MINISTRY OF
INTERNATIONAL TRADE AND INDUSTRY

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INTERNATIONAL TRADE AND INDUSTRY

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REPORT 2021

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Table of Content

CHAPTER 2
INTERNATIONAL TRADE

CHAPTER 3

INVESTMENT PERFORMANCE

CHAPTER 4

DIGITAL ECONOMY, PRODUCTIVITY AND COMPETITIVENESS

CHAPTER 5

ECONOMIC PROSPECTS 2023

APPENDICES

Foreword

In 2021, Malaysia remained steadfast amidst perils of ongoing global disruptions and uncertainty, most notably the COVID-19 pandemic. As the economic frontliner of Malaysia, the Ministry of International Trade and Industry (MITI) succeeded in sustaining Malaysia's position as the preferred investment destination and one of the most competitive trading nations.

Advancing with strident moves towards mitigating the impact of the pandemic and accelerating economic recovery, MITI and its 13 Agencies are pulling all the stops to place Malaysia on a positive trajectory to propel the economy to greater heights, as well as expedite efforts towards inclusive socio-economic growth.

Indeed, these relentless efforts to provide a conducive economic climate and business ecosystem have yielded positive and sterling results. Malaysia's trade performance, which rebounded strongly to reach record highs in the current year, provided a solid foundation for the nation's post-pandemic economic recovery. Numbers don't lie. Trade performance surpassed RM2 trillion for the first time, the fastest growth since 1994. Exports surged 26% to RM1.24 trillion, enabling us to reach our target, four (4) years ahead of schedule. Trade surplus increased by nearly 40%, our 24th uninterrupted year of trade surplus, since 1998. External demand for Malaysian goods, led by electrical and electronics, petroleum, rubber, palm oil, and chemical products have remained robust.

Higher global demand bolstered our exports, underscoring the importance of MITI's efforts in cultivating healthy external trade ties. Exports to major trading partners, namely ASEAN, the People's Republic of China, the United States, the European Union, and Japan, recorded double-digit growths. Trade with Free Trade Agreement partners accounted for almost 67% of Malaysia's total trade.

On the investment front, Malaysia emerged stronger, recording a stellar performance of RM306.5 billion in approved investments in 2021, through 4,564 projects in the manufacturing, services, and primary sectors, an astounding 83.1% increase, from 2020. Foreign direct investments continued to be the main driver of overall investment, contributing 68.1% or RM208.6 billion of total approved projects.

The Government's commitment towards economic recovery post COVID-19 is aligned with the Twelfth Malaysia Plan (12MP), with Resetting the Economy as one of its central thrusts, along with Catalysing Strategic and High Impact Industries to Boost Economic Growth as a game changer. For instance, the concept of Eco-Industrial Park has been incorporated in the 12MP, with focus on restoring the growth momentum of core economic sectors. Resetting the economy to address current and future economic challenges is centred around building resiliency and competitiveness by leveraging on the adoption of advanced technologies, digitalisation, and niche capabilities.

In our commitment to actively support business recovery, MITI takes proactive and practical decisions in ensuring sustainable business continuity. The COVID-19 Intelligent Management System, an online system to process business applications, particularly in the manufacturing sector was developed to allow businesses to operate without disruptions. As the economic backbone of the country, it was pertinent that these workers were protected, given attention and priority to get vaccinated not only for their safety and security but also for the enhancement of the country's productivity. Taking this into account, the Ministry also spearheaded the Public-Private Partnership COVID-19 Industry Immunisation Programme, a collaboration between the Government and the private sector that has expedited the rate of immunisation among industrial workers in the manufacturing sector nationwide.

MITI, in collaboration with the Malaysia External Trade Development Corporation, commissioned the development of the National Trade Blueprint as a strategic document to further nurture Malaysia's business ecosystem and enhance our export competitiveness in the global marketplace. The Industrial Co-ordination Act, 1975 was also reviewed to make transformative strides towards nurturing the business and investment ecosystem as well as to reduce unnecessary bureaucracy. In 2021, the InvestMalaysia portal was launched as a single gateway for investors to submit and manage applications online, featuring optimised process automation and seamless data capturing and analysis.

Throughout the year, MITI has coordinated high impact bilateral engagements and investment and trade promotion efforts, both physical and online, to attract and increase foreign investors' confidence in the country as a preferred investment destination. We have taken various initiatives to ensure that the business ecosystem remains responsive to global trends, with business-friendly policies and measures, skills upgrading and retraining, digitisation, automation and diplomacy.

The Digital Investment Office (DIO) was established by the Malaysian Investment Development Authority and the Malaysia Digital Economy Corporation to promote, facilitate and streamline the process of digital investment into Malaysia, complementing investors' need to navigate multiple channels or investment promotion agencies, to secure their investments in Malaysia. DIO's role is in line with the MyDIGITAL Action Plan to attract investment worth RM70 billion in the digital sector by 2025. As of March 2022, RM3.8 billion digital investment has been approved by DIO.

In tandem with efforts to nurture the trade and investment ecosystem, the Government, has also placed emphasis on addressing the demand for more skilled labour to realise the country's aspiration to move towards a more knowledge-based, high-technology and high-value-added economy. Hence, capacity building continues to remain the government's focus to drive the nation's economy in equiping homegrown talents with not only professional skills certification but also career growth opportunities. This move to reskill and develop Malaysian talents into higher gear will also make a positive contribution towards strengthening the supply chain.

In order to succeed in the national agenda of realising sustainable economic development and addition to efforts to ensure mutual prosperity, MITI and Agencies will continue to create a conducive business environment. We are committed to implementing business-friendly policies and initiatives through a whole-of-nation approach in taking steps towards smartening up the country's economic recovery.

With shared responsibility and collective determination, I am confident that Malaysia is able to ride the crest of this growth wave and emerge from these tumultuous times, stronger and even more resilient.

YB Dato' Seri Mohamed Azmin Ali
Senior Minister
Minister of International Trade and Industry (MITI)

Economic Scenario 2021

Launching of the Business Traveller Centre
(23 March 2021)

Trade and Investment Mission to the
Republic of Korea
(31 March-2 April 2021)

Safe@Work
(1 April 2021)

Trade and Investment Mission to Japan
(5-6 April 2021)

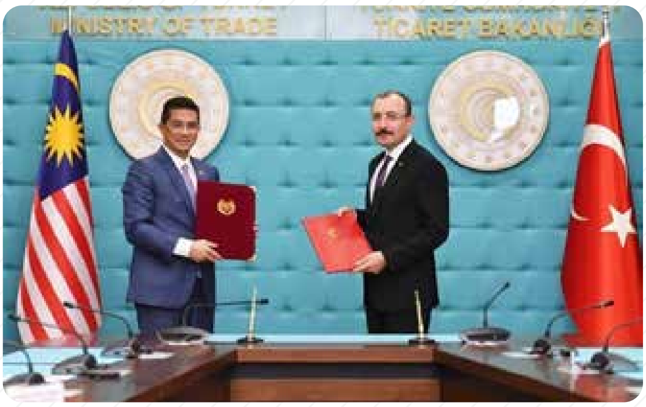
The Prime Minister's Meeting with Industry Players (15 April 2021)

Public-Private Partnership Covid-19 Industry Immunisation Programme (12 June-1 November 2021)

Trade and Investment Mission to Qatar
(4-7 July 2021)

Trade and Investment Mission to Saudi Arabia (KSA) and the United Arab Emirates (UAE)
(4-16 July 2021)

Trade and Investment Mission to Austria
(4-16 July 2021)



Trade and Investment Mission to the Republic of Turkiye (10-14 July 2021) - With H.E. Dr. Mehmet Mus, Minister of Trade of the Republic of Turkiye at the Signing of the Joint Declaration on the Expansion of Malaysia-Turkiye Free Trade Agreement (MTFTA), 13 July 2021

Economic Action Council Meeting No. 16/2021
(30 September 2021)

Trade and Investment Mission to France in October 2021 – Bilateral Meeting with H.E. Franck Riester, Minister Delegate for Foreign Trade and Economic Attractiveness of the French Republic

Trade and Investment Mission to Germany
(13 October 2021)

Trade and Investment Mission to Europe Porsche, Germany
(14 October 2021)

Trade and Investment Mission to United Kingdom (17-22 October 2021)

AT&S Groundbreaking Ceremony
(30 October 2021)

Public-Private Partnership Covid-19 Industry Immunisation Programme Appreciation Ceremony
(1 November 2021)

2020 Industrial Excellence Award
(2 November 2021)

Malaysia Aerospace Summit 2021
(9 November 2021)

United States Secretary of Trade, H.E. Gina M. Raimondo's Visit to Malaysia
(9 November 2021)

Launching of the Vaccinated Travel Lane-Land (VTL-Land)
(29 November 2021)

Chapter

INDUSTRIAL AND SERVICES SECTORS

1

OVERVIEW

The Malaysian economy experienced a sharp rise in Gross Domestic Product (GDP) in 2021, growing 16.1% in the second quarter of 2021 despite the imposition of a temporary state of emergency from 12 January to 1 August 2021. The economy contracted 4.5% in the third quarter as domestic economic activity plunged following the nationwide lockdown between May and September but rebounded 3.6% in the final three (3) months of the year on the back of a steady growth in trade.

The re-imposition of a tough Movement Control Order (MCO) in the second quarter was aimed to safeguard people's lives following the re-emergence of new and more infectious COVID-19 variants that placed further pressure on the country's public health system. To cushion the renewed lockdown's impact, the government rolled out various measures to ensure that the country's key manufacturing sector remained vibrant and the supply chain competitive and undisrupted.

The Ministry of International Trade and Industry (MITI) as the essential Economic Frontline body worked tirelessly to implement various measures to safeguard the country's economic health. MITI developed the COVID-19 Intelligent Management System (CIMS), an online system to process business applications particularly in the manufacturing sector that allowed them to continue operations during the lockdown. It also implemented the Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS), a collaboration between the government and the private sector to accelerate the immunisation rate among workers in the manufacturing sector nationwide.

Their implementation enabled Malaysia's smooth transition towards the National Recovery Plan (NRP). By the year's end, CIMS 3.0 processed applications from companies with the involvement of 16 Ministries and nine (9) agencies comprising 37 clusters and 254 sectors. Meanwhile, 98% of the registered manufacturing workers nationwide received their full COVID-19 vaccines either through PIKAS or the National COVID-19 Immunisation Programme (PICK).

The manufacturing sector registered the smallest contraction in the third quarter at 0.8% particularly due to the less stringent movement controls. This set a good base for strong growth in the fourth quarter when the sector surged 9.1% due to the government's progressive mitigation measures which were bolstered by firm external demand for manufactured goods. Exports were led by electrical, electronic and optical products (16.4%) followed by petroleum, chemical, rubber and plastic (6.5%). The recovery in non-metallic mineral goods, basic metals and fabricated metals (5.8%) and wood products, furniture, paper products and printing (5.6%) also influenced the performance of the manufacturing sector. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector grew by 8.3% in the final three months of 2021. The sterling export growth outpaced the global and East Asia and Pacific average particularly in the electrical and electronic (E&E) sector, which was tied to robust global demand for consumer products such as home office equipment, electronics and medical devices.

The manufacturing, services and primary sectors recorded a combined RM306.5 billion worth of approved investments for 2021, up 83.1% from 2020. These approved investments involved 4,564 projects and are expected to generate 105,012 job opportunities. Manufacturing contributed the

98% of the registered **manufacturing workers** nationwide **received their full COVID-19 vaccines**

manufacturing, services and primary sectors recorded a combined **RM306.5 billion worth of approved investments** highest investments for the year, recording RM195.1 billion (63.7%), followed by services at RM94.1 billion (30.7%) and the primary sector at RM17.3 billion (5.6%).

The Government's strong commitment to the vaccine rollout, aided by the swift implementation of economic policy support measures, proved to be the catalyst needed to reverse the negative effects of the pandemic on the economy. Malaysia's 2021 GDP at current prices amounted to RM1.5 trillion with the Gross National Income per capita increasing by 7.7% from 2020. Malaysia's overall economic performance in 2021 showed an encouraging recovery momentum with a growth of 3.1%, reversing the 5.6% decline in 2020.

PERFORMANCE OF THE MANUFACTURING SECTOR

Aerospace

The second phase of the Malaysian Aerospace Industry Blueprint (MAIB) 2030 implementation has commenced under the Aerospace Industry Framework of the Twelfth Malaysia Plan (12MP) in 2021. The implementation of Key Initiatives of MAIB 2030 has resulted in significant growth for the industry in 2019 but the momentum slowed due to the COVID-19 pandemic. Although the aerospace industry was heavily affected by the pandemic in 2020, it managed to achieve RM11.6 billion worth of revenue and employed 25,600 technical workers.

The reopening of economic sectors under the NRP has supported the recovery of the aerospace industry. Aerospace manufacturing has shown positive results. Apart from the current work packages, Malaysia is now entering into production of new aircraft parts such as the Airbus A321 XLR Inboard Flap by Spirit AeroSystems Malaysia.

The re-opening of domestic travel has revived the maintenance, repair and overhaul (MRO) business to support commercial airlines' operations not only in Malaysia but also in the region.

Other support services such as technical training are expected to increase gradually to keep our technical personnel abreast with the required competency.

In line with the growth in aerospace, the Government has approved the incorporation of the industry-backed National Aerospace Industry Corporation Malaysia (NAICO Malaysia) as an agency under MITI. As the national aerospace agency and a centre of excellence, it is mandated to spur the development of the ecosystem in line with industry needs as well as develop local expertise and ensure coordination of initiatives under the MAIB 2030 and the 12MP.

NAICO Malaysia will also enhance industry's capabilities in research and innovation, with focus on advanced technologies and precision-engineering. This will enable Malaysia to compete on the high-tech side of aerospace, while complementing relevant domestic industries such as the E&E and automotive sectors.

