

Malaysia has Other Market Options Apart from TPPA

A day after Donald Trump's unexpected win in the 45th US presidential election, US participation in the Trans-Pacific Partnership Agreement (TPPA) is hanging in the balance with many aspects and policy decisions yet to be ironed out. International Trade and Industry Minister Dato' Sri Mustapa Mohamed said Malaysia will discuss the trade pact at the imminent Asia-Pacific Economic Cooperation (APEC) in Peru to ascertain US' participation in the TPPA.

"We are prepared if the US economic policy is changed. However, we have to monitor the situation," he told reporters on the sidelines of 2016 Malaysia Autoshow at Mines International Exhibition and Trade Centre (MIETC) yesterday.

"At the moment, it's still early to indicate what would happen. We are friends with everyone. We are close to the US, China and Japan, as well as other Islamic countries. We need the world and there are policies that have been set in place," he said.



The TPPA, if successfully implemented, will result in a huge duty-free market for Malaysian goods and services, allowing market access to 800 million with a combined gross domestic product (GDP) of US\$27.5 trillion (RM117.42 trillion), he added.

However, Mustapa said Malaysia does have other plans to mitigate the economic affects in the event that the TPPA is cancelled, in the form of the recently signed Malaysia-China 14 points agreement.

There are many avenues that are being explored in the Asean region itself, he said.

"For China, Malaysia is small compared to the US, Japan or Korea. We have US\$7.5 billion (RM32.08 billion) of Malaysian investments in China, while Chinese investments in Malaysia worth a total of US\$2.5 billion.

"We have more Malaysian companies like Sime Darby Bhd, Khazanah Nasional Bhd and Genting Group investing in

China. For every US dollar that China has invested in Malaysia, we have three US dollars in China," he said. Meanwhile, Mustapa added that Malaysia's technology development has been further improved with more investments from foreign auto companies, leveraging on the National Automotive Policy (NAP) 2014.

"At the moment, we don't need to revise because it's just two years. The NAP has successfully attracted companies to invest in Malaysia in the energy-efficient vehicle segment," he said. He also said the automotive sector, which contributes about RM30 billion or 2.4% to Malaysia's GDP, employs a total workforce of 600,000 people with more than 700 vendors, dealers and distribution centres (auto sector).

"The auto industry is already matured. However, we don't have to rely on a significant increase in contribution. The government hopes to work with industry players to ensure the industry can contribute to the national economy in terms of investment, trade and job opportunities in the auto ecosystem," he said.

Mustapa added that the government would replace the foreign workforce in the vendor industry and so far Malaysia Automotive Institute (MAI) has trained about 25,000 workers. MAI CEO Datuk Madani Sahari said the auto sector had been growing for the past five years and this year, it started to decline. However, the export market has increased in terms of the locally assembly of cars, parts and components.

"Although the export growth is still not very big, the minister has insisted to be creative. Auto players can't just look at the domestic market, instead they have to look for opportunities to export. Madani added that the NAP has attracted about RM11.5 billion worth of foreign direct investments and RM6.8 billion has already been realised.

"The auto sector has also confirmed getting an additional investment worth RM600 million for the remaining three months of this year." According to MAI, the auto sector is expected to increase about 3%, or between RM12 billion to RM13 billion of investments next year for the car parts and components.

Ministry of International Trade and Industry, 14 November 2016

The Current Status of the Trans-Pacific Partnership Agreement (TPPA)

The current US Administration under President Obama has recently indicated that they have exerted all efforts within its power to obtain Congressional approval of the TPPA. As ratification involves a legislative process, it is now up to Congressional leaders to decide on the next move.

We are aware that Congressional leaders appear not too keen to bring the bill forward during the lame duck session. The fate of the TPPA will therefore depend on whether the new US Presidency will ratify the Agreement. The Malaysian Government holds the view that the TPPA, which had taken into account country specific concerns, including the Bumiputera agenda of Malaysia, has the potential to boost trade, investments and create jobs. It will also provide preferential access for us into four markets which we currently do not have a Free Trade Agreement (FTA) with namely the United States, Canada, Mexico and Peru.



Should the US withdraw from TPPA, it will effectively mean that the Agreement cannot enter into force. As I have mentioned before, the agreement requires ratification of at least 6 countries, accounting for 85% of the total GDP of the 12 countries, to bring it into force. The US' GDP alone constitutes about 60% of the total TPP Members' GDP. Hence, there will be no TPPA without the US' participation.

TPPA members will be meeting in Lima, Peru next week in the margins of the APEC Summit to discuss recent developments and the way forward. We hope to obtain a clearer picture on the state of the TPPA during that discussion. Malaysia will monitor closely developments on the TPPA under the new US Presidency. If the US decides that they will not ratify the TPPA, Malaysia will discuss with the other members on the next course of action.

As an open trading nation with a limited domestic market, Malaysia will continue its efforts to seek greater market access through preferential trading arrangements with countries we currently do not have FTAs. 8. In line with this aspiration, should there be a confirmation that the TPPA will not materialise, we will explore other available options, including negotiating bilateral FTAs with the TPPA members that we currently do not have an FTA.

Against the backdrop of sluggish economic recovery and the lowest rate of global trade growth in three decades, there seems to be a rising trend of protectionism and inward-looking sentiment in a number of countries. It is imperative for the global community to continue holding an open dialogue and engagement to stop this trend from getting translated into misguided policies which could dampen the global trade growth. Growth in world trade has been one of key drivers of prosperity across the globe for many decades until the Global Financial Crisis of 2007/08.

Malaysia will remain involved in bilateral and multilateral trade agreements with other countries. Our focus now is on the Regional Comprehensive Economic Partnership (RCEP) involving 10 ASEAN countries and 6 major trading partners in Asia Pacific region, including China. During the last Ministerial Meeting in Cebu, the Philippines, we have made some progress in narrowing the gaps on key issues for Goods, Services and Investment. The current uncertain international economic situation has motivated and strengthened the resolve of RCEP countries, which are among the fastest growing countries in the world, to continue working closely in reaching a conclusion of this trade agreement.

*Dato' Sri Mustapa Mohamed
Minister of International Trade and Industry
15 November 2016*

Advancing the Aerospace Manufacturing Sector in Malaysia

Malaysia's aerospace manufacturing sector has grown tremendously with a total turnover of RM6.8 billion in 2015, compared to RM600 million in 2009. The strategies to bring quality investments into Malaysia have significantly contributed to the growth of this sector. The aerospace manufacturing sector is currently employing 8800 workers and is expected to contribute RM21.2 billion in terms of industry turnover by 2030.

This target was set under the Malaysian Aerospace Industry Blueprint 2030 launched last year during the Langkawi International Maritime and Aerospace Exhibition (LIMA). Malaysia is currently the single source (single supplier) of specific composites parts to Airbus and Boeing. More than 50% of the composite wing parts for Airbus A320 and Boeing B737 are being supplied from Malaysia.

Airbus (CTRM):

- Spoiler & Leading Edge Panel
- Trailing Edge and Aileron Panels
- Overwing, Underwing & Falsework Panels
- Fairing & Top Cover
- Sharklet

Boeing (ACM):

- Aileron Skins
- Spoiler Components
- Fixed Leading Edge Panels

Global aero manufacturing companies investing in Malaysia include:

1. Spirit AeroSystems (RM226 million), a Tier 1 Company that assembles wing components sourced from local suppliers;
2. Safran Landing Systems (RM483 million) producing carbon brakes for commercial airplanes, especially A320 and B737 single-aisle jets; and
3. Honeywell Aerospace Avionics (RM280 million), manufacturer and distributor of avionic systems, equipment and parts.

These quality investments have accelerated the development of the local supply chain led by local champions namely CTRM AeroComposites and SME Aerospace. Foreign companies such as Aerospace Composites Malaysia (a Boeing-Hexcel Joint Venture) and Senior Aerospace Upeca also provide opportunities for Malaysian companies to participate in their supply chain development.

The investment project announced by UMW in collaboration with Rolls-Royce in 2015 to manufacture fan cases for the Trent 1000 and Trent 7000 engines will position a Malaysian company as a producer of aero engine parts. UMW Aerospace has completed its pre-production and technology development centre in Serendah, which is now used as a training centre for its employees. The centre will also be used to work on future manufacturing technologies to drive competitiveness and increased manufacturing capability, such as automation and machining technology. The main manufacturing facility is now under construction and is expected to start producing fan cases for RollsRoyce's Trent 7000 and Trent 1000 aero engines by mid-2017.

SAM Precision (M) Sdn Bhd, an arm of SAM Engineering & Equipment (SAM Malaysia) based in Penang, will be investing more than RM100 million for its expansion program over the next two years. This includes a new project to manufacture aircraft thrust reverser machined parts. As at today, total investment for SAM Malaysia amounted to RM883 million.

