MITI’S ANNUAL SESSION WITH AMBASSADORS AND HIGH COMMISSIONERS

14 MARCH 2017 | TUESDAY | 2.30 – 4.30 P.M.
PERDANA HALL, MITI TOWER
OUTLINE OF PRESENTATION

OUR GLOBAL FOOTPRINT

THE ECONOMY 2016: TRADE AND INVESTMENT PERFORMANCE

2017 PRIORITIES

UPCOMING EVENTS AND ACTIVITIES
OUR GLOBAL FOOTPRINT
MAJOR MALAYSIAN COMPANIES IN ASEAN

- PETRONAS
- ZICOlaw
- Kencana Petroleum
- SapuraCrest Petroleum
- Maybank
- CIMB GROUP
- UEM
- AirAsia
- DiGi
- BinaPuri
- axiata
- PATHLAB
- KHAZANAH NASIONAL
- INGRESS
- Sime Darby
- YTL

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY
Shuaibah Independent Water & Power Project is the largest desalination plant in the world, with capacity of 1,030,000 m³/day water production.
MAJOR MALAYSIAN COMPANIES IN CHINA
MALAYSIAN COMPANIES IN JAPAN

- Petrochemical forwarding
- Resort Development & Management
- Logistics – Airline operator
- Job recruitment agency
- Processed food
- Industrial packaging
- Airlines services
- Fund Management
- Industrial fastener
MALAYSIAN COMPANIES IN THE USA

- Maybank: Financial institution
- SilTerra: Sales & marketing (wafer foundry)
- Proton: Engineering consultancy, engine testing
- IOI Group: Manufacturing (edible oil)
- FGV: Manufacturing (oleochemicals)
- Genting: Tourism, resorts, gaming
- Top Glove: Distribution centre - warehouse (disposable gloves)
- Supermax Corporation Berhad: Distribution centre (gloves)
- Jefi: Marketing (F&B)
- Carsem: Sales, technical support (packaging, test services – semiconductor back-end)
MALAYSIAN COMPANIES IN AUSTRALIA

- SP Setia
- UEM Group
- Eco World Group Development Berhad
- Malaysian Resources Corporation Berhad
MALAYSIAN COMPANIES IN NEW ZEALAND

- Sime Darby
- Dialog Group Berhad
- Rimbunan Hijau Group
- Samling Group
- UEM Edgenta Berhad
MALAYSIAN COMPANIES IN INDIA

- Air Asia India
- IJM Corporation Berhad
  Sime Darby
- Khazanah Nasional
- Sunway Group
MALAYSIA IS HOME TO MANY MNCS
THE ECONOMY : 2016
MALAYSIA’S ECONOMY GREW BY 4.2%...

Source: Department of Statistics Malaysia (DOSM)
TRADE
OVERALL TRADE GREW BY 1.5%

19th consecutive year of trade surplus

Trade

↑1.5%

Exports

↑1.1%

Imports

↑1.9%

Trade Balance

RM87.27 bil (US$21.02)

Source: Malaysia External Trade Development Corporation (MATRADE)
SHARE OF TRADE BY REGION

North America 9.5%

Europe 11.3%

Asia 71.4%

EU 10.0%

West Asia 3.9%

Latin America 2.2%

Africa 1.7%

Oceania 3.5%

Source: MATRADE
### TOP 5 ECONOMIES REPRESENTED HALF OF TRADE

#### Trade Composition of Major Countries (share %)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>12.5% (13.1%)</td>
<td>20.4% (18.9%)</td>
</tr>
<tr>
<td>Singapore</td>
<td>14.6% (13.9%)</td>
<td>10.4% (12.0%)</td>
</tr>
<tr>
<td>USA</td>
<td>10.2% (9.5%)</td>
<td>8% (8.1%)</td>
</tr>
<tr>
<td>Japan</td>
<td>8.1% (9.4%)</td>
<td>8.2% (7.8%)</td>
</tr>
<tr>
<td>Thailand</td>
<td>5.6% (5.7%)</td>
<td>6.1% (6.1%)</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2.7% (3.0%)</td>
<td>6% (*5.4%)</td>
</tr>
<tr>
<td>Republic Korea</td>
<td>2.9% (3.2%)</td>
<td>5.3% (4.6%)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.5% (3.7%)</td>
<td>4.2% (4.5%)</td>
</tr>
<tr>
<td>Hong Kong SAR</td>
<td>4.8% (4.7%)</td>
<td>1.8% (1.7%)</td>
</tr>
<tr>
<td>India</td>
<td>4.1% (4.1%)</td>
<td>2.4% (2.2%)</td>
</tr>
</tbody>
</table>

