job market increasingly segregated into "low-skill/low-pay" and "high-skill/high-pay" segments, which in turn will lead to an increase in social tensions.

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In addition to being a key economic concern, inequality represents the greatest societal concern associated with the Fourth Industrial Revolution. The largest beneficiaries of innovation tend to be the providers of intellectual and physical capital—the innovators, shareholders, and investors—which explains the rising gap in wealth between those dependent on capital versus labor. Technology is therefore one of the main reasons why incomes have stagnated, or even decreased, for a majority of the population in high-income countries: the demand for highly skilled workers has increased while the demand for workers with less education and lower skills has decreased. The result is a job market with a strong demand at the high and low ends, but a hollowing out of the middle.

This helps explain why so many workers are disillusioned and fearful that their own real incomes and those of their children will continue to stagnate. It also helps explain why middle classes around the world are increasingly experiencing a pervasive sense of dissatisfaction and unfairness. A winner-takes-all economy that offers only limited access to the middle class is a recipe for democratic malaise and dereliction.

Discontent can also be fueled by the pervasiveness of digital technologies and the dynamics of information sharing typified by social media. More than 30 percent of the global population now uses social media platforms to connect, learn, and share information. In an ideal world, these interactions would provide an opportunity for cross-cultural understanding and cohesion. However, they can also create and propagate unrealistic expectations as to what constitutes success for an individual or a group, as well as offer opportunities for extreme ideas and ideologies to spread.

THE IMPACT ON BUSINESS

An underlying theme in my conversations with global CEOs and senior business executives is that the acceleration of innovation and the velocity of disruption are hard to comprehend or anticipate and that these drivers constitute a source of constant surprise, even for the best connected and most well informed. Indeed, across all industries, there is clear evidence that the technologies that underpin the Fourth Industrial Revolution are having a major impact on businesses.

On the supply side, many industries are seeing the introduction of new technologies that create entirely new ways of serving existing needs and significantly disrupt existing industry value chains. Disruption is also flowing from agile, innovative competitors who, thanks to access to global digital platforms for research, development, marketing, sales, and distribution, can oust well-established incumbents faster than ever by improving the quality, speed, or price at which value is delivered.

Major shifts on the demand side are also occurring, as growing transparency, consumer engagement, and new patterns of consumer behavior (increasingly built upon access to mobile networks and data) force companies to adapt the way they design, market, and deliver products and services.

A key trend is the development of technology-enabled platforms that combine both demand and supply to disrupt existing industry structures, such as those we see within the "sharing" or "on demand" economy. These technology platforms, rendered easy to use by the smartphone, convene people, assets, and data—thus creating entirely new ways of consuming goods and services in the process. In addition, they lower the barriers for businesses and individuals to create wealth, altering the personal and professional environments of workers. These new platform businesses are rapidly multiplying into many new services, ranging from laundry to shopping, from chores to parking, from massages to travel.

On the whole, there are four main effects that the Fourth Industrial Revolution has on business—on customer expectations, on product enhancement, on collaborative innovation, and on organizational forms. Whether consumers or businesses, customers are increasingly at the epicenter of the economy, which is all about improving how customers are served. Physical products and services, moreover, can now be enhanced with digital capabilities that increase their value. New technologies make assets more durable and resilient, while data and analytics are transforming how they are maintained. A world of customer experiences, data-based services, and asset performance through analytics, meanwhile, requires new forms of collaboration, particularly given the speed at which innovation and disruption are taking place. And the emergence of global platforms and other new business models, finally, means that talent, culture, and organizational forms will have to be rethought.

Overall, the inexorable shift from simple digitization (the Third Industrial Revolution) to innovation based on combinations of technologies (the Fourth Industrial Revolution) is forcing companies to reexamine the way they do business. The bottom line, however, is the same: business leaders and senior executives need to understand their changing environment, challenge the assumptions of their operating teams, and relentlessly and continuously innovate.

THE IMPACT ON GOVERNMENT

As the physical, digital, and biological worlds continue to converge, new technologies and platforms will increasingly enable citizens to engage with governments, voice their opinions, coordinate their efforts, and even circumvent the supervision of public authorities. Simultaneously, governments will gain new technological powers to increase their control over populations, based on pervasive surveillance systems and the ability to control digital infrastructure. On the whole, however, governments will increasingly face pressure to change their current approach to public engagement and policymaking, as their central role of conducting policy diminishes owing to new sources of competition and the redistribution and decentralization of power that new technologies make possible.

Ultimately, the ability of government systems and public authorities to adapt will determine their survival. If they prove capable of embracing a world of disruptive change, subjecting their structures to the levels of transparency and efficiency that will enable them to maintain their competitive edge, they will endure. If they cannot evolve, they will face increasing trouble.

This will be particularly true in the realm of regulation. Current systems of public policy and decision-making evolved alongside the Second Industrial Revolution, when decision-makers had time to study a specific issue and develop the necessary response or appropriate regulatory framework. The whole process was designed to be linear and mechanistic, following a strict "top down" approach.