Another project initiated in 2016 is Asahi Aero Malaysia Sdn Bhd, a Joint Venture between Asahi Kinzoku Kogyo Inc with Toyota Tsusho Corp specialised in cadmium and Zn-Ni plating, as well as boric surifuric and phosphoric acid anodise processing. The company opened its first aircraft parts surface treatment facility in South-East Asia in October 2016. The world class RM18 million facility certified by BOEING is located in Telok Panglima Garang, Selangor. The new facility will assume a role in supporting parts manufacturing for Boeing's commercial airplane programmes.

In preparing the Malaysian suppliers to enter the global aerospace market, a structured SMEs development program has been launched under the Economic Transformation Programme's Business Services Entry Point Project 8: Developing SMEs in the Global Aerospace Manufacturing Industry. Under EPP8, 10 SMEs have been selected by SME Corp Malaysia to be further nurtured to assist them to penetrate new markets and link up with major aerospace industry players.

The Government has embedded the development strategy for the aerospace industry in the Economic Transformation Programme (ETP) and the Malaysian Aerospace Industry Blueprint 2030, which aims to make Malaysia the leading aerospace nation in South East Asia by 2030. In this regard, the National Aerospace Industry Coordinating Office (NAICO) of MITI is coordinating the implementation of the Blueprint as well as facilitating the overall aerospace industry development programme.

Ministry of International Trade and Industry, 14 November 2016

MALAYSIA

Trade in Services January-September 2016

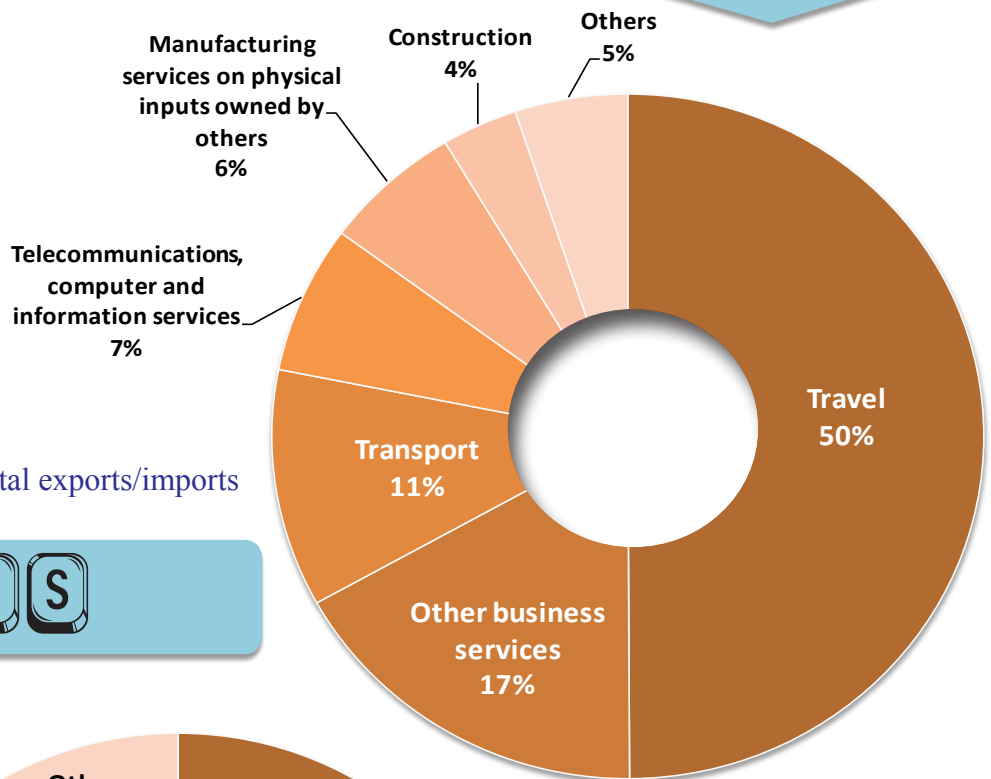


Exports	Imports	Total Trade	Trade Balance
RM104.7b	RM121.2b	RM225.9b	RM-16.6b
5.1%*	6.2%*	5.7%*	13.7%*
RM34.8b	RM39.9b	RM74.6b	RM-5.1b
2.0%* (Q3 2016)	-0.6%* (Q3 2016)	0.6%* (Q3 2016)	-15.5%* (Q3 2016)

Note: * year-on-year growth

EXPORTS

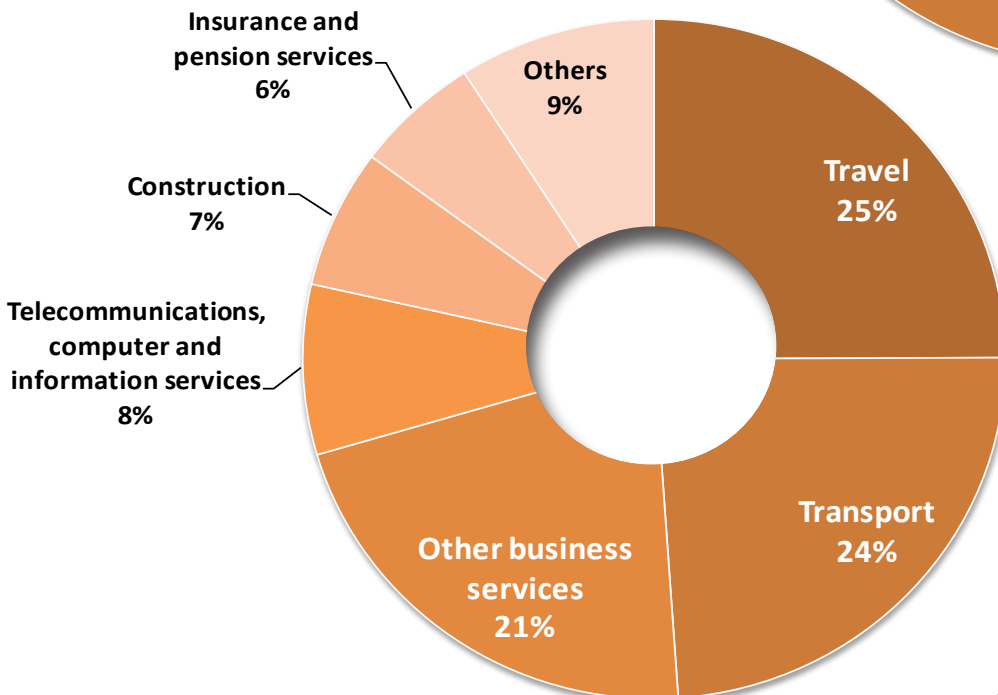
Exports
RM104.7b



Note: % refers to percentage share to total exports/imports

IMPORTS

Imports
RM121.2b



Source: Department of Statistics, Malaysia.

Services Sector Q3 2016

	Q3 2016	YoY
Revenue	RM356.7 b	5.6% ▲
Number of Persons Engaged	3.5 million	2.3% ▲
Salaries & Wages	RM22.3 b	4.3% ▲