*Trade: 16.2% (15.8%)
Trade: 12.6% (13.0%)
Trade: 9.2% (8.8%)
Trade: 8.1% (8.6%)
Trade: 5.8% (5.9%)
Trade: 4.2% (4.1%)
Trade: 4% (3.8%)
Trade: 3.8% (4.1%)
Trade: 3.4% (3.3%)
Trade: 3.3% (3.2%)

*share % in 2015

Source: MATRADE
Higher exports of manufactured (↑3.2%) and agricultural goods (↑4.7%) offset the lower performance of mining goods (↓19.8%).
Imports driven by higher uptake of capital goods (↑4.9%) and consumption goods (↑7.4%)

The largest imports were intermediate goods (57.1%) followed by capital goods (14.3%) and consumption goods (9.6%)

Import Trend (2012-2016)

Major Imports By End Use 2016 (share %)

- Intermediate Goods: 57.1%
- Capital Goods: 14.3%
- Consumption Goods: 9.6%
- Others: 19.0%

* Mainly re-exports and dual goods

Source: MATRADE
EXPOSES OF MANUFACTURED GOODS

Manufactured Goods 2016 (share %)

- E& E Products (Share of manufactured exports - 44.6%)
- Chemical & chemical products (9.1%)
- Petroleum products (8.4%)
- Machinery equipment & part (5.8%)
- Manufactures of metal (5.25%)
- Optical & scientific equipment (4.5%)

Manufactured goods exports driven by E&E, followed by Chemical Products, Petroleum Products, Machinery, Equipment & Parts, Manufactures of Metal & Optical & Scientific Equipment

E&E contributed 44.6% of manufactured exports, while contribution to Malaysia’s export was 36.6%

Source: MATRADE
SERVICES TRADE IN 2016 INCREASED BY 4.4%

Services trade trend (2012-2016)

Other business services includes professional & consultancy services

Source: MATRADE
KEY SECTORS DRIVING SERVICES EXPORTS IN 2016

Major Export Services 2016 (share %)

- Travel: 49.9%
- Other Business Services: 16.9%
- Transport: 11.4%
- Telecommunication services: 7.0%
- Manufacturing services: 6.4%
- Others: 8.3%

Travel constituted the largest export component with 49.9% share, followed by other business services (17%), transport (11.4%), telecommunication services (7%) and manufacturing services (6.4%).

*Includes professional & consultancy services

Source: MATRADE
INVESTMENT
RM207.9 BILLION
APPROVED INVESTMENTS

Number of Projects

FDI
RM59 bil. (28%)

DDI
RM148.9 bil. (72%)

Employment opportunities

2016  2015
153,060  180,244

Source: Malaysian Investment Development Authority (MIDA)
MALAYSIA CONTINUES TO BE A COMPETITIVE DESTINATION FOR MANUFACTURING PROJECTS

<table>
<thead>
<tr>
<th></th>
<th>IMPLEMENTED (1980-2016)</th>
<th>APPROVED 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value</strong></td>
<td>RM692.3 bil</td>
<td>RM58.5 bil.</td>
</tr>
<tr>
<td><strong>Projects</strong></td>
<td>20,610</td>
<td>733</td>
</tr>
<tr>
<td><strong>Jobs</strong></td>
<td>2,253,888</td>
<td>64,120</td>
</tr>
</tbody>
</table>

Source: MIDA
**THE SERVICES SECTOR ACCOUNTED FOR THE LARGEST SHARE (68%) OF THE TOTAL INVESTMENTS IN 2016**

Source: MIDA

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approved Investments</strong></td>
<td>RM 141.2 bil</td>
<td>RM 114.5 bil</td>
</tr>
<tr>
<td><strong>Projects</strong></td>
<td>4,199</td>
<td>4,470</td>
</tr>
<tr>
<td><strong>Jobs</strong></td>
<td>88,108</td>
<td>112,194</td>
</tr>
</tbody>
</table>
FDI INTO MALAYSIA (STOCK)
As at Dec 2016: RM546 billion
Top 5 Countries
Singapore: RM 115.7 billion
Japan: RM 70.5 billion
Netherlands: RM 48.2 billion
Hong Kong: RM44.1 billion
USA: RM 36.2 billion

DIA STOCK
As Dec 2016: RM569.4 billion
Top 5 countries
Singapore: RM88.5 billion
Indonesia: RM54.4 billion
Australia: RM29.3 billion
United Kingdom: RM28.5 billion
Hong Kong: RM15.8 billion
Thailand: RM14.3 billion
China: RM10.3 billion
COMPETITIVENESS
HOW DO WE RANK?