NAICO Malaysia will leverage supply chain knowledge, technical know-how and industry experience of prominent members who will serve on the Board of Directors and various technical committees. Collaboration and partnerships with relevant agencies such as the Malaysian Investment Development Authority (MIDA) and Malaysia External Trade Development Corporation (MATRADE) will be improved to increase strategic and quality aerospace investments. This will help integrate the local supply chain into the regional and global network and provide an array of business opportunities for small and medium enterprises (SMEs), particularly Bumiputera SMEs. Aerospace is one (1) of the three (3) Bumiputera Economic Transformation focus areas under the Bumiputera Development Action 2030 to enhance Bumiputera's participation in the economy.

The 12MP charts the forward direction for aerospace as a strategic sector that will help realise the nation's aspiration to be a global powerhouse. A total RM600 million has been allocated under the 12MP to enable the industry to compete better on the global stage after the COVID-19 pandemic. The initiatives includes developing a sustainable ecosystem, clustering and zoning aerospace activities, establishing an aerospace digital system and venturing into sustainable energy. These initiatives will improve local ecosystem capabilities and competitiveness towards strengthening Malaysia's position in the global value chain. Special attention is also given to further developing a technically skilled workforce prepared for digital transformation and Industry 4.0 technology adoption.

The Government will continue to promote and facilitate high-quality foreign direct investments (FDI) into aerospace and encourage local players to invest in the high-technology industry. A total of two (2) new projects worth a total RM104.7 million were approved in the aerospace sector in 2021, comprising RM65 million in FDI and RM39.7 million from domestic investors. These projects, which involve the aerospace manufacturing sector supplying to Tier 1 and Tier 2 companies, are expected to generate 247 job opportunities.

RM104.7 million
were approved in the aerospace sector in 2021, comprising **RM65 million in FDI** and **RM39.7 million from domestic investors**

Malaysia will continue to advocate forward-looking, inclusive and business-friendly policies to ensure that we remain the preferred investment destination for high-impact, advanced technology and precision engineering industries. With the concerted and coordinated implementation of industrial development strategies, the Malaysian aerospace industry is poised to contribute an annual revenue of RM30 billion and create 30,000 highly skilled jobs by 2025.

Automotive

The imposition of MCO in 2021 to combat the spread of the pandemic had a significant negative impact on the automotive sector, particularly car sales and manufacturing. To mitigate the effects, the Government under the National Economic Recovery Plan (PENJANA) and Budget 2022 agreed to continue to exempt locally assembled passenger vehicles from sales tax for up to 100% and 50% for imported Completely Built-Up vehicles until 30 June 2022. From 1 April to 31 December 2021, the Government suspended excise duty for locally-assembled motorcycles with engine capacity of 150c.c. and below to support mobile entrepreneurs under the Strategic Programmes to Empower the People and Economy (PEMERKASA).

penjana
Pelan Jana Semula Ekonomi Negara

the Government under the **National Economic Recovery Plan (PENJANA)** and **Budget 2022** agreed to continue to exempt locally assembled passenger vehicles from sales tax for up to 100% and 50% for imported Completely Built-Up vehicles until 30 June 2022

Overall, a total 508,911 vehicles were sold in Malaysia in 2021, of which 418,368, or 82.2%, were energy-efficient. Total production for the year was 481,651 units, accounting for 94.6% of all automobiles sold in the country. Vehicle exports were valued at RM1.50 billion, while vehicle imports were worth RM5.41 billion.

Exports of automotive parts and components reached RM13.13 billion in 2021 despite disruptions in the global supply chain and declining demand due to pandemic-related measures. Exports of remanufactured spare parts (remanufactured) reached RM1.20 billion. The automotive industry received RM913.8 million worth of investments from January to September 2021, mainly in the manufacture of automotive parts and components and electric vehicles (EV).

508,911 vehicles were sold in Malaysia in 2021, of which 418,368, or **82.2%, were energy-efficient**

Through the Automotive Industry Development Programme under the 12MP, MITI continued to provide funding to the Malaysia Automotive Robotics and IoT Institute (MARii) to conduct programmes for capacity-building and technology adoption for the local automotive supply chain and for human capital development. In 2021, 562 vendors achieved Level 3 Competitiveness, the minimum requirement for becoming vendors to the country's Tier 1 original equipment manufacturers (OEMs). One hundred and fifty-three of these vendors have advanced to Level 4, where they are able to conduct research and development (R&D) activities. Furthermore, 69 vendors that have achieved Level 5 Competitiveness are now capable of becoming exporters in the global supply chain.

In the field of technology application, a total 83 automotive companies participated in the National Policy on Industry 4.0 (Industry4WRD) Readiness Assessment (RA) programme to identify the technology gaps required to adopt Industry 4.0. Apart from that, MITI and MARii provided cloud computing services to 641 vendors as well as training to 1,323 design engineers and data analysts and 2,982 design validation and virtual reality (VR) specialists under the Digital Engineering and Prototyping, Augmented Reality (AR) and Computer-Aided Engineering programmes.

Electric Vehicle Incentive Package under Budget 2022

Despite the potential of EVs as a low carbon mobility choice, their penetration in the global vehicle market including the ASEAN region is still considered low due to high production costs, lack of infrastructure support and low market acceptance, among other reasons.

To stimulate EV demand in the country with the aim to encourage future investments, the Government announced a comprehensive package under Budget 2022 which offers incentives not only to vehicle and component manufacturers or OEMs, but also to consumers. The incentive package offers the following:

(i) Full exemption of import duty, excise duty and sales tax on locally assembled EVs for a period of four (4) years until 2025.
(ii) Full exemption of import duty and excise duty on Completely Build Up EVs for a period of two (2) years until 2023.
(iii) Full road tax exemption for EV until 2025.
(iv) Individual income tax relief of up to RM2,500 for installation, rental, purchase costs including equipment hire-purchase or EV charging facility subscription fees from the assessment years 2022 and 2023.

Moving forward in 2022, the national level inter-ministry EV Task Force led by MITI will continue to deliberate on strategies and implement coordinated measures to drive the development of EVs and their support ecosystem nationwide.

Chemicals and Petrochemicals

Petroleum and chemicals, including chemical products, plastic, and rubber remain one of Malaysia's most valuable strategic industries, contributing 7.3% to the GDP in 2021 and employing 425,000 workers or 2.8% of the 15.3 million total workforce.

> export of chemicals and chemical products **increased by 39.4%** from RM50.8 billion in 2020 to RM70.7 billion in 2021

Petroleum and chemicals, including chemical products, were Malaysia's second and third highest exporting industries in 2021, contributing 9.0% and 6.0% of the nation's total exports, respectively. Despite the pandemic, the exports of chemicals and chemical products increased by 39.4% from RM50.8 billion in 2020 to RM70.7 billion in 2021; exports of petroleum products increased by 54.6% to RM95.7 billion, and exports of plastic products rose by 21.1% to RM16.0 billion. The same upward trend was observed in the imports of chemicals and chemical products which increased by 29.9% to RM96.5 billion; petroleum products by 49.3% to RM89.6 billion; and plastic products by 16.9% to RM13.4 billion.

The industry was among the major contributors to Malaysia's total approved foreign investments in 2021, attracting RM3.5 billion in value. However, the total approved foreign investment for petroleum products, including petrochemical, has decreased significantly from RM2.9 billion in 2020 to RM38.8 million in 2021, which may have been caused by a steep decline in oil prices during that period. In terms of total approved domestic investment, the chemicals and chemical products industry recorded a total domestic direct investment (DDI) value of RM2.3 billion, followed by the petroleum product industry which recorded RM186.3 million.

In 2021, MITI, in collaboration with MIDA, Petroliam Nasional Berhad (PETRONAS), and industry stakeholders developed the first dedicated Chemical Industry Roadmap 2030 (CIR2030) which is aimed at increasing the contribution of the manufacturing sector to the Malaysian economy and serves as a guide for the industry. CIR2030 outlines the aspiration to increase the chemical industry's value-add, enhance industry integration, and improve global competitiveness and sustainability in production.

To achieve these aspirations, 21 strategies have been identified across 11 chemical sub-segments in base chemicals and intermediates; plastics and polymers; and specialty chemicals. The implementation of these strategies will be rolled out through 24 initiatives which will be led by MITI, MIDA, the Ministry of Human Resources (MOHR), and the Chemical Industry Council Malaysia.

As one of MITI's major deliverables in 2021, the CIR2030 is developed and harmonised to be aligned with other key national roadmaps, namely the National Investment Aspiration (NIA), New Industrial Masterplan (NIMP), and the 12MP. With the implementation of the CIR, the industry is expected to increase the Gross Value Add of the industry to the overall economy from 3.4% today to more than 4.5% by 2030, or about RM40 billions of additional value.

Electrical and Electronics

The E&E industry in Malaysia continues to be the backbone of the manufacturing sector, the driver of technology adoption and the main contributor to the national GDP. In 2021, the E&E sector recorded approved investments worth RM148 billion involving 94 projects. Domestic investments accounted for RM1.7 billion, while total foreign investments were valued at RM146.3 billion.

In 2021, Malaysia attracted the highest foreign investment in solar products which will transform Malaysia into an integrated hub for this segment.

A total of RM42.2 billion has been invested over a 15-year period commencing in 2021 which would create about 3,000 employment opportunities.

These investments will also foster collaboration with local universities and higher education institutions to conduct R&D activities, as well as enrolling students through internship programmes.

The presence of long-term E&E global investors has created many spill-over effects in terms of developing local capabilities, enabling Malaysian companies to become homegrown champions well-positioned to compete on the world state. Existing E&E companies have continued to expand and diversify their operations.

Despite the challenges posed by the COVID-19 pandemic, **Malaysia's E&E trade in 2021** reached **RM770.1 billion, up 20.5%** from RM639.29 billion in 2020

The growth of labour productivity in terms of value added per employee for the E&E sub-sector in 2021 improved to 12% from 4% in 2020.

Despite the challenges posed by the COVID-19 pandemic, Malaysia's E&E trade in 2021 reached RM770.1 billion, up 20.5% from RM639.29 billion in 2020. Malaysia exported RM455.7 billion worth of E&E products in 2021, up 18% from RM386.29 billion in 2020. The top five (5) export markets for E&E in 2021 were Singapore, the United States of America (US), Hong Kong Special Administrative Region, the People's Republic of China (PRC) and Taiwan. These markets collectively accounted for 66% of our total E&E exports.

The increase was attributed to the surge in demand for semiconductors used in work-from-home appliances, servers and medical devices. The demand for semiconductors is heightened further with the increasingly computerised nature of ordinary products which have turned them into smart devices in areas such as home entertainment, home appliances, automotive and healthcare. The technology up-cycle and acceleration in digital transformation will further boost demand for semiconductors. These trends will maintain semiconductor demand at a steady pace and support Malaysia's E&E industry development and its export growth in 2022.

National Policy on Industry 4.0

The implementation of Industry4WRD continued to be intensified under 12MP in capitalising the benefits of disruptive technologies to modernise and digitalise operations and processes in the manufacturing sector. This move will propel the industry towards higher productivity and accelerate the recovery from the COVID-19 effects.

A total of RM24 million was approved in 2021 to support the implementation of various initiatives under the Industry4WRD policy. The funding has been rolled out for Industry 4.0 technology, human capital development and infrastructure upgrading to build a strong and sustainable ecosystem in driving Industry 4.0 adoption in Malaysia.

The Industry4WRD RA, a flagship programme under the policy, continued in 2021 to support the transition and migration of SMEs to Industry 4.0. The implementation of RA was enhanced to facilitate more firms to leverage digital technology and improve mechanisms in adopting Industry 4.0-related technologies for productivity improvement. In 2021, 347 applications were received with 172 SMEs selected for the Government-funded RA.

The Industry4WRD Intervention Fund is a financial support facility for SMEs in the manufacturing and services sectors that adopt Industry 4.0 technologies or processes. This facility is open to all SMEs that have undergone the government-funded Industry4WRD RA programme. The funding will be provided on a matching basis (70:30) based on eligible expenditures, up to a maximum grant of RM500,000. To date, 355 applications for Intervention Fund were received whereby 187 companies were approved with grants amounting to RM65.96 million.

The reskilling and upskilling training programmes under the Industry4WRD policy will enhance competency in automation, knowledge and skills in Industry 4.0 technology adaption and digitalisation. To date, 363 trainees have completed the RiSE4WRD Reskilling Programme and 508 trainees have completed training as Master Trainer or Content Creator under the Educators@VLE Reskilling and Upskilling programme. The Training of Trainers Programme to improve skills in Industry 4.0 pedagogy has been completed with 2,676 trainers being trained by MOHR and Ministry of Higher Education since 2019. In addition, a total of 41 projects involving 20 higher education centres have completed their facilities upgrade under the Industry@University programme.

The Industry4WRD Technical Working Group – Access to Smart Technologies and Standards (TWG-T) received funding under the Eleventh Malaysia Plan from 2019 to 2021. Two (2) projects based on public-private partnerships were established, namely Smart Manufacturing Intelligent Service Platform (SMISP) and Smart Partnership Collaborative Platform (SPCP) which focused on creating awareness and understanding, foster the adoption of new technologies, and facilitate the transfer of knowledge via digital or technology labs and collaborative platforms.

SMISP, developed by MIMOS Berhad with a total funding of RM15 million, was established to develop cost effective, flexible and reliable technology solutions to accelerate technology adoption for Industry 4.0 early adopters and strengthen the local industry 4.0 technology ecosystem to support the manufacturing sector. Seven (7) technology collaborators and 29 factories as pilot sites have been identified and approved by TWG-T.