Percentage change YoY by segment

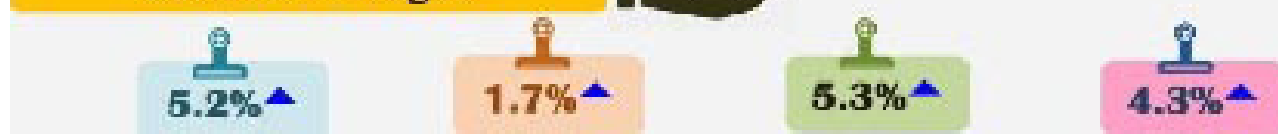
Revenue



Number of Persons Engaged



Salaries & Wages



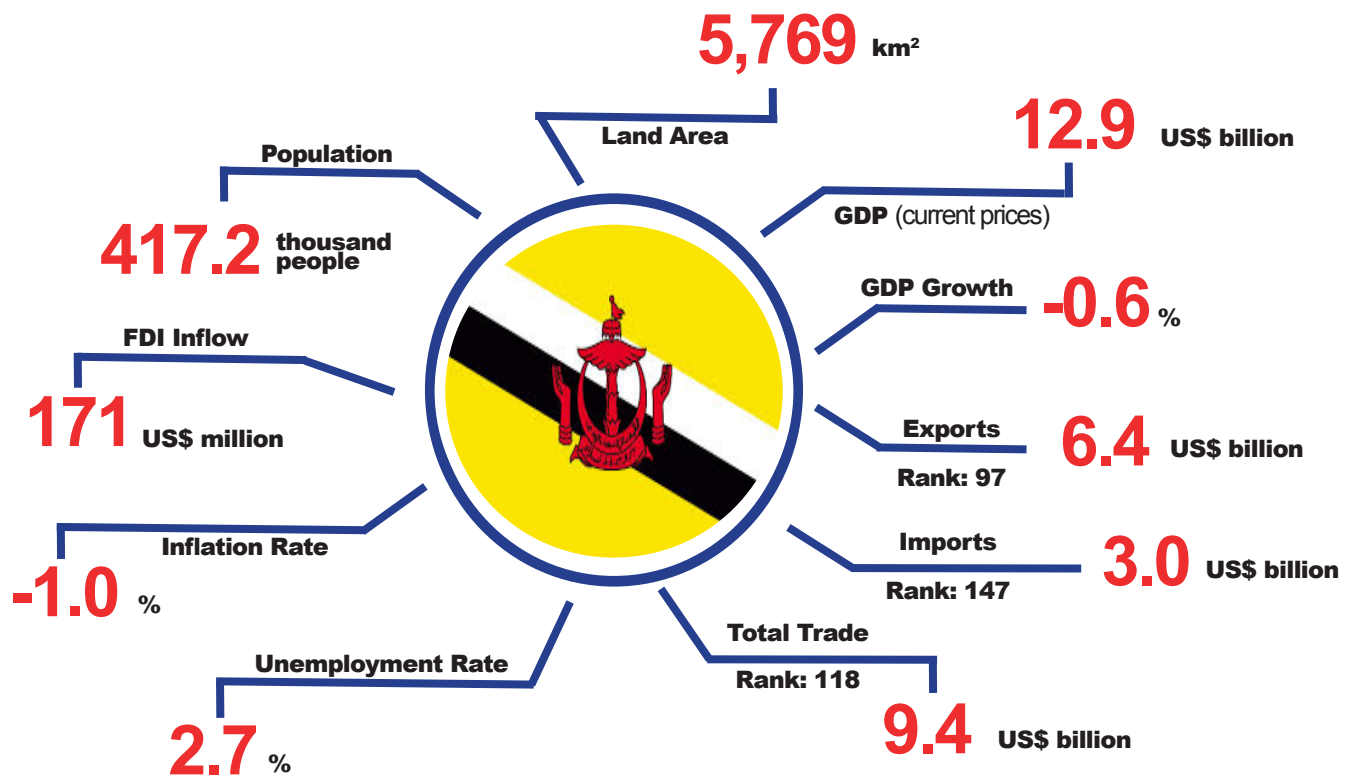
This report presents statistics on services sector which encompasses sub-sector of Wholesale & Retail Trade; Information & Communication; Transportation & Storage; Food & Beverages; Professional; Private Health; Private Education; Accommodation; Arts, Entertainment & Recreation and Real Estate Agent for the period from first quarter 2012 until third quarter 2016. Principal statistics reported are total revenue/ sales value, number of persons engaged and salaries & wages paid.

Source: Department of Statistics, Malaysia.

'ASEAN and You...'

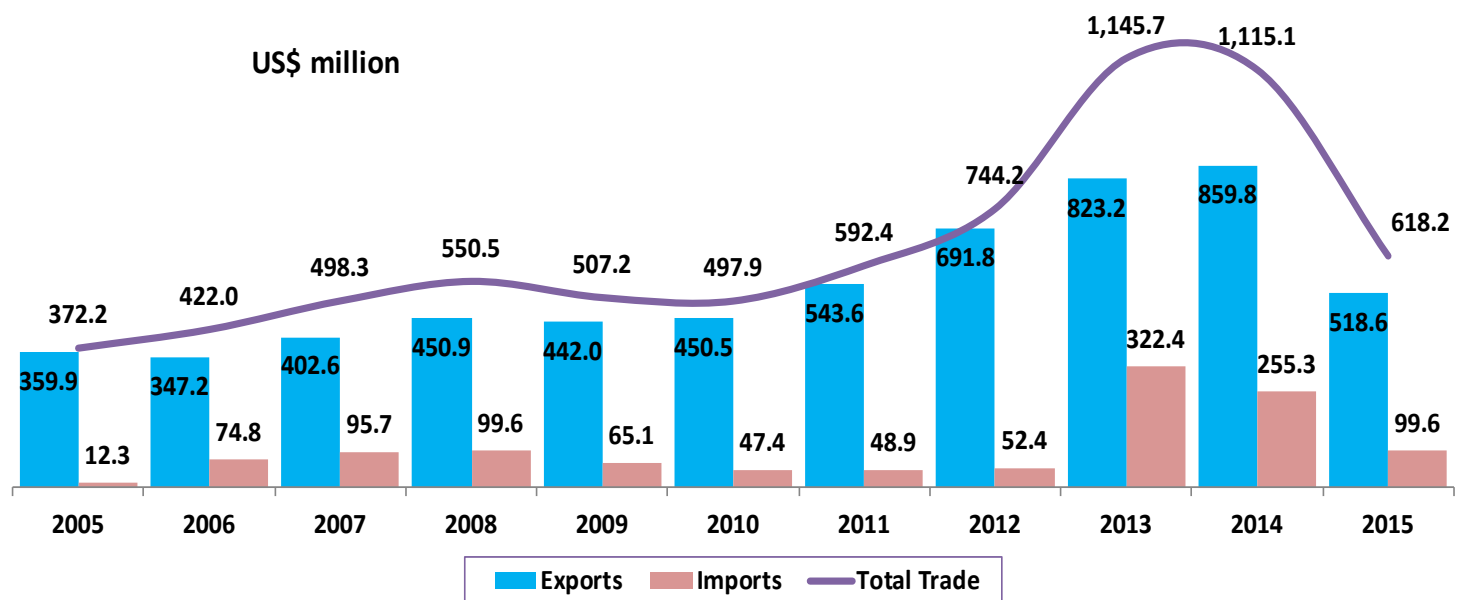


Brunei Economic Indicators 2015



Sources: ASEAN Statistics, IMF and WTO

Malaysia's Trade with Brunei, 2005 - 2015



Source: Department of Statistics, Malaysia.



INTERNATIONAL REPORT

Index of Economic Freedom Selected Country Rankings 2016

Economic freedom is a crucial component of liberty. It empowers people to work, produce, consume, own, trade, and invest according to their personal choices.

FREE (100-80)

RANK	COUNTRY	INDEX	RANK	COUNTRY	INDEX
1	Hong Kong	88.6	4	Switzerland	88.6
2	Singapore	88.6	5	Australia	88.6
3	New Zealand	88.6			

MOSTLY FREE (79.9-70)

RANK	COUNTRY	INDEX	RANK	COUNTRY	INDEX
6	Canada	78.0	9	Estonia	77.2
7	Chile	77.7	10	United kingdom	76.4
8	Ireland	77.3	29	Malaysia	71.5

MODERATELY FREE (69.9-60)

RANK	COUNTRY	INDEX
51	Brunei	67.3
67	Thailand	63.9
70	Philippines	63.1

MOSTLY UNFREE (59.9-50)