19th most competitive economy in overall performance (2016) (IMD - 61 Economies)

25th most competitiveness nation in the world (2016/17) (WEF - 138 Economies)

19th IMD world talent rankings (2016) (IMD - 61 Economies)

3rd best in protecting investors (2017) (World Bank - 190 Economies)

3rd most favoured global offshoring destination (2016) (AT Kearney - 55 Economies)
2017 PRIORITIES
2017 PRIORITIES INCLUDE...

1. Strengthening Manufacturing Sector Resilience & Competitiveness

2. Digital Economy

3. Building Competitive SMEs

4. Promoting Halal Malaysia Globally Through International Collaborations
2017 PRIORITIES INCLUDE...

5. Strengthening of ASEAN Economic Community: focus on removing non-tariff barriers & harmonising the standards

6. Pushing for the timely conclusion of Regional Comprehensive Economic Partnership

7. Opening New Markets
## Manufacturing sector’s contribution to GDP

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2020 (RMK-11)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>RM2.55 billion (23%)</td>
<td>RM310 billion (22.1%)</td>
</tr>
<tr>
<td>All Sectors</td>
<td>RM0.255 trillion</td>
<td>RM1.4 trillion</td>
</tr>
</tbody>
</table>

### CATALYTIC SUBSECTORS
- Electrical & Electronics (E&E)
- Machinery & Equipment (M&E)
- Chemicals

### POTENTIAL GROWTH AREAS
- Aerospace
- Medical Devices
MAJOR INITIATIVES IN 2017 FOR MANUFACTURING

Implementation of RMK11 Manufacturing Projects: High Value-added and Complex Product Development Programme

Implementation of the National Aerospace Blueprint initiatives Development of National Aerospace Research & Technology Roadmap

Formulation of the National Remanufacturing Policy

Promoting the consolidation of the Iron and Steel industry

National Policy on Industry 4.0
(2) DIGITAL ECONOMY - eCommerce in Malaysia projected to grow at 11% CAGR

There is potential to double this growth...

Critical Success Factors

- Favourable demographic & economic trends
- Ready infrastructure and ecosystem
- Specific government interventions

Role of NeCC

- Develop the Malaysian eCommerce ecosystem.
- Oversees implementation of the National eCommerce Strategic Roadmap (NeSR).
- Address issues related to the eCommerce eco-system.
- Strengthen cooperation and coordination between Ministries, agencies and industry on eCommerce.

National eCommerce Council
Chaired by MITI Minister
Joint Secretariat: MITI and MDEC
(3) BUILDING COMPETITIVE SMEs

Capacity building

Human capital development

Innovation

ICT development

Market access

Financing

Source: SME Corp. Malaysia
MOU PARTNERSHIP TO DRIVE SME AGENDA AT GLOBAL FRONT

EXISTING MOU PARTNERS

- SMRJ, Japan
- ISIPO, Iran
- DARE, Brunei
- SBC, Korea
- INADEM, Mexico
- ARID, Viet Nam
- KOSGEB, Turkey
- DAMU, Kazakhstan
- SEDA, South Africa

Others
- Kingdom of Saudi Arabia
- Mauritius
- Ghana
- India
- Papua New Guinea
- Suriname

Sharing best practices
Exchange technical expertise
Facilitate market access
BILATERAL WITH SAUDI ARABIA

- 28-29 May 2013: CEO of SME Corp. was invited as a speaker at the Saudi International SME Forum 2013, in Riyadh, Saudi Arabia to share on “Propelling Malaysian SMEs into Higher Economic Contributor”
- 29 August 2016: Working Visit by BADIR Technology Incubator came to visit SME Corp., to learn and exchange knowledge on our SME development ecosystem in general and on our Incubator initiative in specific
- 24 January 2017: Working Visit by International Islamic Trade Finance Corporation (ITFC), based in Saudi to learn on our SME Development Ecosystem and propose on future collaboration
- 27 February 2017: Signing of MoU between MITI and Ministry of Commerce & Investment
- 28 February 2017: Follow-Up Discussion on Collaboration with Small and Medium Enterprise Authority, Saudi Arabia
BILATERAL WITH BRUNEI DARUSSALAM

SME Corp previously had a Memorandum of Understanding (MoU) with Entrepreneurial Center (EDC) Brunei under the then Ministry of Industry and Primary Resources (MIPR) since June 2010 which lapsed on 31 May 2013.