SPCP was developed by MARii to establish a public-private platform in creating partnerships between Government and private companies with a funding of RM5 million. Three (3) main projects were identified and rolled out based on the need of the three (3) anchor and 15 vendors who participated in this programme, as follows:

(i) MARii Simulation and Analysis Centre – Ten (10) competence simulations engineers have undergone online training using Altair HyperWorks Platform;

(ii) Smart Predictive Maintenance Data System – Four (4) Testbeds tested using the three (3) vendors' products. Four (4) Predictive Maintenance Dashboard developed based on the 4 testbeds. Ten (10) Internet of Things (IoT) platform (parameters) with machine learning capability were developed; and

(iii) Digital Design Smart Collaborative Platform – Three (3) design platforms were produced. Four (4) products have been designed and ten (10) design engineers have been certified by Dassault System.

The SPCP platform enhances the collaboration between multinational corporations (MNCs) and SMEs to strengthen the high-tech manufacturing sector to become more resilient, competitive and sustainable. This platform increased productivity, up-skilled local talents, created new jobs and new technology locally.

Iron and Steel

The worldwide economic rebound from the COVID-19 pandemic has prompted a resurgence in global steel markets. Despite the silver lining, the Organisation for Economic Cooperation and Development (OECD) Steel Committee in September 2021 emphasised on the structural challenges that need to be resolved to ensure the industry's long-term health and balanced growth. The OECD projected that non-market structural overcapacity will continue to be significant and persistent. This may trigger sharp downturns in the future when steel demand growth loses momentum, with estimates indicating a worldwide capacity-production gap of 478 million metric tonnes in 2021.

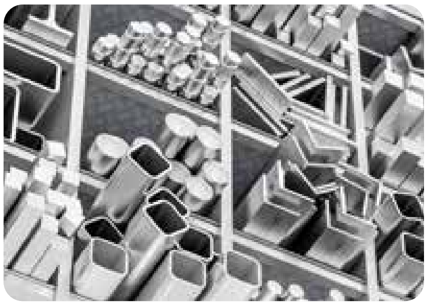
Malaysia's domestic steel industry has also shown a similar growth trajectory to mirror the global rebound, notwithstanding the three-month lockdown beginning in June 2021 when operations of this sector were restricted. Exports of non-ferrous metal and alloy with bars and steel bars recorded a significant increase of 91.7% and 24.5% respectively, compared to the previous year. The import trends in 2021 also climbed, with a 61.7% increase seen in metal waste and scrap shipped into Malaysia compared to similar imports in 2020.

The industry's performance in 2021:

fifty-six projects involving the manufacture of basic metal and fabricated metal products were approved during the year which brought in **RM20.2 billion** in **investments**, up by RM3.9 billion over 2020

RM19.5 billion of the **investments were from foreign sources**

the **approved projects** are expected to **create 10,497 jobs**



total **exports of iron and steel products increased** from RM23.5 billion in 2020 to **RM33.6 billion** in 2021

total imports increased from RM24.3 billion in 2020 to **RM38.4 billion** in 2021

the iron and steel industry provided **51,914 employment opportunities** in 2021

Domestic iron and steel players reported larger profit margins in the first half of 2021, compared to their sluggish performance in the same period in 2020. However, disruptive challenges emerged, particularly the global shortage of raw materials, specifically iron ore and scrap, that led to a hike in steel prices. Rebar prices surged 49% in the fourth quarter of 2021 compared to the first quarter of 2020. Exports of steel products continued to be dominated by the long products segment, comprising rebar and steel wire rod, at 60%, while imports were largely in the flat product segment, particularly the Hot Rolled and Cold Rolled products.

A revised Iron and Steel Policy was implemented in 2021 aimed at improving the industry's overall competitiveness while also bolstering the capacities of local steel producers to ensure long-term viability. However, the Guidelines for the Importation and Inspection of Metal Scrap and Waste Paper was only fully implemented starting 10 January 2022 by SIRIM. Since June 2021, an interim period was accorded with gradual introduction of inspection mechanisms before its full implementation to enable the industry to familiarise itself with the Guidelines.

The Foresight Study of the Iron and Steel Industry commenced in the third quarter of 2021 and is expected to be completed by the second quarter of 2022. The study is aimed at establishing potential production and the development of the local iron and steel industry for the next ten (10) years encompassing talent development, technological advancement and market diversification. The findings will recommend measures and enhance the existing iron and steel policy and product mix. This will attract more investments in high value-added products while attaining a new level of human capital competency, supply chain reliability and technology advancement.

Human Resource Development

The Government has incorporated training programmes specifically for the iron and steel industry managed by the Malaysia Steel Institute (MSI) under the 12MP and PENJANA, a Reskilling and Upskilling Programme. The programmes are aimed at training local workers to upgrade their skills to work in the iron and steel industry and reduce dependency on foreign workers.

The training programme under the 12MP started in November 2021 where MSI trained 52 participants in three (3) batches. All participants have been offered jobs by steel companies.

PENJANA Reskilling and Upskilling Programme

The PENJANA Reskilling and Upskilling Programme is aimed at enhancing the employability of fresh graduates and unemployed persons in the iron and steel industry to support its recovery, while also reducing the unemployment rate. The programme started in August 2021 and MSI successfully trained 176 participants, all of whom were offered jobs by ten (10) steel companies.

Other Customised Training

In 2021, MSI also conducted customised training for the iron and steel industry in the following areas:

(i) Iron and steel related – technical, safety, quality, environment and management, and International Organisation for Standardization Management System; and

(ii) Trade-related areas under the purview of the World Trade Organisation:
- Trade remedies: anti-dumping, subsidies and countervailing, safeguards and anti-circumvention and others; and
- Free trade areas including Rules of Origin.

Machinery and Equipment

The Machinery and Equipment (M&E) industry is a strategic sector for the country's economic transformation agenda as this is interconnected across all major economic segments, namely manufacturing and services. M&E represents one of the most innovative sectors in the economy that incorporates all the important technologies of the future, including electronics, robotics, materials and software integration. It can be divided into four (4) main sub-sectors, namely machinery and equipment specifically for specific industries; power generation machinery and equipment; metalworking machinery and equipment; and general industrial machinery and equipment.

In 2021, a total of 42 M&E projects were approved with an investment value of RM1.6 billion. Twenty-four were new projects worth RM824.6 million (53.2%). The remaining 18 were expansion or diversification projects worth RM726 million (46.8%). Most of the investments approved were from foreign sources amounting to RM1.1 billion or 68.8%, while the remaining RM0.5 billion or 31.2% were from DDI. The approved projects are expected to create 2,268 jobs. The specialised M&E for specific industry sub-sectors was the largest contributor of investment in 2021 with a total 16 projects worth RM592 million approved.

M&E is Malaysia's seventh largest product export, representing a 4% share of the total export value. Exports of M&E products rose 25.7% in 2021 valued at RM49.6 billion compared to RM39.5 billion in 2020, buoyed by rising global demand for semiconductors. The main export markets were Singapore, US, PRC, Indonesia and Thailand.

42 M&E projects
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investment value of
RM1.6 billion

To bolster Malaysia's competitiveness in this sector, M&E is geared to go into higher specialisation through investments in new technologies and by building a new pool of skilled manpower. In this regard, the Machinery and Equipment Productivity Nexus (MEPN) 2019-2021 has undertaken 19 projects to empower the workforce, increase productivity through knowledge-sharing of industry and technology experts as well as enhance the development of the M&E ecosystem. All projects under the MEPN implementation strategy have progressed as planned.

Processed Food and Agro-Based Products

Malaysia's food processing industry has been identified as a crucial component of future national economic recovery and growth as the post-pandemic recovery gains traction. Despite disruptions in the supply chain, the industry contributed 12.9% of the nation's manufacturing output and 1.5% of GDP as of June 2021.

RM5.4 billion
worth of investments for
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approved in 2021

The food processing trade grew 14.9% to RM49.46 billion in 2021 from RM43.02 billion in 2020, partly due to the Government's policy during the pandemic lockdown which allowed essential industries to continue to operate. The highest amount of exports in 2021 for processed food were edible products and preparations at RM8.25 billion, and cocoa preparations at RM5.71 billion and prepared cereals and flour preparations at RM3.68 billion. The imports of processed food were mainly contributed by edible products and preparations; and dairy products at RM7.76 billion and RM4.98 billion, respectively.

RM5.4 billion worth of investments for 77 projects were approved in 2021, ranking food processing as the fifth highest investment contributor among the manufacturing sectors. While the value of the investments was RM2.1 billion more than in 2020, the number of projects fell to 77 from 103. Of the total investments, RM3.8 billion was FDI, while RM1.6 billion was local.

The COVID-19 pandemic has prompted countries to prepare for self-sufficiency, particularly in the supply chain of critical sectors like food. Malaysia has also taken steps to ensure that the country's food supply will be more resilient and sustainable in preparation for future crises other than COVID-19.

The National Agrofood Policy 2.0 (NAP 2.0), which was launched on 25 October 2021 by the Prime Minister, YAB Dato' Seri Ismail Sabri Yaakob, outlines the country's plan to transition towards building a conducive and sustainable ecosystem for the agro-food industry with food security as the main priority. MITI's role is to develop a sustainable food production and processing industry in line with the aspirations of the NAP 2.0 to sustainably optimize raw materials through the use of Industry 4.0 technology to increase productivity.

MITI supports the development of the primary production industry with three (3) main objectives: ensure food security in the country, reduce dependence on imports, and ensure a continuous supply of raw materials for processing which in turn will increase the country's exports. MITI will be directly involved in initiatives to increase capacity and value added in the supply chain, especially in the manufacturing and services sectors, and strengthen the domestic market, produce export-oriented goods, and increase national productivity and competitiveness.

Minerals

Based on a study by the Minerals and Geoscience Department, the country's mineral resources, consisting of three (3) main categories namely: (i) metallic mineral products; (ii) non-metallic mineral products; and (iii) energy mineral products, are valued at RM4.11 trillion.

Non-metallic mineral products cover items such as glass; cement and concrete; ceramic and clay-based products. This industry recorded an investment value of RM422.9 million in 2021 with 17 approved projects, which led to the creation of 782 jobs. The breakdown for DDI was RM311.3 million (73.6%), while the remaining RM111.6 million (24.4%) were from FDI.

In 2021, the trade of non-metallic mineral products increased significantly. Imports were up 12.1% to RM7.4 billion from RM6.6 billion in 2020, while exports rose 27.7% at RM10.6 billion from RM8.3 billion in the previous year.

The Government launched the National Mineral Industry Transformation Plan 2021-2030 in April 2021 to achieve sustainable growth and drive the development of the mineral industry value chain. MITI's role centres on transforming the industry by creating more competitive middle and downstream players. Under the plan, the exploration and sourcing of new minerals should be assessed in terms of: demand from local industries at the intermediate and downstream levels; being in line with the principles of environmental, social and governance; giving the priority to the use of domestic industry and for the minerals to be exported in the form of high value added intermediate or finished goods.

The **Government launched the National Mineral Industry Transformation Plan 2021-2030** in April 2021 to achieve sustainable growth and drive the development of the mineral industry value chain.

Industrialised Building System

In 2021, three (3) projects worth RM41.1 million were approved. There had been a steady upward trend in the number of industrialised building system (IBS) players within the ecosystem for the past five (5) years. As of the second quarter of 2021, there were 334 newly registered IBS manufacturers, 6,689 IBS professionals and 10,994 registered IBS installers. The number of registered IBS contractors rose significantly from 4,139 in 2020 to 14,775 in 2021.

334 newly registered **IBS manufacturers, 6,689 IBS professionals** and **10,994** registered **IBS installers**

Three Memorandums of Understanding (MoUs) were signed in 2021. First was the IBS Industrial Park Development between Construction Industry Development Board (CIDB) and the Kelantan State Government which is aimed at strengthening the supply chain and increasing the capacity of the construction industry in the use of IBS technology. Second was an MoU on IBS investment promotions between CIDB and MIDA which aims to enhance areas of policy development and advocacy; R&D, training, and promotion of IBS; Industrial Revolution 4.0 and Construction Revolution 4.0 technologies; green initiatives and building materials quality; as well as investment promotion in relevant sectors. Third, an MoU between CIDB and Majlis Amanah Rakyat (MARA) which aims to improve the capability and sustainability of Bumiputera contractors in the construction industry.

Moving forward, the implementation of IBS in both Government and private sectors will have a positive impact not only in the manufacturing sector that produces IBS components but also in the construction industry as a whole. Through incentives offered for IBS components, local IBS players will be able to upgrade their capacity to produce high technology-based components in line with the Industry4WRD policy as well as strengthen the IBS ecosystem within the supply chain. This is important to ensure that Malaysia achieves the sustainable development of the construction industry, attracting more investments in this sector particularly in IBS system development, research and innovation.

Medical Devices

During the MCO period, the medical device sector, in particular medical gloves and catheters, became prominent in supporting Malaysia's economy. Malaysia supplies 60% of the global market for medical gloves and 80% of the world demand for catheters. More than 90% of Malaysian medical devices are exported.

Rubber products boosted the manufacturing index as Malaysia ramped up production of medical gloves to meet global demand during the pandemic. In 2021, Malaysia's trade in medical devices was valued at RM47.9 billion, increase of 29.5% compared to RM37 billion in 2020. Exports grew by 36.3% to RM41.3 billion (2020: RM30.3 billion) and imports decreased by 1.49% to RM6.6 billion (2020: RM6.7 billion).

In 2021, 38 projects were approved in the medical devices sector comprised of 22 new projects and 16 expansion or diversification ones. Total investment worth RM7.7 billion was recorded, of which RM4.70 billion (61%) were from domestic investment and RM3 billion (39%) from FDI. These projects are expected to generate 12,498 new jobs.

Malaysia's trade in pharmaceutical products in 2021 was valued at RM25.807 billion, down 15.86% compared to RM30.67 billion in 2020. Exports grew by 24.1% to RM2.42 billion (2020: RM1.95 billion) and imports increased by 48.9% to RM12.14 billion (2020: RM8.16 billion).