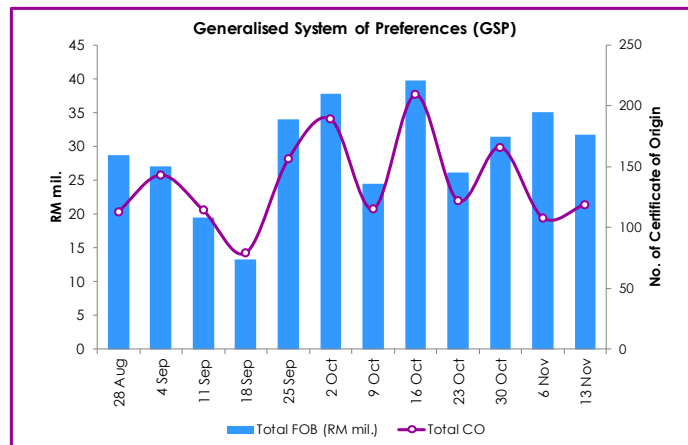
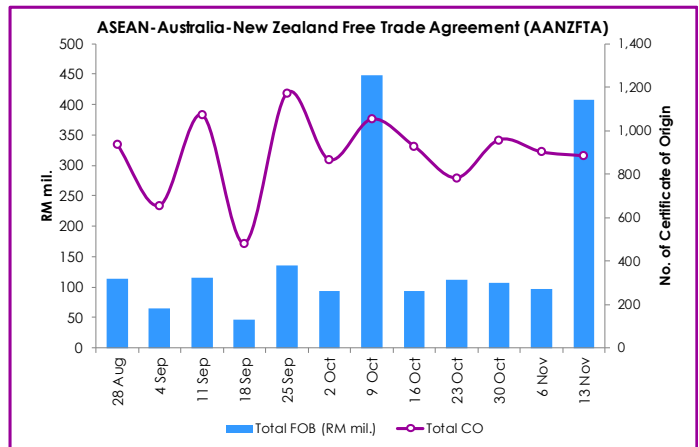
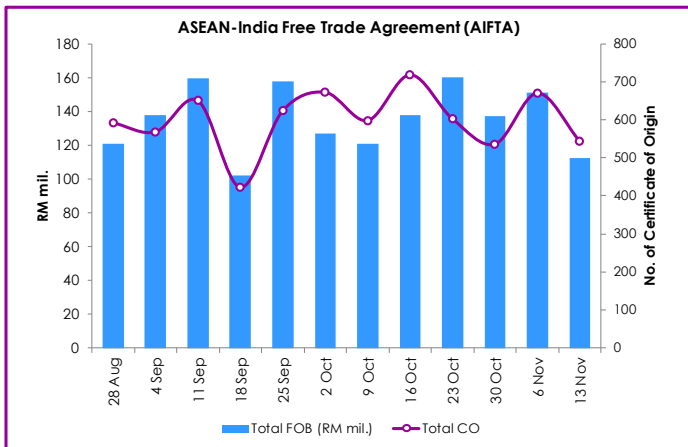
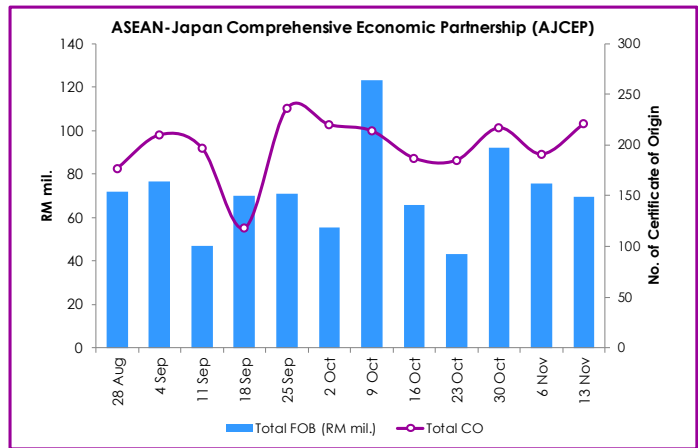
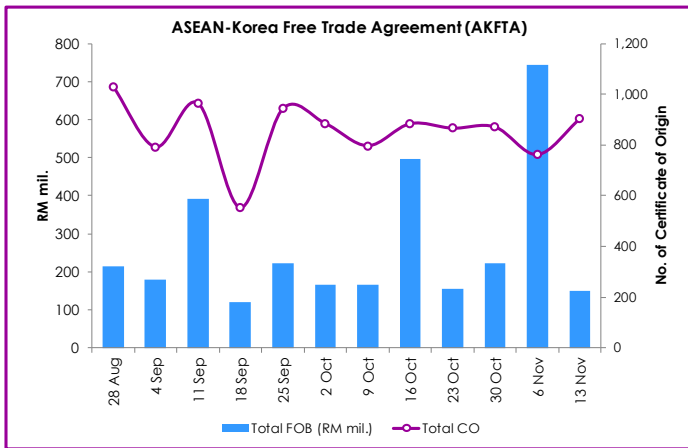
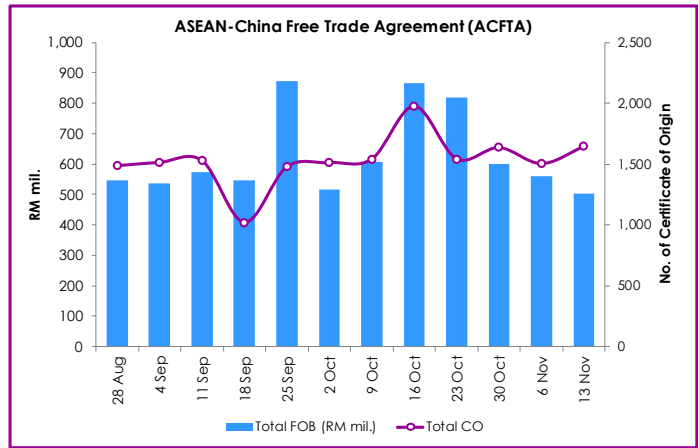
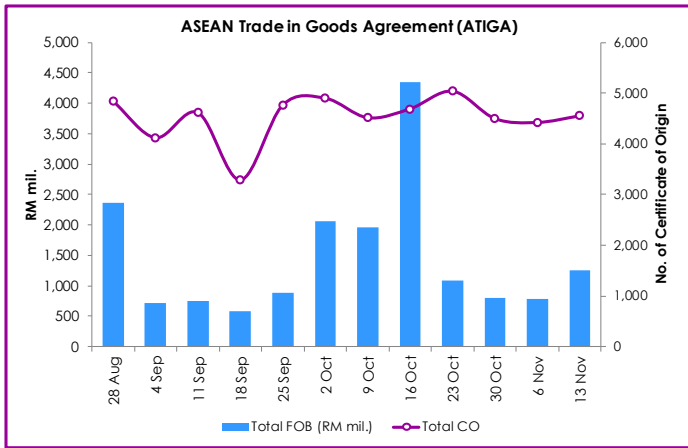
RANK	COUNTRY	INDEX
99	Indonesia	59.4
112	Cambodia	57.9
131	Viet Nam	54.0

REPRESSED (49.9-40)