28-29 January 2013
SME Corp. Malaysia visited Brunei as an initiative under the MoU between SME Corp & Entrepreneur Development Centre (EDC).

29 June-2 July 2013
SME Corp. Malaysia conducted a training programme on SCORE in Brunei Darussalam.

7 October 2016
Working Visit By Energy And Industry Department, Prime Minister’s Office, Brunei Darussalam to SME Corp. Malaysia.

27 November 2016
Signing of MoU between SME Corp. Malaysia and Brunei Darussalam Enterprise (DARE).

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY
## (4) PROMOTING HALAL MALAYSIA GLOBALLY THROUGH INTERNATIONAL COLLABORATIONS

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.5%</td>
<td>Contribution to the Country’s GDP</td>
<td>(2015)</td>
</tr>
<tr>
<td>RM11.9 billion</td>
<td>Investment into HALMAS Halal Parks</td>
<td>(As of 2016)</td>
</tr>
<tr>
<td>RM39.3 billion</td>
<td>Export of halal products</td>
<td>(2016)</td>
</tr>
<tr>
<td>1,401</td>
<td>Exporting companies</td>
<td>(2016)</td>
</tr>
<tr>
<td>248,508</td>
<td>Employment</td>
<td>(As of 2015)</td>
</tr>
<tr>
<td>9,000</td>
<td>Certified Halal Knowledge Personnel</td>
<td>(As of 2016)</td>
</tr>
</tbody>
</table>

**Notes:**
- Estimated based on halal promoted sectors as per the HIMP (2008 – 2020)
- Based on declaration made by companies operating within HALMAS Halal Parks
- Forecasted based on average contribution (5.04%) to total estimated Country’s export in 2016 (RM779.8 billion)
- Forecasted based on 5% increased from 1,331 companies in 2015
- Based on study by ILMIA
- Trained by HDC only

Source: HDC
Objectives:

1. Enhance halal industry economic contributions
2. Make Malaysia as the global reference centre for halal

6 Focus Areas:

- Halal Industry Policy and Legislation
- International Footprint
- Halal Enterprise Development
- Bumiputera Development
- Human Capital Development
- Halal Brand and Promotions

Source: HDC
Joint Collaboration between Malaysia and Japan on halal matters – including Tokyo Summer Olympics 2020

On-going collaboration with existing partners namely, JETRO, Bank of Tokyo Mitsubishi UFG, Kumamoto City, Kyoto Chamber of Commerce, Inspire Corporation, A-Commerce and consulting firms on halal awareness matters, halal training, promoting of trade and investments
HALAL COLLABORATION WITH CAMBODIA

- Upcoming visits by 44 representatives from Cambodia to understand the halal eco-system
- HDC to assist Cambodia in developing the halal eco-system
- HDC signed MOU with SLN Meat Supplies Pty Ltd (SLN) to share expertise, knowledge on agriculture, halal best practices and standards on Halal
(5) STRENGTHENING OF ASEAN ECONOMIC COMMUNITY
ASEAN: PROMISING ECONOMIC REGION

➢ GDP
  ✓ **Outlook**: Real GDP growth projected to remain solid at 4.5% in 2016 supported by strong public and private consumption, and expected to further increase to 4.7% in 2017.
  ✓ ASEAN is the 6th largest economy after China, US, Japan, Germany and UK.

➢ Merchandise Trade
  ✓ Total trade: US$2.28 trillion, of which 24% is intra-ASEAN in 2015.
  ✓ Major markets: ASEAN (24%), China (15.2%), Japan (10.5%), EU (10%), US (9.3%).

➢ Investment
  ✓ Total FDI inflows in 2015 stood at US$120 billion.
  ✓ Major FDI sources: Intra-ASEAN (18.5%), EU (16.4%), Japan (14.5%), US (10.2%), China (6.8%).
  ✓ Services sector remained the largest FDI recipient at 62.5% in 2015.
ASEAN Economic Community Blueprint 2025

- ASEAN Economic Community (AEC) Blueprint 2025 was adopted by the ASEAN Leaders in 2015 as part of the ASEAN 2025: Forging Ahead Together.