Textile, Apparels and Footwear

The COVID-19 pandemic outbreak had a significant impact on the textile, clothing, and footwear industry when the sector was not allowed to operate during the earlier phase of the MCO in 2020. In 2021, the industry retained majority of its employees, compared to the previous year when 15,000 workers were laid off. This was a positive sign of the industry's recovery as some of the textile, clothing and footwear businesses repurposed their production lines to make Personal Protection Equipment (PPE) products. The industry, however, soon ran into raw material shortages for PPEs and have stepped up efforts to ease the supply chain.

Malaysia's textile, apparel and footwear trade were valued at RM30.326 billion in 2021, 6.3% increase in total trade from RM28.529 billion in 2020. Exports contracted by 13.7% to RM15.8 billion (2020: RM13.9 billion), while imports fell 0.68% to RM14.5 billion (2020: RM14.6 billion). In terms of investment, 19 projects worth RM381.4 million were approved and created 566 new jobs. DDI accounted for 33.7% of total investments, or RM128.7 million, while FDI contributed 66.3%, or RM252.7 million.

Manpower shortages, the rising cost of raw materials, operational and logistical expenditures have caused many manufacturers to operate at or below capacity during the industry's restart. The experience has taught the industry to collaborate to recover at a speedier pace after the pandemic, with a focus on automation and supply chain network strengthening.

Halal Industry

Malaysia Halal Industry Performance 2021

The year 2021 has been a recovery period for Malaysia's halal industry. Despite the widespread devastation caused by the pandemic, several notable achievements were recorded from the industry's overall performance. Direct investments into halal parks in 2021 rose 1.28% to RM210 million, signalling that the local halal industry is still growing despite ongoing challenges.

> The **Malaysian Halal Industry exported** **RM36.3 billion** of halal goods and services in 2021

Halal Development Corporation Berhad (HDC) continues to work to increase FDI and DDI into Malaysian Halal parks while facilitating the induction of industry players. Moving forward, HDC has set ambitious targets to attract and integrate at least 50,000 SMEs into the Malaysian Halal industry.

To date, Malaysian halal parks have attracted a total RM16.3 billion in investments since 2011. Of this, RM9.6 billion (59%) were FDI while RM6.7 billion (41%) came from DDI. A total 303 companies are in operation throughout the 14 Halal Malaysia halal parks across Malaysia, comprising 44 (14.5%) MNCs and 259 (85.5%) Malaysia-owned companies. In terms of human capital, HDC has trained more than 60,000 personnel in management training programmes since 2011, with 4,977 people trained in 2021 during the challenging pandemic period.

The Malaysian Halal Industry exported RM36.3 billion of halal goods and services in 2021, up from RM31 billion in 2020. The recovery was a result of the Government's intensifying efforts to battle the pandemic whilst balancing economic restoration. Various stimulus measures such as *Prihatin Rakyat* Economic Stimulus Package (PRIHATIN), PENJANA, Malaysian Economic and Rakyat's Protection Assistance Package (PERMAI) and PEMERKASA have positively contributed to the up-trending economic activities in the industry represented by the 17.0% growth of Halal exports value over 2020.

In terms of sectoral contribution, the Halal Food and Beverages segment remained the main contributor to the Malaysian halal economy with RM17.64 billion in total value. This is followed by Halal Ingredients at RM13.49 billion, Cosmetics and Personal Care (RM2.44 billion), Palm Oil Derivatives (RM1.71 billion), Industrial Chemicals (RM0.75 billion) and Halal Pharmaceuticals (RM0.28 billion). In particular, the value of Halal Ingredients rose nearly 53% and Palm Oil Derivatives soared more than 92% from 2020 figures.

Despite the promising growth, however, this still represents only 1% of the global halal industry, estimated to be worth close to USD4 trillion in 2021, providing plenty of opportunities for Malaysian businesses. The Government is working hard to ensure that the halal industry realises its true potential and has earmarked it as one of Malaysia's strategic sectors in line with Share Prosperity Vision 2030.

Post-pandemic Opportunities

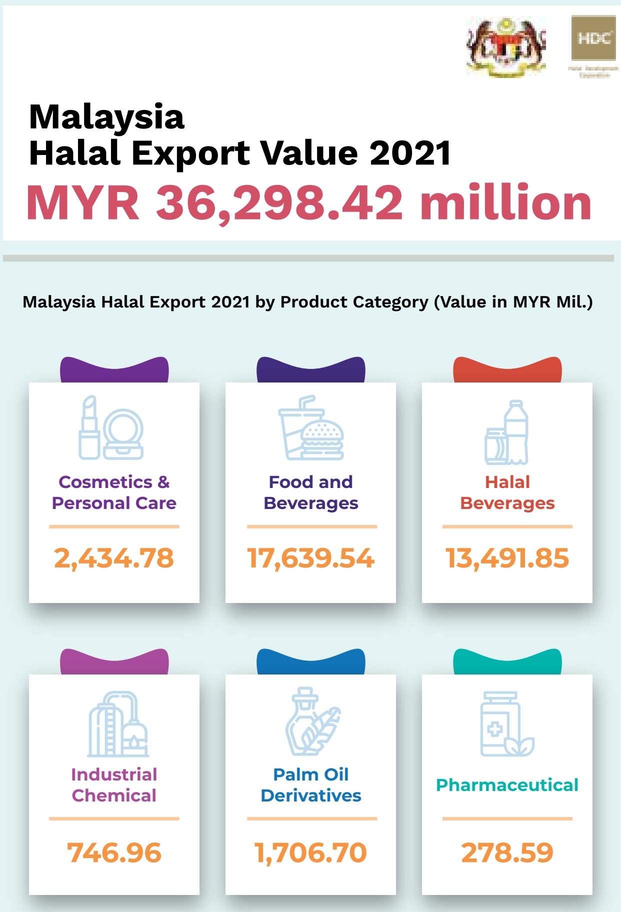
There are 200,000 industry players in Malaysia involved in various halal sectors including food and beverages, cosmetics, personal care items, pharmaceuticals, medical devices and logistics, but less than 5% are halal-certified. Of the 5% or 10,000 who are certified, only 3,000 are exporters of halal products.

The HDC has introduced various incentives to encourage more industry players to be certified and increase their exports. One such incentive is the Go Halal Fund which provides financial assistance for capital expenditure for equipment purchases as well as operational assistance. The Go Halal Fund, a collaboration with Bank Islam Malaysia Berhad, also provides financial support for companies looking to take advantage of the Halal consultancy and training programmes as well as various facilitation schemes offered by HDC. Another example is the collaboration with Standard Chartered Saadiq, Halal 360 Islamic financial bank with USD100 million available to help SMEs, corporations and multi-national companies.

One of the strategic initiatives undertaken in 2021 was to introduce Malaysia's halal products and services to the Economic Community of West African States via a partnership with the African Institute of Islamic Finance. This initiative involves collaboration with an Islamic financial institution to start a fund to support halal trade by allowing Malaysian companies to expand their market overseas and for foreign companies planning to set up in the country's halal parks to leverage on Malaysia as a gateway to the lucrative ASEAN halal market, which is estimated to be worth around USD900 billion annually.

Over the next 10 years, technology will also play a key role in the development and growth of businesses operating within the Malaysia Halal market. To achieve this, HDC has introduced the Halal Integrated Platform (HIP) as a one-stop digital portal connecting industry players or entrepreneurs with Governments, service providers, businesses and consumers within the global Halal Ecosystem. It facilitates, coordinates and expands market reach for Halal Micro, Small and Medium Enterprises, providing businesses with a channel to local and global markets while contributing to Malaysia's export of Halal products and services. The HIP also provides industrial intelligence through the sharing of knowledge, expertise, data and tools while connecting entrepreneurs and SME businesses with Halal business experts through the Halal ecosystem. As of the end of 2021, the HIP has registered almost 7,000 agencies, companies and individuals benefitting from its services.

EXHIBIT 1.1
MALAYSIA HALAL EXPORT 2021



Source: Halal Development Corporation Berhad (HDC)

Rail

Rail-related activities in Malaysia are grouped into seven (7) major components: Policy or Regulatory, Asset Management, Rail Operation, Design, Manufacturing and Assembly, MRO, Support Services, and Education and Training.

In 2021, Malaysia's exports of railway parts and components were dominated by cargo containers, parts of railway/tramway locomotives/rollingstock, signalling devices, and railway maintenance service vehicles valued at RM262.9 million. The main export markets for these products were Panama, Tanzania, US, Australia and Singapore.

EXHIBIT 1.2
RAIL TRADE AND INVESTMENT PERFORMANCE 2020-2021

Year	Export	Import	Investment
2020	RM270.1 million	RM472.0 million	-
2021	RM262.9 million	RM482.2 million	RM97.3 million

Source: Malaysia External Trade Development Corporation (MATRADE); Malaysia Investment Development Authority (MIDA)

Rail imports increased to RM482.2 million in 2021 (2020: RM472.0 million), and these were locomotive and rolling stock parts, self-propelled railcars, railway passenger and special purpose coaches, and signalling devices. These were mostly sourced from the PRC, Austria, Germany, Canada and US. Only one (1) domestic investment project in rail-related activities was approved in 2021 valued at RM97.3 million.

Shipbuilding and Ship Repair

Shipbuilding and Ship Repair (SBSR) is a sub-sector of the larger marine transport industry. SBSR covers activities related to shipbuilding, production of vessels and marine equipment as well as services such as designing, repairing, maintaining, conversion and upgrading of vessels and marine equipment. Malaysia has more than 100 shipyards that focus primarily on the building of small to medium-sized vessels.

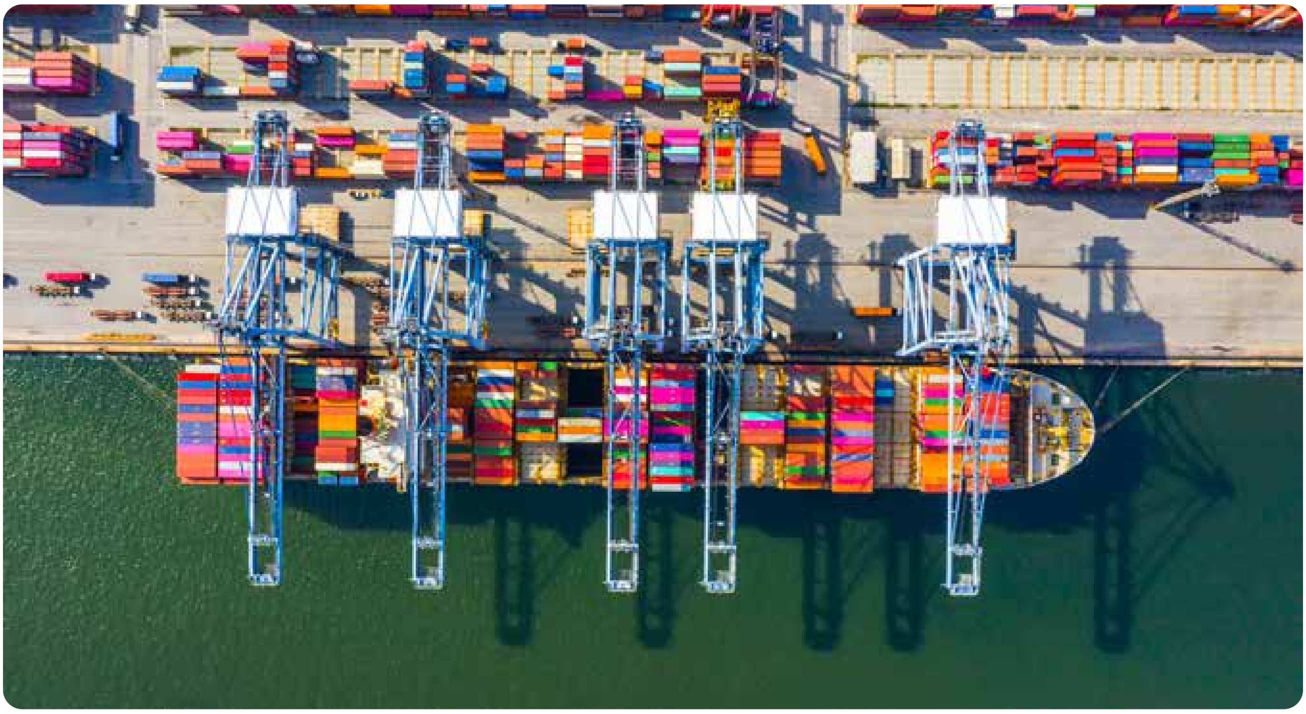


EXHIBIT 1.3

TRADE AND INVESTMENT PERFORMANCE OF SHIPBUILDING AND SHIP REPAIR INDUSTRY 2020-2021

Year	Export	Import	Investment
2020	RM0.82 million	RM10.31 million	-RM47.7 million
2021	RM0.72 million	RM0.89 million	RM28.3 million (January to September)

Source: Malaysia External Trade Development Corporation (MATRADE); Malaysia Investment Development Authority (MIDA)

In 2021, Malaysia's exports of ships, boats and floating structures decreased by 12.2% to RM0.72 billion, from RM0.82 billion in 2020. The main export markets for products such as tugs and pusher craft, yachts and other vessels for pleasure or sports, cruise ships, cargo ships, barges, light vessels, dredgers, floating docks and floating structures were US, Indonesia, the United Arab Emirates, India and Singapore.

Meanwhile, Malaysia's imports fell by 91.4% to RM0.89 billion, from RM10.31 billion in 2020. Among the major imported items were cruise ships, cargo ships, barges, light vessels, dredgers, floating docks and floating structures. These items were imported mostly from PRC, US, Brunei Darussalam, Japan and Singapore.

From January to September 2021, two (2) new projects and an expansion project were approved in the SBSR industry worth a combined RM28.3 million. These investments were driven by demands for commercial vessels and are expected to create more employment opportunities for locals.