RANK	COUNTRY	INDEX	RANK	COUNTRY	INDEX
155	Lao PDR	49.8	158	Myanmar	48.7

Source: <http://www.heritage.org/index/>

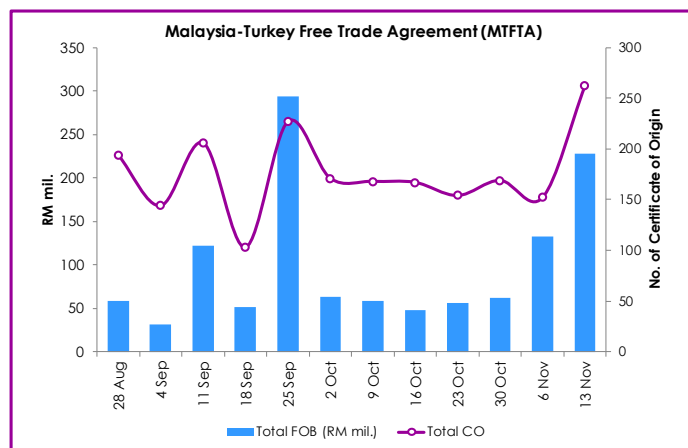
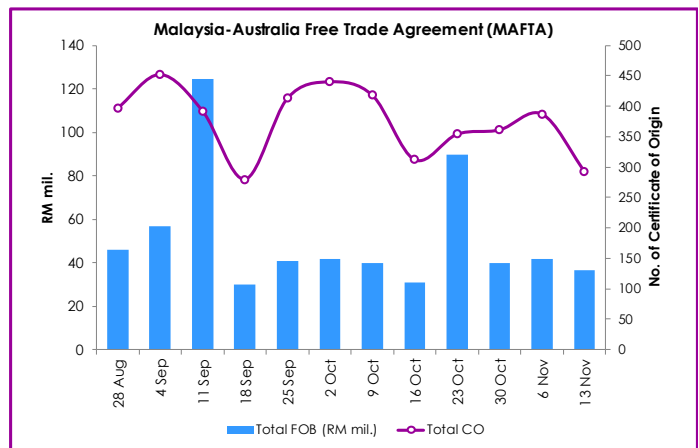
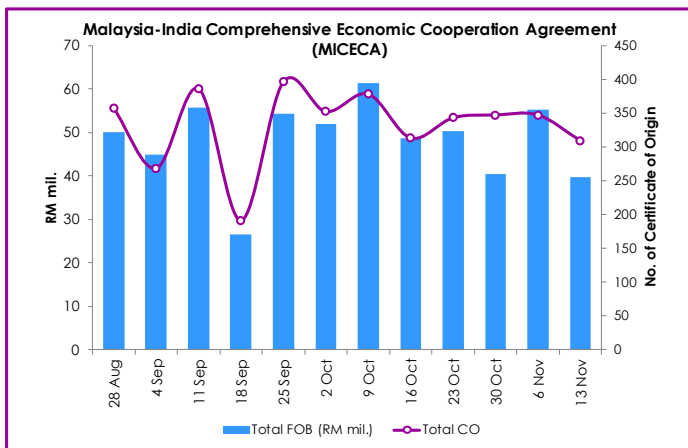
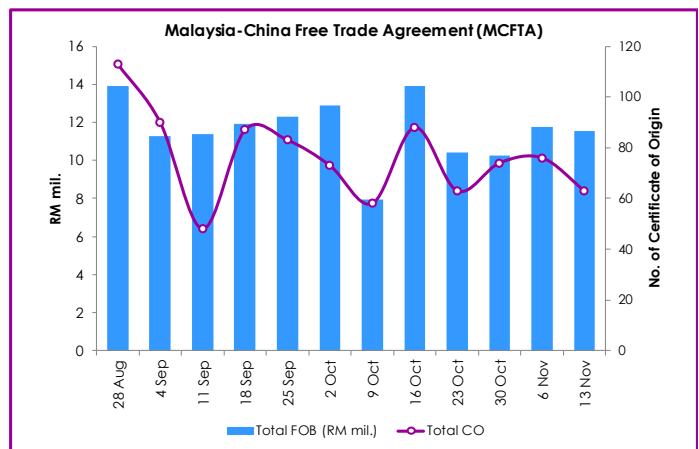
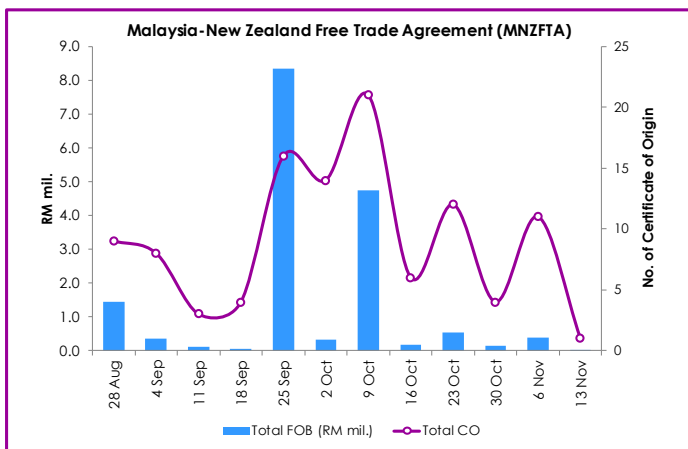
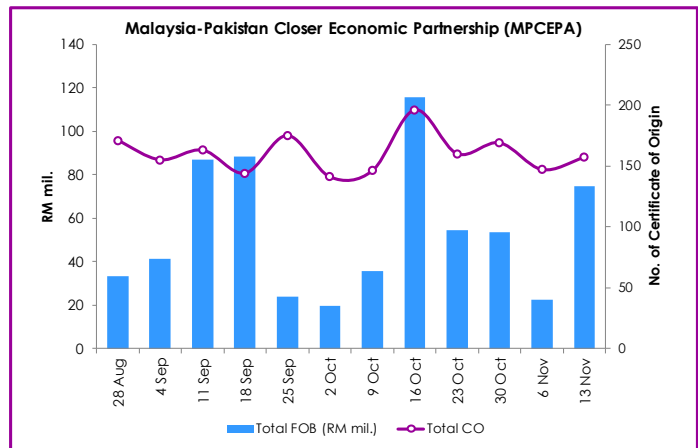
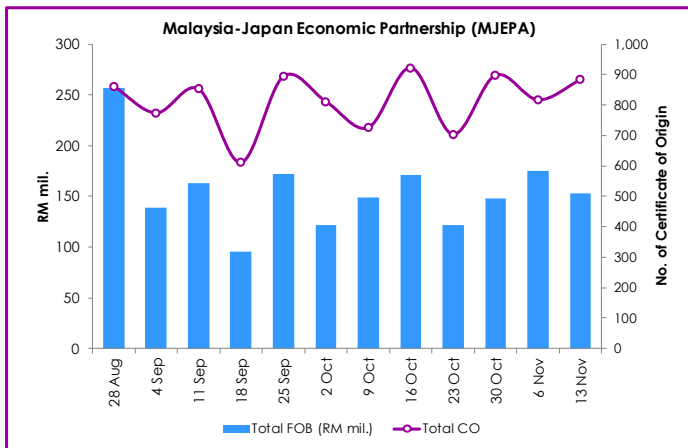
Number and Value of Preferential Certificates of Origin (PCOs)



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

Source: Ministry of International Trade and Industry, Malaysia

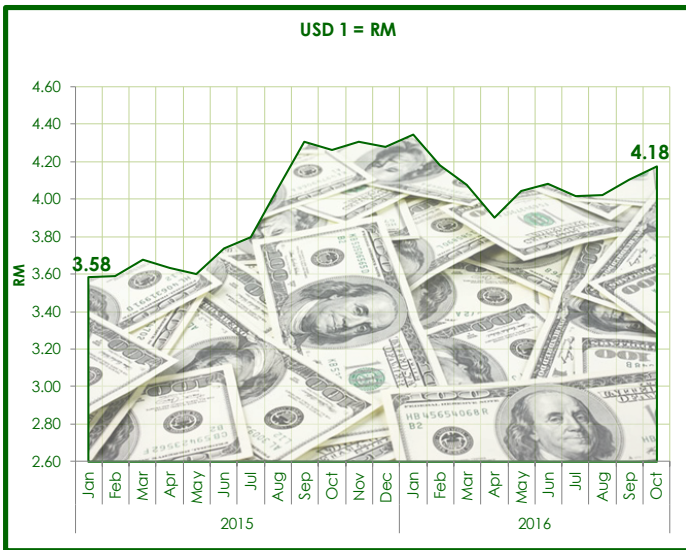
Number and Value of Preferential Certificates of Origin (PCOs)



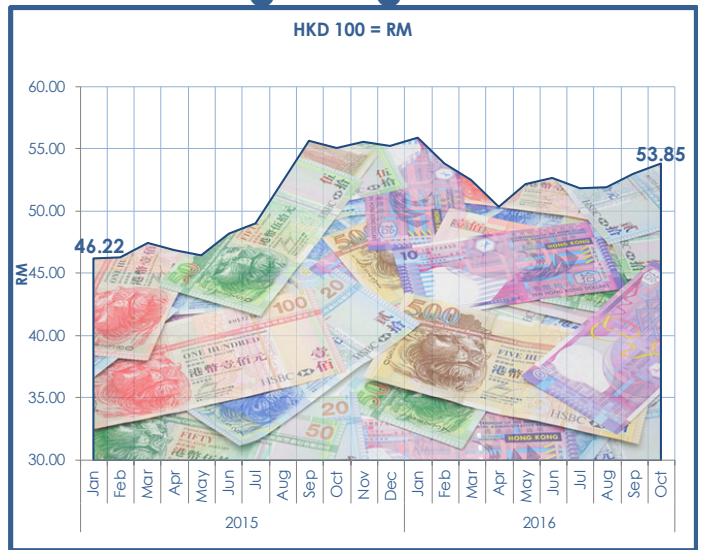
Source: Ministry of International Trade and Industry, Malaysia

Malaysian Ringgit Exchange Rate with Selected Countries, January 2015 - October 2016