But such an approach is no longer feasible. Given the Fourth Industrial Revolution's rapid pace of change and broad impacts, legislators and regulators are being challenged to an unprecedented degree and for the most part are proving unable to cope.

How, then, can they preserve the interest of the consumers and the public at large while continuing to support innovation and technological development? By embracing "agile" governance, just as the private sector has increasingly adopted agile responses to software development and business operations more generally. This means regulators must continuously adapt to a new, fast-changing environment, reinventing themselves so they can truly understand what it is they are regulating. To do so, governments and regulatory agencies will need to collaborate closely with business and civil society.

The Fourth Industrial Revolution will also profoundly impact the nature of national and international security, affecting both the probability and the nature of conflict. The history of warfare and international security is the history of technological innovation, and today is no exception. Modern conflicts involving states are increasingly "hybrid" in nature, combining traditional battlefield techniques with elements previously associated with nonstate actors. The distinction between war and peace, combatant and noncombatant, and even violence and nonviolence (think cyberwarfare) is becoming uncomfortably blurry.

As this process takes place and new technologies such as autonomous or biological weapons become easier to use, individuals and small groups will increasingly join states in being capable of causing mass harm. This new vulnerability will lead to new fears. But at the same time, advances in technology will create the potential to reduce the scale or impact of violence, through the development of new modes of protection, for example, or greater precision in targeting.

THE IMPACT ON PEOPLE

The Fourth Industrial Revolution, finally, will change not only what we do but also who we are. It will affect our identity and all the issues associated with it: our sense of privacy, our notions of ownership, our consumption patterns, the time we devote to work and leisure, and how we develop our careers, cultivate our skills, meet people, and nurture relationships. It is already changing our health and leading to a "quantified" self, and sooner than we think it may lead to human augmentation. The list is endless because it is bound only by our imagination.

I am a great enthusiast and early adopter of technology, but sometimes I wonder whether the inexorable integration of technology in our lives could diminish some of our quintessential human capacities, such as compassion and cooperation. Our relationship with our smartphones is a case in point. Constant connection may deprive us of one of life's most important assets: the time to pause, reflect, and engage in meaningful conversation.

One of the greatest individual challenges posed by new information technologies is privacy. We instinctively understand why it is so essential, yet the tracking and sharing of information about us is a crucial part of the new connectivity. Debates about fundamental issues such as the impact on our inner lives of the loss of control over our data will only intensify in the years ahead. Similarly, the revolutions occurring in biotechnology and AI, which are redefining what it means to be human by pushing back the current thresholds of life span, health, cognition, and capabilities, will compel us to redefine our moral and ethical boundaries.

SHAPING THE FUTURE

Neither technology nor the disruption that comes with it is an exogenous force over which humans have no control. All of us are responsible for guiding its evolution, in the decisions we make on a daily basis as citizens, consumers, and investors. We should thus grasp the opportunity and power we have to shape the Fourth Industrial Revolution and direct it toward a future that reflects our common objectives and values.

To do this, however, we must develop a comprehensive and globally shared view of how technology is affecting our lives and reshaping our economic, social, cultural, and human environments. There has never been a time of greater promise, or one of greater potential peril. Today's decision-makers, however, are too often trapped in traditional, linear thinking, or too absorbed by the multiple crises demanding their attention, to think strategically about the forces of disruption and innovation shaping our future.

In the end, it all comes down to people and values. We need to shape a future that works for all of us by putting people first and empowering them. In its most pessimistic, dehumanized form, the Fourth Industrial Revolution may indeed have the potential to "robotize" humanity and thus to deprive us of our heart and soul. But as a complement to the best parts of human nature—creativity, empathy, stewardship—it can also lift humanity into a new collective and moral consciousness based on a shared sense of destiny. It is incumbent on us all to make sure the latter prevails.

Source: Foreign Affairs, 12 December 2015

International Reserves of Bank Negara Malaysia as at 15 January 2016

The international reserves of Bank Negara Malaysia amounted to RM408.5 billion (equivalent to US$95.1 billion) as at 15 January 2016. The reserves position is sufficient to finance 8.5 months of retained imports and is 1.1 times the short-term external debt[1].

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[1] Refers to the redefined short-term external debt, which includes short-term offshore borrowing, non-resident holdings of short-term ringgit debt securities, non-resident deposits with the banking system and other short-term debt. For more information, please refer to the box article titled 'The Redefinition of External Debt' in the Quarterly Bulletin on Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2014.

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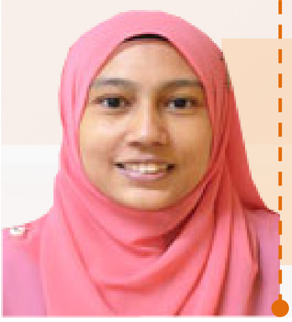

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