The domestic SBSR industry's main challenges are related to high capital investments for business expansion and the adoption of new technologies to increase operation capacity to build bigger ships. It also faces a volatile demand ecosystem which is highly dependent on global oil prices and stiff competition from more established players in the region. However, the industry has an inherent geographical advantage as Malaysia's coastlines are located along the strategic Straits of Malacca and the South China Sea. It is also well noted that the SBSR sector has adopted innovative technologies, particularly in designing and building large and sophisticated vessels. Local industry players have been encouraged to leverage on the geographical advantage and utilise the initiatives under Industry4WRD.

SUPPLY CHAIN AND BUSINESS CONTINUITY

Measures Taken to Sustain Business Continuity During COVID-19 Pandemic

Due to rising COVID-19 cases in 2021, the Government of Malaysia announced the extension of MCO Phase 2 as well as the Conditional MCO and Recovery MCO that came into effect on 13 January 2021 in various places throughout the country. However, the Malaysian Government, cognisant of the need to safeguard the lives and livelihoods of the *rakyat* as well as ensure the continuance of economic productivity, took various measures to keep the national economy going and businesses sustainable. Essential sectors especially those contributing to the *rakyat's* wellbeing and businesses supporting the global supply chain remained operational albeit under strict protocols.

Essential manufacturing and manufacturing-related services (MRS) were allowed to operate during the period, among them food and beverages, healthcare and medicine, plantations and commodities, distribution businesses and PPE and its supply chain. The country was placed under MCO Phase 3.0 beginning 12 May 2021, with more relaxed standard operating procedure (SOPs) where almost all economic sectors were allowed to operate with limited workplace capacity, while certain social activities continued to be prohibited. Based on the risk assessment by the Ministry of Health and National Security Council (NSC), the entire nation progressed to the National Recovery Phase (NRP) towards the end of 2021. However, the SOPs for states entering Phase 4 of the NRP were similar to the previous phase such as mandatory wearing of face masks, physical distancing, regular COVID-19 tests and practising Test, Report, Isolate, Inform and Seek (TRIIS). As for the economic sectors, almost all were allowed to operate with limited workplace capacity.

COVID-19 Intelligent Management System

MITI has been mandated by the Government to process and facilitate companies' applications to operate during MCO Phase 2, MCO Phase 3 as well as during the implementation of NRP to ease the reopening the economy during the pandemic. With strict compliance to the SOPs, the disruption of the supply chain of essential products and services was mitigated smoothly across the nation.

CIMS was expanded to cater to all Ministries and to process applications from other sectors other than manufacturing and MRS in line with the requirements and SOPs issued by NSC during NRP. CIMS was co-developed with MARii in March 2020 to serve as an integrated digital platform for companies to apply for approval to operate during the MCO and NRP. As of 8 October 2021, the updated CIMS 3.0 supported applications from companies involving 16 Ministries and nine (9) Agencies that incorporated 37 clusters and 254 sectors. Overall, CIMS registered and benefited a total of 935,444 companies, with MITI successfully processing 104,642 applications from the manufacturing sector.

Public-Private Partnership COVID-19 Industry Immunisation Programme

MITI in collaboration with the private sector, launched PIKAS on 13 June 2021 to complement the PICK. PIKAS was aimed at facilitating the Government's efforts to speed up the immunisation rate for manufacturing workers and concurrently reduce the number of COVID-19 workplace clusters.

Under PIKAS, worksites, convention and exhibition centres were utilised as Vaccination Centres (PPV) with medical and non-medical services as well as security personnel stationed at the designated locations.

The Government through MITI provided free vaccines to all employees registered under PIKAS.

Two (2) vaccination models were developed under PIKAS:

(i) **Vaccination at Common Use PPV**
Common Use PPV catered to manufacturing companies interested in sending their workers for

vaccination at centres nearest to the company's location. Under this model, the private sector was required to pay RM15 per dose per worker for the cost of administering the vaccine by Protect Health (PH) and another RM30 per dose per worker to PPV management for the venue, medical waste disposal, ambulance, security and other related services.

(ii) **On-Site Vaccination**
On-Site Vaccination PPVs accommodated a company or a group of companies with at least 1,000 workers. The COVID-19 Immunisation Task Force, Ministry of Science, Technology and Innovation visited, inspected and advised the companies opting for On-Site PPV. The companies were required to bear the full cost of administering vaccine to PH for RM15 and the cost related to venue preparation.

PIKAS was successfully completed with a total of 79 PPVs throughout the nation (36 Common Use PPVs and 43 On-Site PPVs). At the time PIKAS ceased operations on 31 October 2021, a total of 1,005,128 workers benefitted from the programme, with 962,382 receiving complete vaccination.

Apart from CIMS and PIKAS, the Call Centre was also set up on 13 January 2021 and continued to operate until 30 November 2021. The Call Centre functioned as a reference point to facilitate and resolve matters raised by the industry regarding CIMS and respond to frequently asked questions related to the economic sectors allowed to operate. A total 31,358 calls were received during the entire operation and all were responded to by 178 officers from MITI and Agencies who were deployed to the Call Centre from 9.00am to 6.00pm daily.

MITI Enforcement Team

The Enforcement Team was reactivated in January and lasted until 31 December 2021. Amongst its objectives were to conduct regular inspections of companies to ensure compliance with the SOPs under MCO 3.0 and NRP. The Public Service Department through the Emergency Proclamation 2021 assigned 41 personnel and 15 vehicles from various Departments and Agencies to the Enforcement Team.

Under *Operasi Pematuhan Pemantauan* or Monitoring Compliance Operations (OPS PATUH) which was launched by Ministry of Home Affairs (MOHA) nationwide on 2 July 2021, the MITI Enforcement Team together with the NSC and MOHA successfully resolved a total 740 complaints involving the manufacturing sector. The MITI Enforcement Team was assigned as the 'forward commander' and conducted a total 210 inspection sessions with the Department of Labour, Royal Malaysia Police and NSC. As of November 2021, the COVID-19 MITI Special Task Force successfully conducted inspection and enforcement operations on 25,761 premises, including in the manufacturing and non-factory sectors. The enforcement team issued a total 357 compounds, of which 335 (94%) were paid by the companies amounting to RM1,327,375.00.

PERFORMANCE OF THE SERVICES SECTOR

Services remained the leading economic growth engine with 57.0% or RM790.4 billion contribution to GDP, an increase in value compared to the previous year (2020: RM775.7 billion). This increment was due to the relaxation of restrictions in most economic activities coupled with less stringent SOPs imposed by the Government to manage the spread of COVID-19.

Investments in the Services Sector

Malaysia recorded a total RM94.1 billion worth of approved investments in the services sector in 2021 with 3,803 projects expected to create 29,909 jobs. This represents a 34.4% growth from RM70 billion in 2020.

Domestic investments contributed 73.5% or RM69.2 billion (2020: RM63.4 billion) while foreign investments accounted for RM24.9 billion or 26.5% (2020: RM6.6 billion). The top five (5) areas of investments were real estate (RM28.8 billion); global establishment (RM19.7 billion); financial services (RM12 billion); utilities (RM9.6 billion); and information and communications (RM8.2 billion). Collectively, investments into these five (5) sub-sectors amounted to 83.2% of total approved investments services sector during the period. Domestic investments were concentrated in real estate, financial services, utilities, information and communications, and the support services sub-sectors.

It is important to note that foreign investments registered a strong rebound of 277.3% in 2021 from 2020 levels, highlighting a growing interest and confidence among overseas investors in making Malaysia their strategic investment destination for high-value services.

Domestic investments contributed 73.5% or **RM69.2 billion** (2020: RM63.4 billion) while **foreign investments accounted for RM24.9 billion** or 26.5% (2020: RM6.6 billion)

Trade Performance of the Services Sector

Despite several relaxed measures on economic activities in 2021, global trade growth remained slow due to continued border closures and lockdowns worldwide. Malaysia's services trade rose just 0.6% to RM 234.1 billion vis-à-vis the year before (2020: RM232.7 billion). Exports of services fell to RM86.5 billion (2020: RM92.6 billion) while imports increased to RM147.57 billion (2020: RM140.1 billion).

Malaysia's services trade rose just 0.6% to
RM 234.1 billion
vis-à-vis the year before (2020: RM232.7 billion)

The services trade deficit widened in 2021 by 28.7% at RM61.1 billion (2020: RM47.4 billion) due to larger deficits in travel, transport as well as other business services. Despite slow growth overall, Malaysia recorded an increase in trade for manufacturing services by 18.2% at RM14.1 billion in 2021 (2020: RM11.9 billion).

Services exports in general dropped 6.6% compared to 2020, mainly caused by a fall in travel services, financial services as well as other business services. However, Malaysia recorded an increase in export for manufacturing services valued at RM15.5 billion.

The import of services in 2021 rose 5.3% from the previous year due to the increase of imports in all components except for travel. The highest import of services was in transport at RM47.9 billion (2020: RM41.0 billion).

Revenue and Employment in the Services Sector

The services sector generated RM1,683.9 billion in revenue in 2021, an increase of 2.8% from RM1,637.8 billion in 2020. The sector employed 3.7 million persons in 2021, an increase of 1.4% compared to 3.6 million in 2020.

Wholesale and Retail Trade, and Food, Beverages and Accommodation

Revenue in the wholesale and retail trade, as well as in the food and beverages and accommodation segment in 2021 recorded an increase of 3.2% to RM1,354.7 billion compared with RM1,312.3 billion in 2020. The number of people employed in this segment increased 1.5% to 2.8 million (2020: 2.7 million), while paid salaries and wages rose 0.3% to RM59.5 billion (2020: RM59.3 billion).

Information and Communications Technology, Transportation and Storage

Revenue in the information and communications technology and transportation and storage segment in 2021 experienced an increment of 3.4% to RM245.6 billion from RM237.6 billion in 2020. The number of people employed in this segment rose 4.1% to 471,075 (2020: 452,491), while paid salaries and wages fell 4.4% to RM17.9 billion (2020: RM18.8 billion).

Private Health, Private Education and Arts, and Entertainment and Recreation

Revenue in the health, private education and the arts and entertainment and recreation segment in 2021 recorded a decline of 6.3% to RM50.3 billion (2020: RM53.7 billion). The number of persons employed in the segment eased 2.0% to 276,926 (2020: 282,630), while the amount paid in salaries and wages declined 1.6% to RM9.6 billion (2020: RM9.8 billion).

Professional Services and Real Estate Agency

Revenue in the professional services and real estate agency segment fell 5.0% to RM33.3 billion from RM35.1 billion the previous year. The number of employees decreased by 2.0% to 174,308 persons (2020: 177,885) while paid salaries and wages declined 2.1% to RM9.78 billion (2020: RM9.99 billion).

SERVICES SECTOR OUTLOOK

As part of the strategy to further enhance the growth of Malaysia's services sector post the COVID-19 recovery phase, MITI will be launching the NIMP in 2022. The NIMP seeks to make Malaysian industries more resilient, competitive and sustainable through productivity and innovation-led growth. To realise this aspiration, the NIMP policy framework will serve as a national integrated plan for the development of Malaysian industries until 2030.

Under the NIMP, 11 services sub-sectors have been identified as key areas of development and growth. These are: Business and Professional Services, Logistics, Construction, Distributive Trade, Tourism, Education and Training, Healthcare, Information and Telecommunication, Renewable Energy, Manufacturing Related Services and R&D.

While the services sector is broad with a diverse set of stakeholders and sub-sectors, NIMP's focus is on nine (9) sub-sectors identified and chosen based on their impact to the overall services sector. Collectively, challenges for services were established through a bottom-up approach, involving industry players and stakeholders with corresponding initiatives developed for each of the nine (9) individual sub-sectors, along with plans for their implementation.

To better govern this planned development, the Malaysia Services Development Council will be further empowered to be an important governance framework to coordinate and enable further growth in the services sector.

FUTURE GROWTH AREAS

Private Education

The education industry has witnessed a paradigm shift from conventional exam-oriented learning to personalised and interactive learning in recent years. As digitisation continues to penetrate the education industry, the latest technologies and creative techniques are being used to deliver knowledge and educational content, thereby transforming learning and development into a lifelong process.

The rise of online education, an expanding ecosystem and the increasing popularity of blended and experiential learning are among the key trends driving the private education sub-sector. Online education includes learning management systems, virtual classrooms and podcasts. Competency-based education allows students to learn at their own pace. Blended learning combining face-to-face instruction and online tutelage has become a popular approach for top education institutions globally. In experiential learning, classrooms are furnished with modern technologies such as Artificial Intelligence, VR and AR which are used to better enhance the way teachers and students engage.

According to a study by Grand View Research in 2021, the size of the global digital education market is expected to reach USD77.23 billion by 2028. The market is anticipated to register a compound annual growth rate (CAGR) of 30.5% from 2021 to 2028[1]. With rapid advances in technology, digitalising education will be a natural step forward to create a sustainable growth for the private education industry.

Professional Services

As the pandemic lessens its grip in many areas, professional services firms can shift their focus from survival to growth. According to the Professional Services Global Market Report 2021, the global professional services market size is expected to grow from USD6.04 trillion in 2021 to USD6.69 trillion in 2022 at a CAGR of 10.9%. The growth is mainly due to companies rearranging their operations as they recover from the COVID-19 impact, which had earlier led to restrictive containment measures like social distancing, remote working arrangements and the closure of commercial activities. The professional services market is expected to reach USD9.65 trillion in 2026 at a CAGR of 9.6%.

1 Digital Education Market Size to Reach USD77.23 billion by 2028, https://www.bloomberg.com/press-releases/2021-07-14/digital-education-market-size-to-reach-77-23-billion-by-2028-cagr-30-5-grand-view-research-inc

The trend toward digital transformation was well underway before the pandemic, but the sudden switch to remote working accelerated the adoption of cloud-based technologies in professional services firms. To stay ahead, the professional services industry must increase investments in digital, including through mergers and acquisitions, as it prepares to shift toward connected higher value-adding capabilities. These technologies can help professional services firms enhance internal operational efficiencies, reduce costs, and improve margins. In line with these trends, professional talent must be ready to upskill and evolve with their roles. The ability to learn, adapt and cope with fresh challenges will be paramount for the workforce of the future.