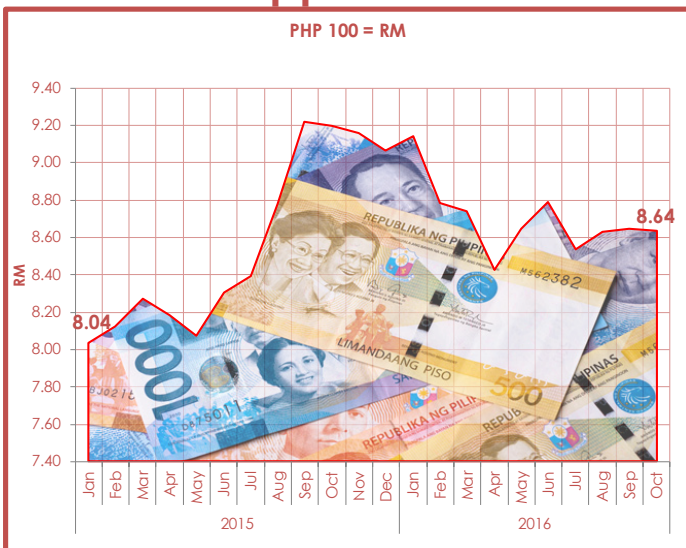
US Dollar



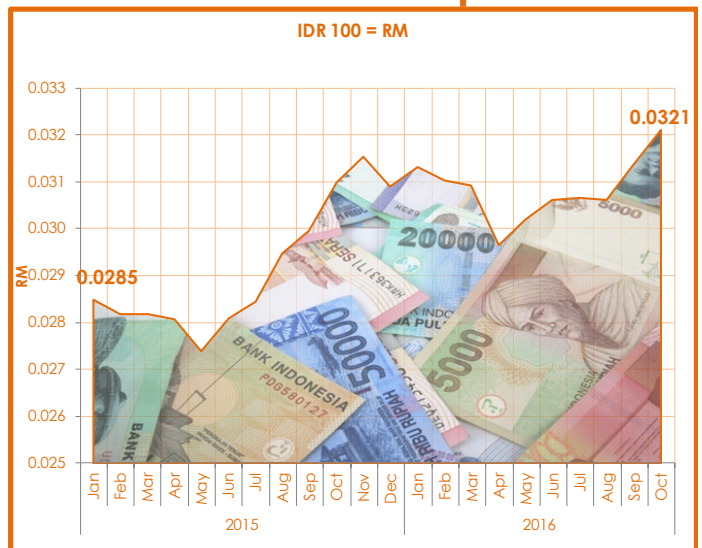
Hong Kong Dollar



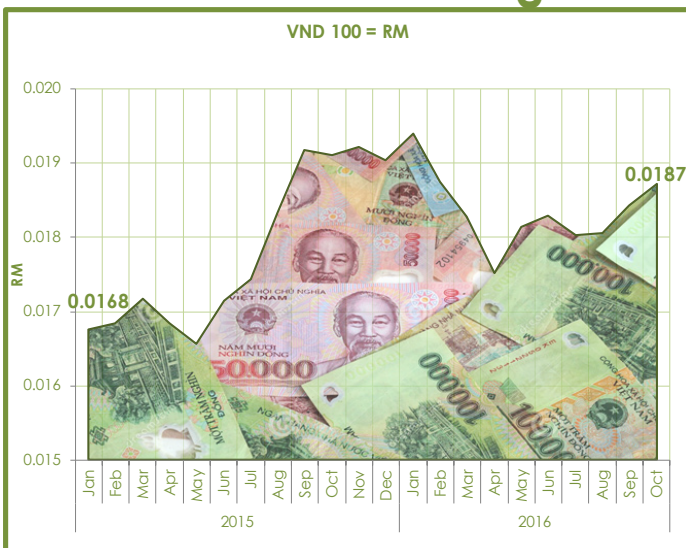
Philippine Peso



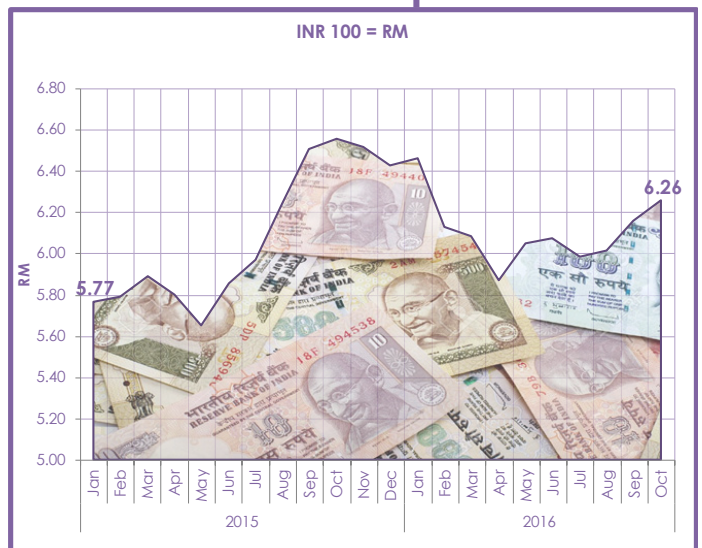
Indonesian Rupiah



Vietnamese Dong



Indian Rupee



Source : Bank Negara Malaysia

Commodity Prices



CRUDE PETROLEUM (BRENT) -per bbl-

18 Nov 2016 : US\$46.9, ▲ 4.7%*
Average Priceⁱ : 2015: US\$53.6
2014: US\$99.5



CRUDE PALM OIL -per MT-

18 Nov 2016 : US\$744.0, ▼ 0.2%*
Average Priceⁱ : 2015: US\$616.9
2014: US\$823.3



SUGAR -per lbs-

18 Nov 2016 : US¢ 20.2, ▼ 7.1%*
Average Priceⁱ : 2015: US¢13.2
2014: US¢16.6



RUBBER SMR 20 -per MT-

18 Nov 2016 : US\$1,688.0, ▲ 0.2%*
Average Priceⁱ : 2015: US\$1,364.3
2014: US\$1,718.3



COCOA SMC 2 -per MT-

18 Nov 2016 : US\$1,790.6, ▼ 2.7%*
Average Priceⁱ : 2015: US\$2,077.0
2014: US\$2,615.8



COAL -per MT-

18 Nov 2016 : US\$44.1, unchanged
Average Priceⁱ : 2015: US\$49.9
2014: US\$59.8



SCRAP IRON HMS -per MT-

18 Nov 2016 : US\$295.0 (high), ▲ 1.7%
US\$280.0 (low), ▲ 3.7%
Average Priceⁱ : 2015: US\$239.6
2014: US\$370.0

HIGHEST and LOWEST 2015/2016

Crude Petroleum (Brent) -per bbl-



Highest

14 Oct 2016 : US\$52.0
15 May 2015 : US\$66.8

Lowest

15 January 2016 : US\$28.9
18 December 2015 : US\$36.9

Crude Palm Oil -per MT-



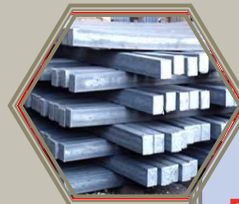
Highest

15 Sept. 2016 : US\$785.5
16 January 2015 : US\$701.0

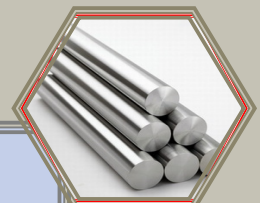
Lowest

15 January 2016 : US\$545.5
4 September 2015 : US\$500.5

Domestic Prices 18 November 2016



Billets
(per MT)
RM1,800 – RM1,900



Steel Bars
(per MT)
RM2,000 – RM2,150

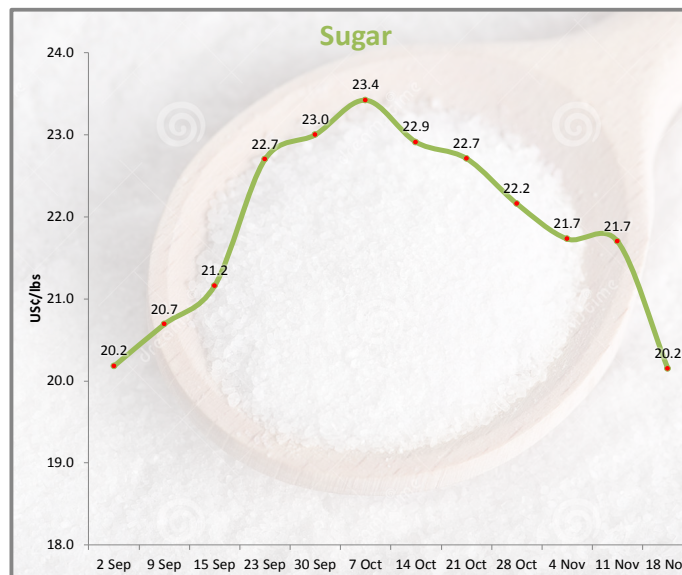
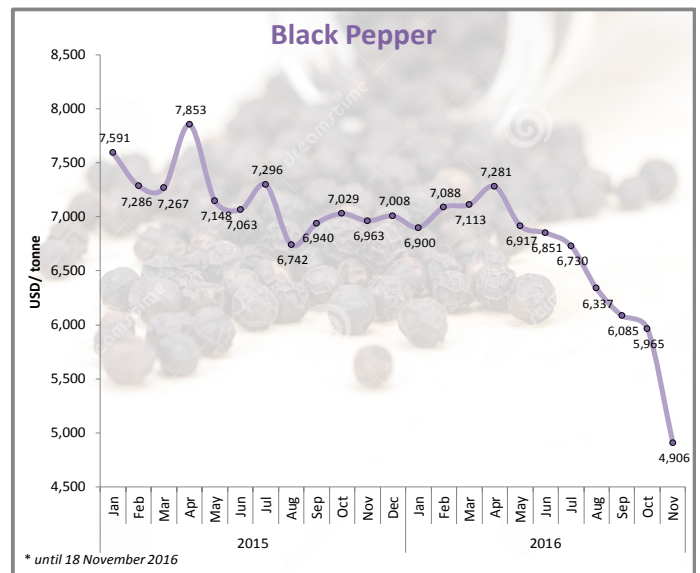
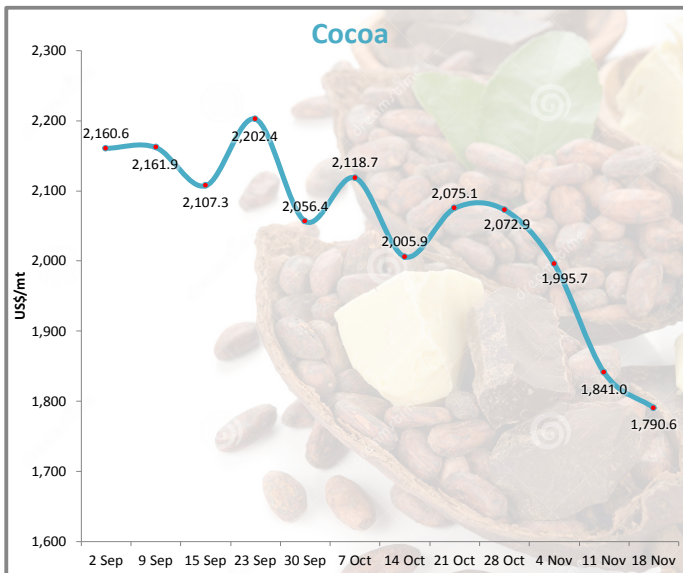
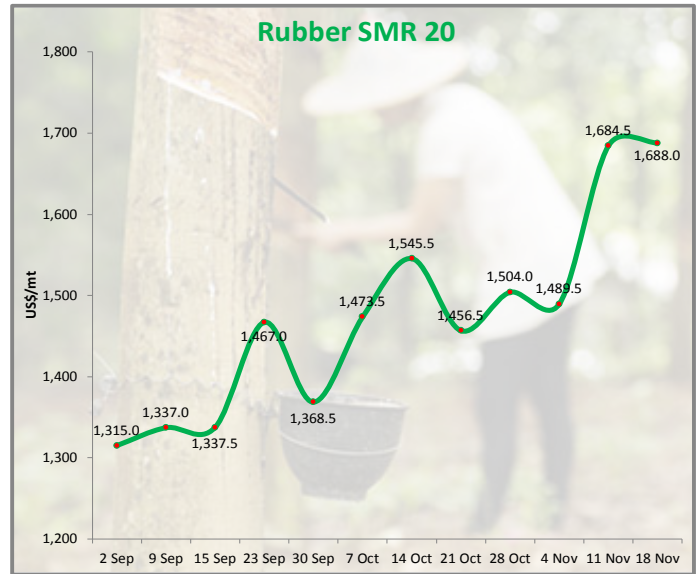
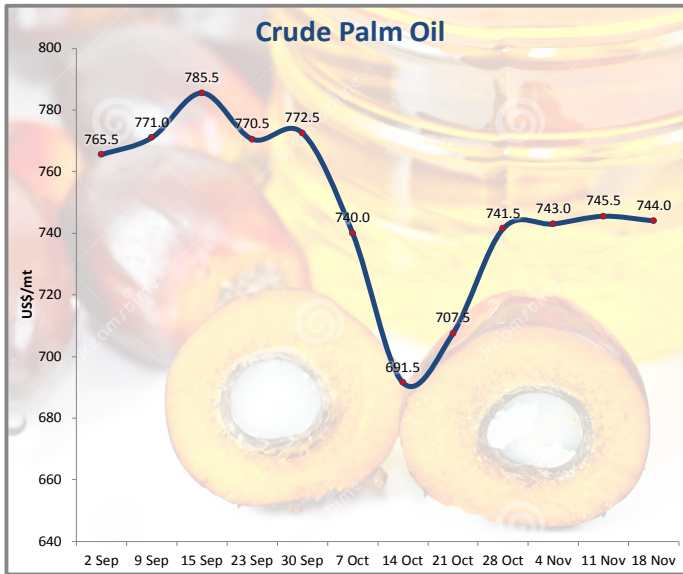
Notes: All figures have been rounded to the nearest decimal point