- Characteristics of the AEC 2025:
MALAYSIA’S PRIORITIES

✓ Continuous engagements with stakeholders
✓ Promotion of e-commerce, GVC and GRP
✓ Elimination of NTBs
✓ Pushing for timely conclusion of Regional Comprehensive Economic Partnership
✓ Conclusion of ASEAN-Hong Kong FTA
✓ Implementation of ASEAN-Wide Self-Certification Scheme
✓ Completion of AFAS 10 Package
✓ Full implementation of ASEAN Single Window
HARMONIZING STANDARDS

- Harmonization of standards and technical requirements on:
  - 20 priority products & 81 standards for safety and specification requirements covering electrical and electronics equipment, rubber gloves and condoms, rubber-based and prepared foodstuff products;

- MRAs have been established for Electrical and Electronic Equipment, ASEAN Cosmetics Directive, ASEAN Medical Device Directive, Traditional Medicines and Health Supplements.

- Priorities for 2017:
  - Complete signing of MRA on Bio-Equivalence Study Report
  - Sign MRA for Inspection & Certification Systems on Food Hygiene for Prepared Foodstuff Products
  - Finalise MRA for Type Approval of Automotive Products; and
  - Finalise Building and Construction Materials.

AEC 2025

- Harmonization of standards and technical regulations in ASEAN through MRAs.

- Enhancing mobility of professionals by streamlining procedures and removing unnecessary restrictions.

Standard and Conformance Strategic Action Plan (2016-2025)
ASEAN STRATEGIC ENGAGEMENTS WITH LEADING TRADING NATIONS

Concluded FTAs:
- ASEAN-China
- ASEAN-Japan
- ASEAN-Korea
- ASEAN-India
- ASEAN-Australia-New Zealand

On-going FTA negotiations:
- RCEP
- ASEAN-Hong Kong

Under consideration / resumption:
- ASEAN-EU
- ASEAN-Canada
- ASEAN-EAEU
2017 FTA FOCUS & PRIORITIES

- Pursue bilateral FTAs with potential FTA partners
- Continued engagements with stakeholders on FTAs
- Consulting other partners on the future of TPPA
2017: CHALLENGES & FORECAST

- Global economic slowdown and sluggish external trade activity in recent years impact Malaysia’s open economy.

- China’s domestic rebalancing, economic slowdown of advanced countries/major trading partners, uncertain impact of Brexit, uncertainties in US policies, fluctuations in oil price and commodity prices.

- Moderate pick up in global growth (projections for 2017)
  - World Bank: 2.7%
  - IMF: 3.4%

- Higher world trade volume (projections for 2017)
  - IMF: to increase by 3.8%
  - WTO: 1.8-3.1%

- Commodity prices (projections in 2017):
  - Oil prices projected to average USD55 per barrel
  - Palm oil price to strengthen between RM2,700 to RM2,800
UPCOMING EVENTS

Mark Your Calendars

This Month

MITI MALAYSIA

Welcomes You To.....
SME RELATED EVENTS

MITEC
15 – 17 November 2017
Showcase, Conference and Business Matching

Nationwide
17 – 26 May 2017
Spotlight on SMEs and Entrepreneurship

Periodically
Awareness and outreach with various domestic & international partners
MALAYSIA INTERNATIONAL HALAL SHOWCASE

The 14th Malaysia International Halal Showcase

the world’s largest halal event

5-8 April 2017
Kuala Lumpur Convention Centre

Islamic Finance
Halal Food
Halal Tourism
Halal Logistics
Halal Pharmaceuticals and Cosmetics
Halal Digital
ASEAN will celebrate its 50th Anniversary on 8 August 2017. Coordinating ministries of ASEAN Community pillars (Ministry of Foreign Affairs, MITI and Ministry of Tourism and Culture) will organize a series of promotional events to continue socializing ASEAN in Malaysia.
“myAPEC YouthConnect”
TALENT PROGRAMME

A talent mobility programme (Malaysia’s pilot project) for 4-12 months of work placements at leading companies in Malaysia and APEC economies.

Since the launch on 18 October 2016, a total of 247 youth from 11 APEC economies have applied (Malaysia, Brunei, Chile, Indonesia, Mexico, South Korea, Philippines, Thailand, Canada, China & Vietnam)

51 Participating Companies
LATAM BUSINESS DAY, 2017

- Date: 2nd Half 2017
- Create awareness of business opportunities between Malaysia and LATAM
- Programmes:
  - Business seminars
  - Workshops
  - Table-top exhibitions
  - Advisory services
  - Industry visits
THANK YOU