Apart from digitisation, one of the most notable industry changes is the surge in renewables and environmental professional services supporting the green economy. The International Labour Organisation (ILO) estimates 24 million jobs worldwide could be created by the green economy by 2030. While many of these professionals are highly specialised and are concentrated among traditional green careers, such as environmental scientists, sustainability managers or wildlife biologists, there is a growing trend of green skills among professionals in roles that are not traditionally considered green. These green professionals span across a wide range of industries, from the obvious ones like renewable energy, to more unexpected segments like the finance, fashion technologies and transport industries.

Transport and Logistics

The COVID-19 pandemic forced most countries to shut down their borders, limiting movement in all modes of transportation. Such action created obstructions for domestic and international trading activities and disrupted supply chain operations. Movement restrictions in transportation directly affected logistics and business operations across all industrial sectors.

The recovery from the long-term impact of the pandemic globally on logistics may be affected by factors as described below:

(i) **Increased cargo inspections and cross border control protocols:** Governments from various countries have responded to the crisis with temporary trade embargoes and export restrictions for sensitive cargo (such as medical supplies and pharmaceuticals). Variances in custom clearance practices fuelled by concerns regarding the transmission of diseases will add more cost to the business and trading activities. A new standard in custom clearance and logistics practices needs to be adopted to accelerate the economic recovery post COVID-19.

(ii) **Technology and e-commerce rise:** Logistics has been in the midst of a tech-driven revolution. Companies with robust digital capabilities that allow them to provide cargo visibility/traceability and do business online are at an advantage. This would entail investments in technology, such as the IoT, cloud computing, automation and data analytics. In the long term, robotics, drones and autonomous vehicles might reduce logistics services providers' exposure to labour shortages.

(iii) **Reconfiguration of global value chains:** The pandemic has exposed the vulnerability of extended and complex value chains to production disruptions, particularly in the Asia-Pacific region. As a reaction, many of these supply chains may shorten or diversify through reliance on alternative partners or intensified efforts to bring home strategic value chains. The shortening of supply chains may benefit countries with capable manufacturing sectors and have more efficiency in transport and logistic services. The global trend in the logistics sector is on adding more warehouse capacity nearer to main ports to shorten the time to get goods to market.

(iv) **Recovery prospects will vary by country and sub-sector:** As logistics is a diverse sector, recovery prospects will vary depending on the length of lockdowns and the duration of the subsequent economic crisis. Large companies with a diversified business (such as multiple clients, serving different

sectors in various countries or states) will be in a better position to capture market opportunities in the post COVID-19 period.

As for Malaysia, the transport infrastructure and logistics services will be further strengthened under the 12MP with the Government committing to an integrated, affordable, reliable, and seamless people mobility in the sector. Under 12MP, a new Logistics Nexus under the Malaysia Productivity Blueprint will be established to further strengthen its contribution to the economy.

The plan also includes enhancement of competitiveness in the transport and logistics sector by strengthening its institutional and regulatory framework. The emergence of Mobility as a Service concept in which consumers and industries are moving away from vehicle ownership towards service-based transportation requires policy realignment to support the current and future trend of this sector.

As part of efforts to strengthen the transport and logistics industry towards competitiveness, the Government aims to be in the top 10 rankings of the World Container Port's Report and top 30 ranks in the World Bank's Logistics Performance Index by 2025. To achieve these targets, the Government will enhance efficiency and leverage on the digitalisation of services.

Ecotourism

Dotted by pristine white-sand beaches, exotic wildlife and lush rainforests, ecotourism is one of Malaysia's biggest tourist offerings. The focus is on adding value to the tourist experience through product development, strengthening enablers and removing impediments. This strategy includes reinforcing commitment to sustainability by championing responsible tourism especially in environmentally fragile areas, managing the development of tourism islands in synergy with conservation, applying inclusive development and monitoring the tourism industry's contribution to the United Nation Sustainable Development Goals.

Information and Communication Technology and Communication

The creative industry is seen as one of the future growth drivers of Malaysia, taking into cognisance its promising contribution to the economy. Malaysia's creative industry contributed 1.9% to the GDP over the last five (5) years. While the pandemic impacted the cultural and creative industries which employ more than 30 million globally, mostly young people, the reopening of the arts and culture scene in late 2021 has brought a sense of hope and optimism for a rebound. Under Budget 2022, RM188 million was allocated to rejuvenate the creative industry. Among the Government's efforts to strengthen the sector is showcasing local animation globally and giving financial assistance. For example, six (6) local animation movies, including the local box office hit *Ejen Ali*, Soccer Bugs, *Cingkus Blues*, *Saladin*, *Knowsy Nina Wants to Know* and *Super Tots*, are going global and are available on Amazon Prime. The movies are now available in US, Canada, United Kingdom, Ireland, Australia and New Zealand due to an agreement signed between Primeworks Studios and Janson Media with Amazon Prime.

CROSS-CUTTING ECOSYSTEM

Skills and Talents for Industry

Human resource is a key driver of a country's sustainable economic development. Skilled workers are considered essential assets, and as such, preparing Malaysia's future workforce and equipping them with the necessary capabilities needed by the industry are key to ensuring a consistent supply of talent.

In line with the Industry4WRD policy, industry players need to increase their adaptation of automation and digitisation in their production processes. This will allow them to move up the value chain and penetrate worldwide markets. The industrial transformation towards automation and digitalisation, among others, requires existing and new workers to continuously upgrade their skills so that they can adapt to technological advancements and reduce the digital gap.

Over the past two (2) years, COVID-19 pandemic significantly impacted the production output of local and foreign companies. On a positive note, however, the pandemic also prompted industries to quickly adapt to the changing landscape by pushing for technological upgrades, automation and digitalisation to ensure that they remained relevant. As such, it is important to ensure that the implementation of economic recovery initiatives be done in parallel with the efforts to enhance local talent throughout the ecosystem. Technological advancements should be embraced in a holistic manner, including being proficient at innovation, efficiency and productivity.

unemployment rate in the country **has improved from 4.5% to 4.3%** in November 2021

According to the Department of Statistics Malaysia, the unemployment rate in the country has improved from 4.5% to 4.3% in November 2021 as the economy gradually recovered from the pandemic. However, fresh graduates and new talents will still have to compete for job vacancies with the pool of retrenched workers who are equipped with skills and experience. This scenario could increase the risk of a skills mismatch in the labour market.

To address prolonged manpower shortage issues, industries can draw from the large number of skilled and unskilled workers who had been laid off, hiring them as trainees or interns based on their manpower needs and planning.

During the pandemic, the Government has offered various incentives to revive the economy through an inclusive and holistic approach by providing economic stimulus packages, including PENJANA. The strategy formulated by the National Employment Council (NEC) continued to support job creation in the country in line with the recovery and opening of various economic sectors. In 2021, more than 500,000 jobs were created through 27 Government initiatives.

Under the stimulus package, a total RM3 billion fund was allocated for reskilling and upskilling youths and unemployed workers, with RM78 million earmarked to MITI. MITI and its Agencies used the PENJANA fund to enhance the employability of local workers by conducting 23 upskilling and reskilling programmes for those who had been unemployed/retrenched as well as fresh graduates. It also used the fund to increase the income of 880 business establishments including SMEs.

Sector-specific training programmes were conducted by MIDA, MARii, HDC, InvestKL Corporation and MSI, to enhance the capability and competency of existing skilled and semi-skilled talents.

These programmes are aimed at providing 12,874 job placements/new income generation by the end of 2022, with 8,616 placements already secured in 2021.

MITI also collaborated with the Ministry of Sports and Youth to implement the Skills for Youth (S4Y) programme through the National Organisation of Skilled Workers (also known as *Belia Mahir*) that mobilised employment assistance for the youth, especially those from the marginalised groups. Among others, the programme under *Belia Mahir* is also an initiative under the Special Task Force Technical and Vocational Education and Training (STF TVET) to increase employment opportunities for youths and TVET graduates. From the funds received under the PENJANA programme, MITI channelled a portion to KBS for the implementation of the S4Y Program. As of 31 December 2021, *Belia Mahir* successfully trained and placed 796 youths to work in 13 companies in Malaysia.

To further increase local participation and employment, MITI and its Agencies uploaded the upskilling and reskilling programmes into the national one-stop platform (known as Upskill Malaysia portal – *https://upskillmalaysia.gov.my*) through Human Resource Development Corporation. This one-stop facility is a digital platform serving as a single window providing comprehensive information on all training and skills development programmes for locals offered by the Government through various Ministries and Agencies.

As the Ministry responsible for monitoring industry requirements during the economic recovery process, MITI recognises the importance of reskilling and upskilling to bridge the talents gap. MITI, together with other Government Agencies and business players, continuously work closely to address the gaps and skills mismatches faced by industries.

MITI is also a member to the National TVET Council (MTVET), chaired by the YAB Prime Minister. While STF TVET under the NEC looks into matching of skills training with employment and job placements, MTVET aims to improve the coordination within the country's TVET ecosystem to ensure the recognition of the TVET path as a national agenda. The establishment of MTVET is the Government's manifestation in empowering TVET as a national agenda through three (3) strategic thrusts, namely integrated and coordinated governance, industry-driven TVET, and TVET shaping the future.

Ethical Recruitment by Industry

Malaysia is consistent in our call for industry to adopt ethical recruitment standards to prevent forced labour practices by manufacturers. Malaysian industry players

are continuously urged to take steps to improve their labour practices and policies to be on par with international standards. Businesses are also advised to review their foreign workers management practices, particularly on the hiring and treatment of workers and putting in place acceptable workplace and living conditions to ensure compliance with relevant labour standards.

There have been recent concerns over the issue of the workers' rights, impacting not only business operations in Malaysia but also in other international markets such as US and the European Union. The US Customs and Border Protection Agency had imposed Withhold Release Orders (WRO) on several shipments of goods from Malaysia on allegations of forced labour practices. These actions have resulted not only in losses to the companies concerned but also impacted Malaysia's reputation in general.

The Government continues to engage the industry to reiterate ethical recruitment standards, increase awareness of good labour practices and provide them with the necessary guidance to ensure compliance with Malaysian and international laws to prevent sanctions, restrictions or bans imposed on their products. Outreach and briefing sessions were organised to update them on legislations and regulations related to labour in the context of foreign workers' employment and forced labour elements as well as sharing information on the implementation of Act 446.

A webinar session was organised by MITI entitled "Guideline on Development of Centralised Labour Quarters and Temporary Labour Quarters" in September 2021 to guide employers and facilitate the industry in their efforts to ensure orderly and sustainable development and operation of workers' accommodation. MITI also worked closely with ILO including at the ILO Webinar-Businesses About Fair Recruitment and Forced Labour organised in April 2021 to raise awareness on forced labour and fair recruitment.

MITI is also a member of the Council for Anti-Trafficking in Persons and Anti-Smuggling of Migrants (MAPO) led by MOHA and *Jawatankuasa Khas Mengkaji Isu Buruh* led by MOHR to address labour trafficking issues in the manufacturing sector in line with the efforts under the National Action Plan on Forced Labour (2021-2025) and National Action Plan on Anti-Trafficking in Persons (NAPTIP 3.0). MITI is also involved in the initiatives to improve Malaysia's position in the US Trafficking in Persons Report as well as in addressing issues related to WRO by US Customs and Border Protection Agency.

MITI is also closely working with the US Embassy in Kuala Lumpur, MOHA, MOHR and the Department of Labour as well as the United Nations International Organisation for Migration and ILO on forced labour issues to enhance understanding of the workforce dynamism in the manufacturing sector in Malaysia and in the global supply chain.

INDUSTRY EXCELLENCE AWARD

Industry Excellence Award (AKI) was first introduced in 1991 by MITI. The award is an effort by the Government to recognise companies that have demonstrated excellence in their management practices, quality of products and services as well as in continuously providing greater value to their stakeholders. Over the years, the award went through numerous restructurings, and in 2016, the newly-improved AKI was launched with refined categories and added benefits.

Industry Excellence Award 2020 Ceremony and Winners

The AKI 2020 Ceremony was successfully held in a hybrid format (physical and virtual) on 2 November 2021 at Hilton Hotel, Kuala Lumpur. The recognition for AKI 2020 came in four (4) categories, similar to AKI 2018, namely manufacturing, services, open category and most promising company. In 2021, a new category called Industry4WRD Excellence Award was introduced to give recognition to a company that has implemented Industry 4.0 technologies and processes.

EXHIBIT 1.4
INDUSTRY EXCELLENCE AWARD

PRIME MINISTER'S AWARD

Johor Port Berhad
(The winner was selected among the winners of other categories)

MOST PROMISING AWARD

LONGI (Kuching) Sdn. Bhd.
(Recognition to a company for the development of various aspects in the company and displaying exceptional promise of leadership and significant growth for the future through its vision and mission)

INDUSTRY4WRD EXCELLENCE AWARD

- **ASM Technology (M) Sdn. Bhd.**
(Recognition to a company that has successfully implemented Industry 4.0 technologies and processes)

MANUFACTURING SECTOR AWARD

- Category 1: **Proguard Safety Manufacturing Sdn. Bhd.**
(Domestic company with sales turnover not exceeding RM50 million)
- Category 2: **Fumakilla Malaysia Berhad**
(Domestic company with sales turnover of RM50 million to RM100 million)
- Category 3: **UWC Berhad**
(Domestic company with sales turnover more than RM100 million)

OPEN CATEGORY AWARD

- **Lumileds Malaysia Sdn. Bhd.**
(Open for multinational companies from the manufacturing and services sectors)

SERVICES SECTOR AWARD

- Category 1: **IOT Management Sdn. Bhd.**
(Domestic company with sales turnover not exceeding RM20 million)
- Category 2: **Amalgamated Plant Engineering Sdn. Bhd.**
(Domestic company with sales turnover of RM20 million to RM50 million)
- Category 3: **Trienekens (Sarawak) Sdn. Bhd.**
(Domestic company with sales turnover more than RM100 million)
- Category 4: **Johor Port Berhad**
(Domestic company with sales turnover more than RM100 million)

Source: Ministry of International Trade and Industry (MITI)

BOX ARTICLE 1.1

IMPLEMENTATION OF REGISTERED EXPORTER SYSTEM FOR EXPORTATION UNDER GENERALIZED SYSTEM OF PREFERENCES SCHEME OF NORWAY, SWITZERLAND AND LIECHTENSTEIN

The Registered Exporter (REX) system is a system of certification of origin of goods introduced by the European Union (EU) for the purpose of its preferential trade arrangements. It was first applied in the Generalised System of Preferences through which the EU unilaterally grants tariff preferences to developing countries. The REX system is based on a principle of self-certification by economic operators who will produce a Statements on Origin (SOO) on commercial documents as a proof of origin. An economic operator will have to be registered in a database by its competent authority to qualify for producing the SOO, after which, the economic operator will be assigned a REX number.