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

i Average price in the year except otherwise indicated

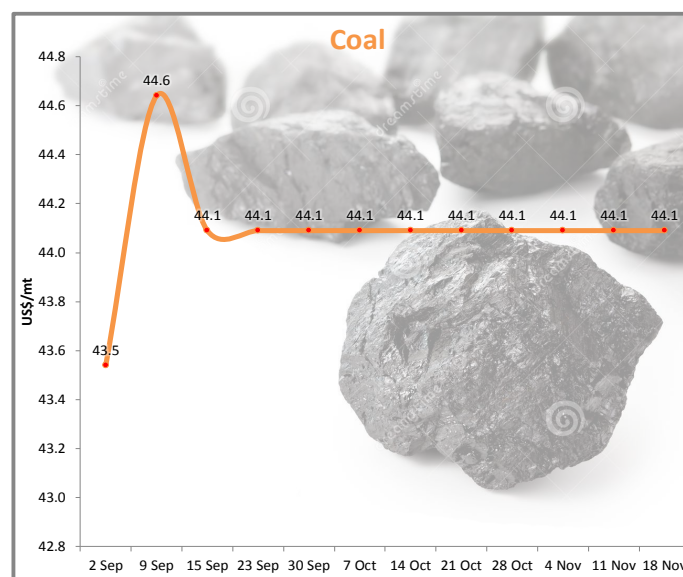
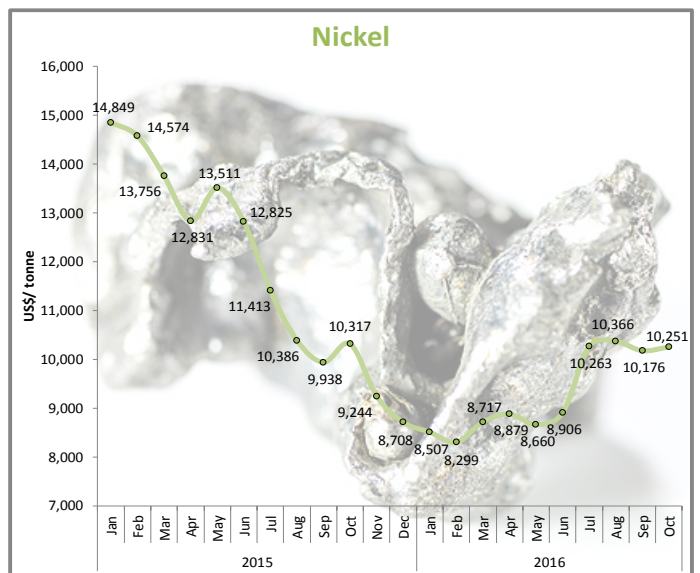
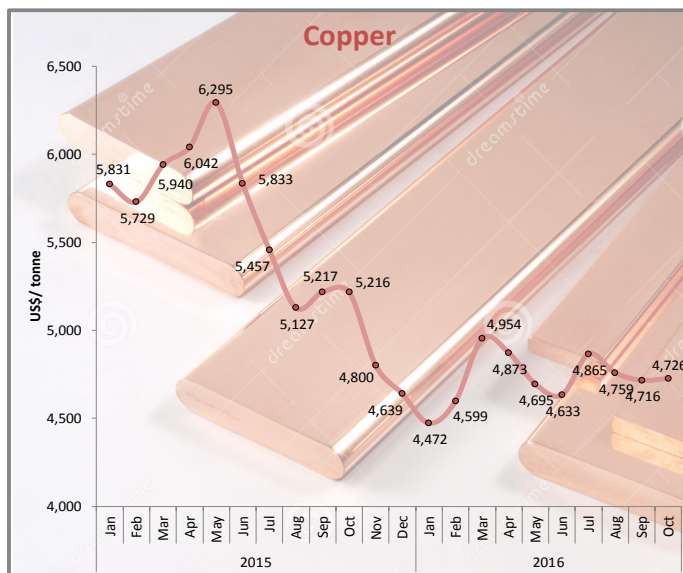
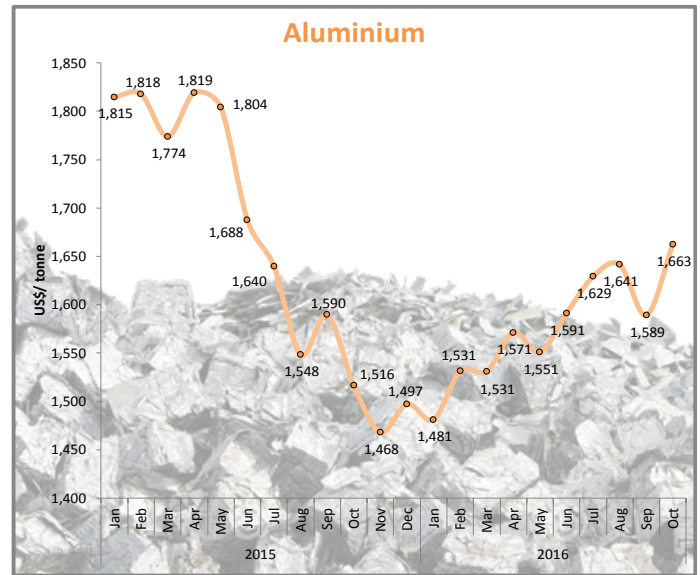
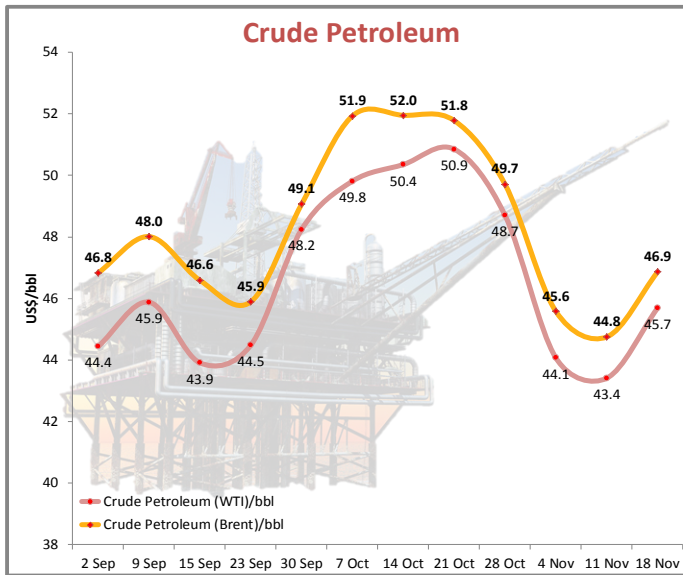
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group.

Commodity Price Trends



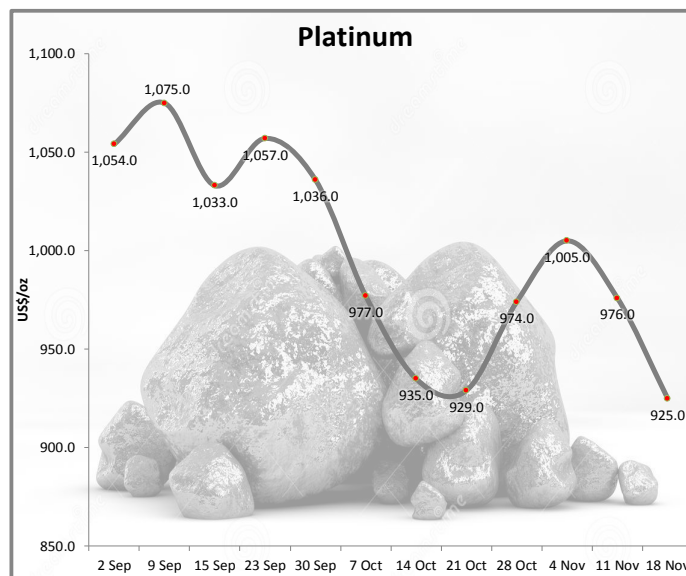
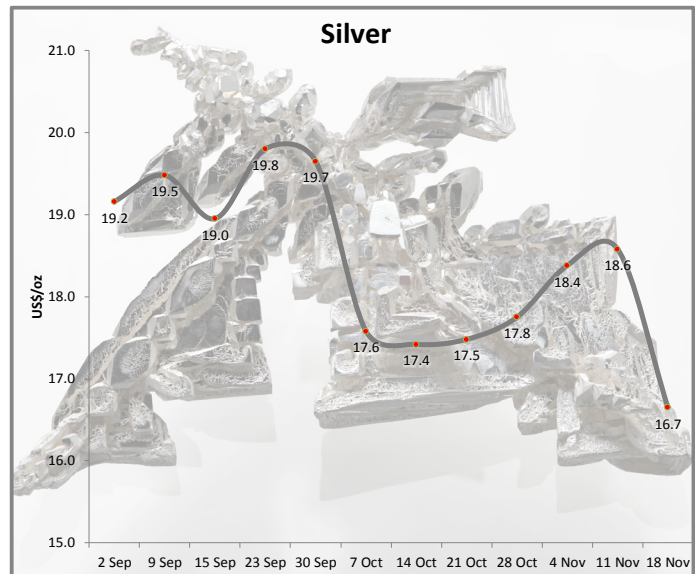
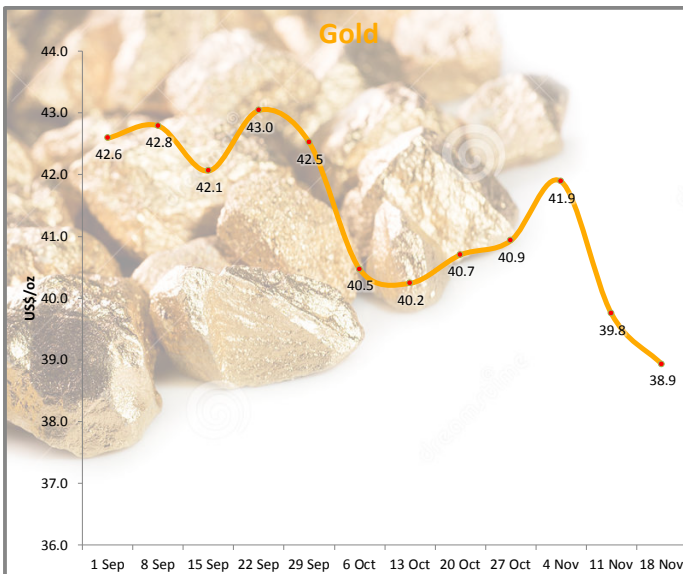
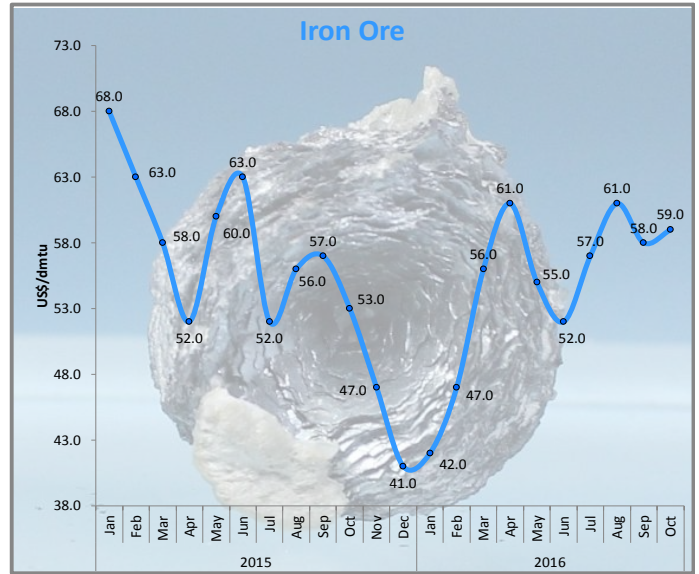
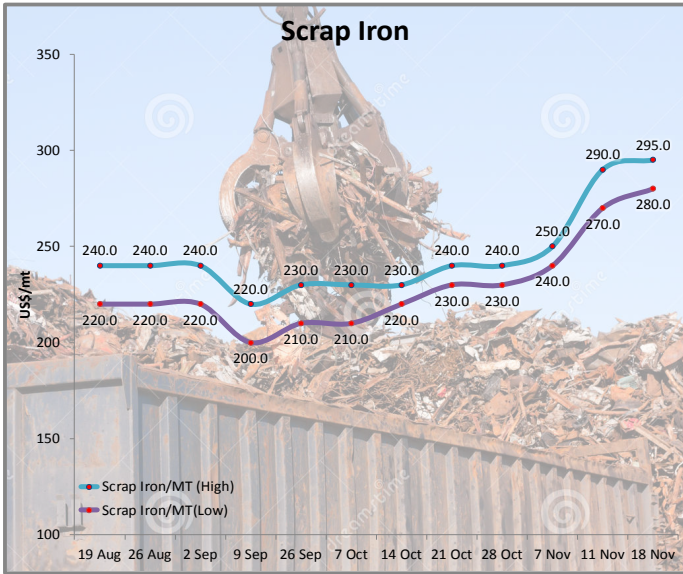
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

Commodity Price Trends



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

Commodity Price Trends



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

MITI PROGRAMME

Advancing the Aerospace Manufacturing Sector in Malaysia 15 November 2016



MITI PROGRAMME

FMM SME Conference 2016 16 November 2016



MITI PROGRAMME

The 2016 APEC Ministerial Meeting held in Lima, Peru 17 – 18 November 2016





SHOWCASE SATU DAERAH SATU INDUSTRI

PERINGKAT NASIONAL 2016

24-27 NOVEMBER



"Dari Malaysia ke Persada Dunia"

MITC

Ayer Keroh, Melaka
10.00 pagi - 10.00 malam

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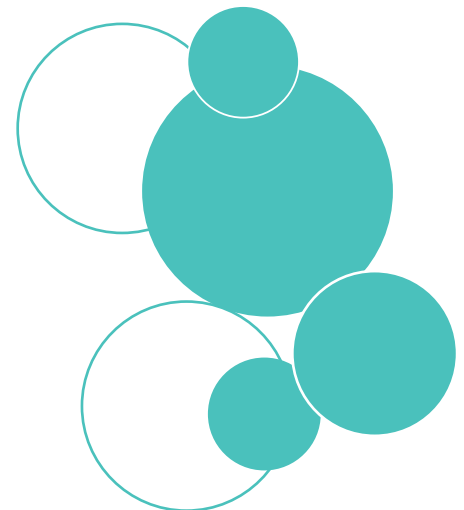
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