Malaysia is a beneficiary under the Generalized System of Preferences Scheme of Norway, Switzerland and Liechtenstein. The implementation of the REX system for Malaysia entered into force on 1 July 2020. Exporters are required to present a self-declaration SOO made out on invoice or commercial documents as a proof of origin for exportation of goods from Malaysia to Norway, Switzerland and Liechtenstein. With this system, the Ministry of International Trade and Industry (MITI) as the Issuing Authority no longer issues the Certificate of Origin Form A for the above-mentioned countries. Since its implementation, MITI has recorded a total of 179 REX in its database, of which 31 were registered in 2021.

BOX ARTICLE 1.2

THE ASEAN-WIDE SELF CERTIFICATION

The ASEAN-Wide Self-Certification (AWSC) Scheme which came into effect on 20 September 2020 replacing the Self-Certification Pilot Project is a trade facilitation initiative that allows exporters who have demonstrated their competence to comply with the ASEAN Trade in Goods Agreement (ATIGA) Rules of Origin requirements, known as Certified Exporters (CE), to self-certify the origin status of their goods. A CE may self-certify the origin status of their goods on certain commercial documents such as the invoice, bill of lading, delivery order or packing list instead of applying for a paper-based Certificate of Origin (FORM D) or e-Form D.

As of 31st December 2021, Malaysia appointed 178 CEs from all around Malaysia. Outreach programmes on the implementation of AWSC and ATIGA Rules of Origin (ROO) were conducted since September 2020 and throughout 2021 with the involvement of Ministry of International Trade and Industry (MITI) State Offices, the Federation of Malaysian Manufacturers and the Royal Malaysian Customs Department to increase awareness about AWSC as well as the ATIGA ROO and related requirements.

Considering that AWSC is in its second year of implementation, MITI will continue to promote the scheme by collaborating with business chambers and associations as well as conducting outreach to Malaysian exporters to better understand the implementation of self-certification and other challenges on ROD-related matters.

ECONOMIC OUTLOOK 2022

The Malaysian economy is expected to grow stronger this year, regaining momentum after the Delta strain of COVID-19 infections disrupted the recovery in the third quarter of 2021. The Malaysian economy is projected to expand between 5.5% and 6.5% in 2022, underpinned by continued growth in global demand and higher private-sector expenditure. The continuing inoculation programme and adequate healthcare capacity kept the economy relatively open to allow for a sustained rebound in domestic demand.

> The **Malaysian economy is projected to expand between 5.5% and 6.5%** in 2022

The Government's commitment toward economic recovery post-COVID-19 is further demonstrated in the 12MP, with Resetting the Economy as one of its themes and Catalysing Strategic and High Impact Industries to Boost Economic Growth as a Game Changer. Resetting the economy to address current and future challenges is centred around building resiliency and competitiveness by leveraging advanced technology adoption, digitalisation and niche capabilities.

This projected healthy growth rate is premised on further relaxation of pandemic-related restrictions, dissipation of uncertainties, continued policy support and gradual improvements to employment and income prospects. Gross fixed capital formation is projected to grow 5.1% with the acceleration largely driven by a strong rebound in public investment. Malaysia's trade is expected to expand at a more moderate pace in 2022, with exports also projected to continue to rise, albeit at a slower rate of 4.5%.

Moving forward, the E&E and aerospace alongside global services, creative, tourism, halal, smart farming and biomass have been identified as strategic and high-impact industries that will catalyse economic growth. In the 12MP, efforts will be focused on accelerating these industries to be more sophisticated by producing high value-added activities and products, attracting quality investments and expanding exports as well as contributing to Malaysia's green economy agenda.

Chapter

INTERNATIONAL TRADE

2

OVERVIEW

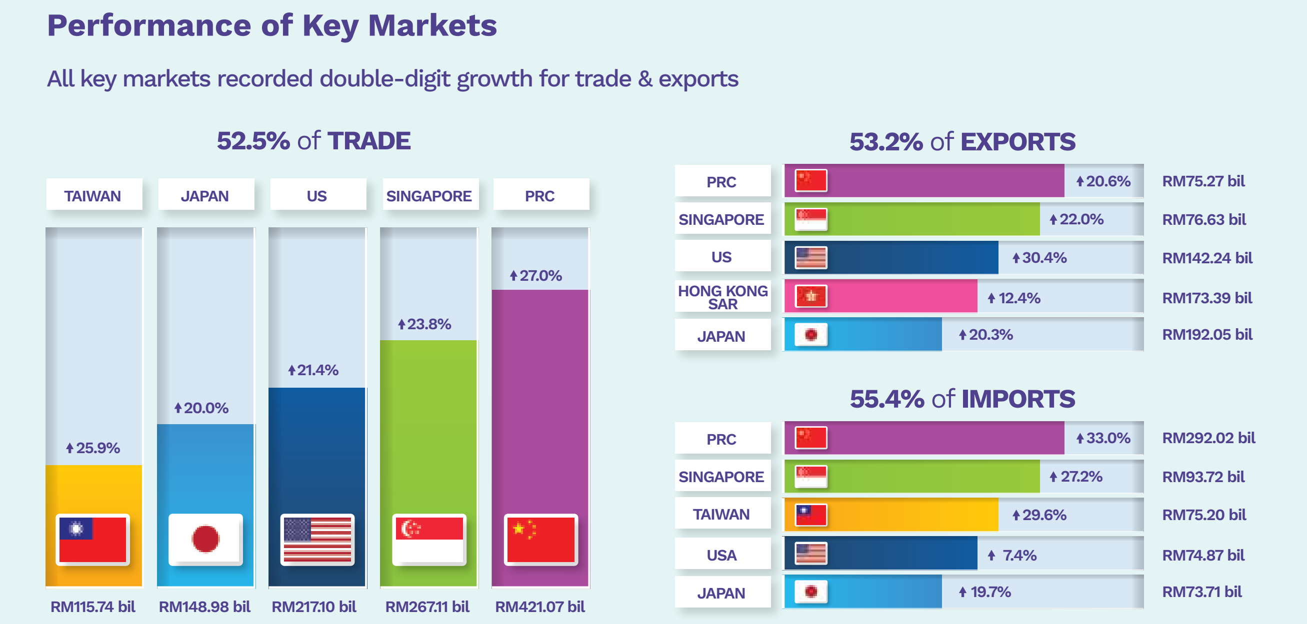
The year 2021 witnessed a stellar global trade performance as it rebounded from the devastating impact of the deadly COVID-19. The pandemic disrupted global supply chains and its ripple effect caused major economic uncertainties. Nonetheless, the Malaysian business community remained steadfast due to strong global demand which helped boost trade activities.

TRADE PERFORMANCE

Malaysia's trade in 2021 posted a new record, surpassing RM2 trillion for the first time and registered the fastest growth since 1994. Trade rebounded with a double-digit expansion of 24.8% to RM2.23 trillion compared to 2020, after registering two (2) consecutive years of contraction. Exports grew by 26.0% to RM1.24 trillion, achieving 99% of the Twelfth Malaysia Plan 2021-2025 (12MP) export projection for 2025, four (4) years ahead of target. Imports rose by 23.3% to RM987.24 billion and trade surplus increased by 37.7% to RM252.56 billion. This is an achievement for Malaysia as it marked the 24th consecutive year of trade surplus since 1998. Trade, exports, imports and trade surplus registered all-time highs.

The expansion in exports was contributed by higher global demand primarily for electrical and electronics (E&E) products, petroleum products, manufactures of metal, palm oil and palm oil-based agriculture products, rubber products as well chemicals and chemical products. Each category posted a new high value with double-digit expansion. Malaysia's top five (5) trading partners were the People's Republic of China (PRC), Singapore, United States of America (US), Japan and Taiwan, which collectively accounted for 52.5% or RM1.170 trillion of total trade (Exhibit 2.1).

EXHIBIT 2.1
MALAYSIA'S KEY MARKETS

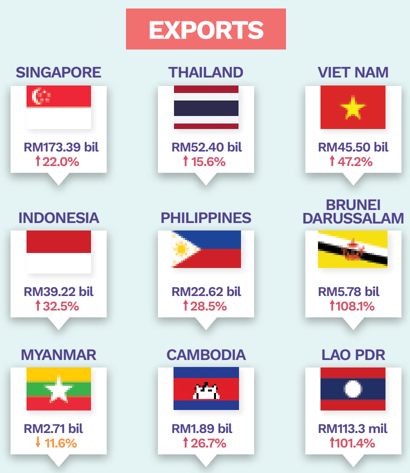


Note: bil - billion
Source: Department of Statistics Malaysia (DOSM)

ASEAN remained an important and strategic trade partner, accounting for 25.1% of Malaysia's total trade in 2021. Trade with ASEAN amounted to RM576.44 billion, up 28.7% from 2020. Exports to the region grew by 25.9% to RM343.62 billion following higher shipments of E&E products, petroleum products as well as chemicals & chemical product. Exports to all ASEAN markets expanded except Myanmar (Exhibit 2.2).

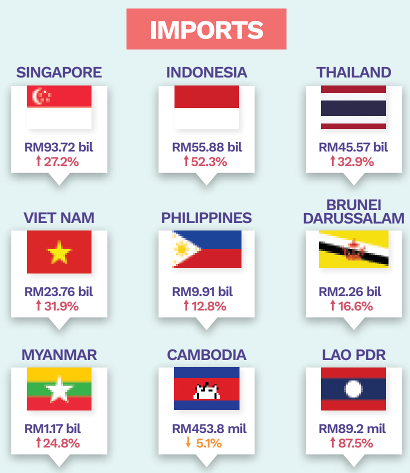
Imports from ASEAN picked up by 33.1% to RM232.82 billion, with main imports comprising E&E products, petroleum products as well as chemicals and chemical products. Imports from ASEAN countries registered growth, except Cambodia (Exhibit 2.3).

EXHIBIT 2.2
EXPORTS TO ASEAN COUNTRIES



Note: mil - million; bil - billion
Source: Department of Statistics Malaysia (DOSM)

EXHIBIT 2.3
IMPORTS FROM ASEAN COUNTRIES



Note: mil - million; bil - billion
Source: Department of Statistics Malaysia (DOSM)

FREE TRADE AGREEMENTS

Implemented Agreements

As at December 2021, Malaysia has signed a total 16 Free Trade Agreements (FTAs), of which seven (7) are bilateral pacts and the remaining nine (9) multilateral FTAs. All seven (7) bilateral FTAs with Australia, Chile, India, Japan, New Zealand, Pakistan and Turkiye have entered into force. Malaysia, through ASEAN, is also a signatory to regional FTAs with Australia and New Zealand, PRC, Japan, Republic of Korea (ROK), Hong Kong Special Administrative Region (SAR) and India. Within ASEAN, Malaysia is also a signatory and party to the Regional Comprehensive Economic Partnership (RCEP) Agreement which was signed on 15 November 2020 and entered into force for Malaysia on 18 March 2022. Equally significant is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) which was signed on 8 March 2018 and is expected to be ratified by 2022.

Trade with FTA partners in 2021 stood at RM1.49 trillion and accounted for 66.9% of Malaysia's total trade.

Trade with FTA partners in 2021 stood at RM1.49 trillion and accounted for 66.9% of Malaysia's total trade. Export to FTA partners was valued at RM831.02 billion, an increase of 24.1% and represented 67% of Malaysia's total exports. Major export products were E&E products, petroleum products as well as chemicals and chemical products which contributed 52.5% of total exports to FTA markets. Imports from FTA partners increased by 26.7% to RM659.12 billion and the main imports were E&E products, petroleum products as well as chemicals and chemical products.

EXHIBIT 2.4
MALAYSIA'S FREE TRADE AGREEMENTS

Bilateral FTAs

Malaysia

- Japan (2006)
- Pakistan (2008)
- New Zealand (2010)
- India (2011)
- Chile (2012)
- Australia (2013)
- Turkiye (2015)

ASEAN

- AFTA (1993)
- PRC (2003)
- Korea (2007)
- Japan (2009)
- India (2011)
- Australia (2010)
- Hong Kong SAR (2019)
- New Zealand (2010)

Note: The year entry-into-force
Source: Ministry of International Trade and Industry (MITI) Free Trade Agreement Website

EXHIBIT 2.5
MALAYSIA'S TRADE PERFORMANCE WITH FREE TRADE AGREEMENT PARTNERS

Total Trade	Export	Import
RM1.49 trillion (66.9%* of total trade)	**RM831 billion** (67%* of total exports)	**RM659 billion** (66.8%* of total imports)
PRC 28.3%	PRC 23.1%	PRC 34.7%
Singapore 17.9%	Singapore 20.9%	Singapore 14.2%
Japan 10%	Hong Kong SAR 9.2%	Japan 11.2%
Thailand 6.6%	Japan 9.1%	Indonesia 8.5%
Indonesia 6.3%	Thailand 6.3%	ROK 7.6%

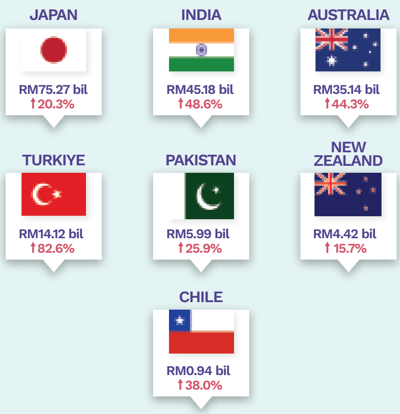
Note : * indicates share of total trade, exports and imports with FTA Partners
Source : Department of Statistics Malaysia (DOSM)

The top five (5) products exported to FTA partners were electronic integrated circuits, micro assembly and parts (23.5%), petroleum oils, not crude (7.8%), petroleum gases (4.9%), palm oil and its fractions (3.9%) as well as crude petroleum oils (2.6%).

In terms of imports from FTA partners, the top five (5) products were electronic integrated circuits, micro assembly and parts (13.3%), petroleum oils, not crude (9.6%), electric app for line telephony (2.3%), coal, briquettes, ovoid, sim solid fuels manufactured from coal (2.3%) automatic data processing machines and optical reader (2.1%). The following charts show the breakdown of exports and imports for the bilateral FTA partners.

EXHIBIT 2.6

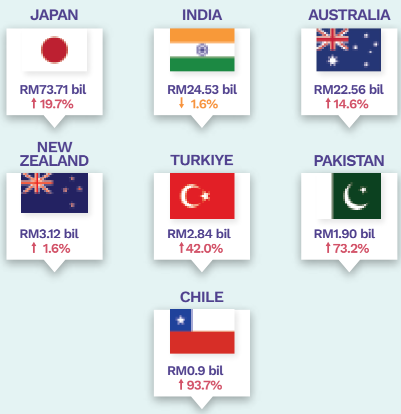
MALAYSIA'S EXPORTS TO BILATERAL FREE TRADE AGREEMENT PARTNERS



Note: bil - billion
Source: Department of Statistics Malaysia (DOSM)

EXHIBIT 2.7

MALAYSIA'S IMPORTS FROM BILATERAL FREE TRADE AGREEMENT PARTNERS



Note: bil - billion
Source: Department of Statistics Malaysia (DOSM)

EXHIBIT 2.8

MALAYSIA'S EXPORTS AND IMPORTS TO FREE TRADE AGREEMENT PARTNERS

Export Products	Percentage	Import Products	Percentage
Electronic integrated circuits, micro assembly and parts	23.5	Electronic integrated circuits, micro assembly and parts	13.3
Petroleum oils, not crude	7.8	Petroleum oils, not crude	9.6
Petroleum gases	4.9	Electric app for line telephony	2.3
Palm oils and its fractions	3.9	Coal, briquettes, ovoid, sim fuels manufactured from coal	2.3
Crude petroleum oils	2.6	Automatic data processing machines and optical reader	2.1

Source: Department of Statistics Malaysia (DOSM)

Comprehensive and Progressive Agreement for Trans-Pacific Partnership

The CPTPP is one of the world's largest regional FTAs, encompassing a total population of 507.8 million in the Asia-Pacific and close to 15% of global trade. Previously known as the Trans-Pacific Partnership Agreement (TPPA), the agreement has evolved and renamed CPTPP following the withdrawal of US in 2017.

The CPTPP is seen as a gold standard and high-quality FTA. It provides greater access to the services sector, investment protection, opportunities in government procurement, facilitative framework for the digital economy and intellectual property protection. To date, the CPTPP has been ratified by eight (8) countries, namely Australia, Canada, Japan, Mexico, New Zealand, Singapore, Viet Nam and Peru. Currently, three (3) countries, Brunei Darussalam, Chile and Malaysia, have yet to ratify the Agreement. In December 2021, the United Kingdom (UK) applied to join the CPTPP and has begun accession talks. Subsequently, the PRC, Taiwan and Ecuador have also formally applied to join the CPTPP.

For Malaysia, efforts towards ratifying the CPTPP are currently underway and it is expected that the instrument of ratification will be submitted by 2022. Among the key steps being undertaken include the commissioning of a Cost-Benefit Analysis (CBA) to identify issues of interest to Malaysia in order to ensure that the Government, businesses and households are ready to reap optimum benefits from the CPTPP. Additionally, the CBA will recommend appropriate solutions to address any costs that may arise as a result of Malaysia's ratification and implementation of the accord.

Targeted stakeholder consultations and engagements are also being conducted to facilitate better understanding by all relevant parties regarding Malaysia's rights and obligations under the CPTPP. These consultations have garnered very positive feedback, with strong calls for Malaysia to ratify the agreement.

In order to fulfil Malaysia's obligations under the CPTPP, amendments to the relevant laws and regulations are being finalised by the respective Ministries and Agencies. These amendments are progressing well, with five (5) legislations remaining to be amended. These laws are at various levels of maturity and will be tabled to Parliament in 2022.

On-going Negotiations

The implementation of the Movement Control Order (MCO) and Proclamation of Emergency in 2021 has not hindered Malaysia from continuing its efforts to improve and enhance the country's competitiveness. A robust trade and investment ecosystem, including an active pursuit of high-quality FTAs, is pertinent and even more imperative now to accelerate Malaysia's post-COVID-19 recovery.

In 2021, the following FTA negotiations were conducted:

(i) Malaysia-Turkiye FTA and Its Expansion

The Malaysia-Turkiye FTA (MTFTA) was signed on 17 April 2014 and entered into force on 1 August 2015. The trade agreement aimed to secure preferential market access and to ensure that Malaysian exporters remain competitive in the Turkish market. The MTFTA has been instrumental towards Malaysia's bilateral trade performance with Turkiye whereby total trade recorded tremendous growth of 74.2% amounting to RM16.97 billion in 2021 compared to RM9.74 billion from the previous year. Exports soared by 82.4% to RM14.12 billion in 2021 from RM7.74 billion in 2020 while imports climbed 42% to RM2.84 billion from RM2 billion the year before.

The encouraging trade performance was underpinned by economic recovery and an acceptance of Malaysian products in Turkiye as well as growing demand for Turkish made products by the Malaysian domestic market. In order to solidify economic cooperation between the two (2) countries and to realise untapped opportunities in the Turkish market, efforts have been undertaken to expand the MTFTA to include new areas such as Trade in Services, Investment and e-Commerce. Expansion into these areas is needed to ensure that the MTFTA remains relevant to facilitate business exchanges beyond trade in goods. Such expansion, when concluded, will further expand the market for both countries in their respective regions which in turn will help drive the post-pandemic economic recovery.

Negotiations on expansion were resumed in 2021 following the Joint Declaration on Expansion of the FTA, issued on 13 July 2021 in Ankara, Turkiye by YB Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry and his counterpart H.E. Dr. Mehmet Muş, Minister of Trade. The Joint Declaration marked a resolute commitment from both countries to stay on the path of progressive liberalisation at a time when new forms of protection have become the norm.

Malaysia and Turkiye convened a negotiating round from 17 to 19 November 2021 which was preceded by a meeting on 27 September 2021 to stocktake issues. Based on these meetings and other intersessional engagements in 2021, both sides remain positive that a mutually beneficial expansion agreement will be concluded in 2022.

(ii) Malaysia-European Free Trade Association Economic Partnership Agreement

Malaysia and the European Free Trade Association (EFTA) comprising Iceland, Liechtenstein, Norway and Switzerland have resumed negotiations on an Economic Partnership Agreement which was postponed due to the COVID-19. The latest round of talks, the 11th thus far, was held from 30 August to 3 September 2021.

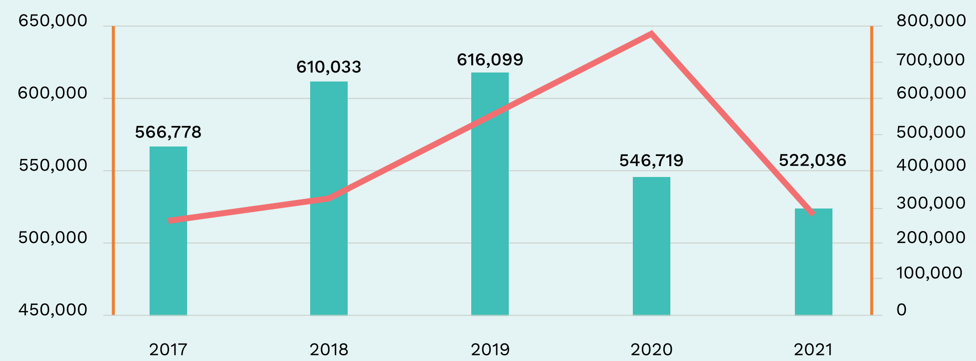
The Malaysia-EFTA Economic Partnership Agreement (MEEPA) negotiations cover various issues such as trade in goods, services, investment, intellectual property rights and competition. A total of 14 Working Groups have been established to negotiate all existing chapters under MEEPA.

In preparation for the 12th round of talks expected to be held in 2022, consultations with the relevant stakeholders are being conducted by the respective Working Groups. These consultation sessions are important to obtain views and feedback from the relevant parties especially on the outstanding issues.

Issuance of Preferential Certificates of Origin

EXHIBIT 2.9

NUMBER OF PREFERENTIAL CERTIFICATES OF ORIGIN AND TOTAL FREE-ON-BOARD VALUE (2017-2021)



Source: DagangNet

The utilisation of an FTA can be measured via the issuance of a Preferential Certificate of Origin (PCO) by exporters. The PCOs are used to apply for preferential tariff reduction for products offered under the various FTAs between Malaysia and partner countries, provided the rules of origin are fulfilled. Free on Board (FOB) denotes the costs associated with transportation of the goods to the port of shipment, loading the goods onto the shipping vessel, freight transport, insurance, unloading and transporting the goods from the arrival port to their final destination.

The issuance of PCOs had been rising from 2017 to 2019. However, the number of PCOs issued has declined in 2020 and 2021 with 546,719 (FOB value RM571.17 billion) and 522,036 (FOB value RM216.08 billion), respectively. The decrease was mainly due to the implementation of the MCO from March 2020 to 2021 which led to the number of workers in the manufacturing being cut by more than half. The MCO also resulted in the lack of demand from importers for Malaysian products as countries globally were less inclined to import non-essential goods. During the pandemic, countries were more inclined to fulfill their domestic demand rather than catering to exports. This situation was worsened, to some extent, by the restrictions and unprecedented closure of international borders.

For 2021, the ASEAN Trade in Goods Agreement (ATIGA) had the highest utilisation rate with the most number of PCOs issued despite a slight 5.3% decline from 205,233 in 2020 to 194,947 in 2021. The second highest number of PCOs issued was for the ASEAN-China FTA (ACFTA) with a total number of 113,634 followed by the ASEAN-Australia-New Zealand FTA (AANZFTA), Malaysia-Japan Economic Partnership Agreement (MJEPA) and ASEAN-Korea FTA (AKFTA). Details on the number of PCOs issued based on FTAs are indicated below.

EXHIBIT 2.10
ISSUANCE OF PREFERENTIAL CERTIFICATES OF ORIGIN IN 2021 ACCORDING TO FREE TRADE AGREEMENTS

FTA	No. of PCOs
ATIGA	194,947
ACFTA	113,634
AANZFTA	42,514
MJEPA	35,713
AKFTA	35,085

Source: DagangNet

CURRENT TRADE PRACTICES

Measures Related to Trade Remedies

The Global Scenario and the World Trade Organisation's Trade Remedies

The world economy's post-pandemic recovery remains on an upward trajectory, with the new US administration of Joseph Robinette Biden Jr. representing a silver lining to the trade tensions with the PRC. In response to the COVID-19 challenges, Governments worldwide introduced a slew of new trade policy instruments comprising tariff and non-tariff measures. There were 435 measures taken by World Trade Organisation (WTO) members in 2021, ranging from trade in goods to sanitary and phytosanitary measures. Some of the measures were aimed at facilitating trade, while others were meant to curtail trade. These immediate responses by WTO members resulted from severe impact of the pandemic on their economies, prompting some Governments to act to protect their domestic markets. While these measures are regulated by the WTO, this situation demonstrated how the pandemic influenced the way countries reacted to the health crisis. The need to ensure adequate supplies of food and medical related goods and protect public health against the COVID-19 pandemic, for example, were cited as justification for the imposition of such non-tariff measures. However, more

trade protectionism elements embedded in countries' economic policies can disrupt the growth of global trade.

On trade remedies, from January to June 2021, there were 153 notifications submitted by WTO members on Anti-Dumping measures, 24 countervailing measures and nine (9) safeguard measures. Nevertheless, there is no indication yet that members resorted to trade remedies, namely anti-dumping or countervailing or safeguard measures to address the economic crisis that has resulted from the COVID-19 pandemic. During the pandemic, from July 2020 to June 2021, the number of new initiations of anti-dumping investigations and measures applied by Group of Twenty (G20) economies, namely US, India, Canada, the PRC and the European Union (EU), recorded by the WTO, have been relatively high. Iron and steel, machinery and electrical equipment and chemical products dominated the list of sectors under the anti-dumping measures which have been notified and initiated by WTO members. Correspondingly, the measures imposed by the major powers had direct impact on smaller countries, including Malaysia, as the global supply chain has become more dynamic and delicate. Based on WTO data, Malaysia was among the developing member countries most affected by the initiations of anti-dumping and countervailing investigations in the first half 2021.

The Meeting of Rules Committee for 2021 was held twice (April and October) and also convened virtually. At these meetings, issues on trade remedial actions including notifications submitted on trade remedies undertaken by WTO members have been discussed and deliberated extensively.

Malaysia's Domestic Industry Perspective

After being severely affected by the pandemic for two (2) years, our Domestic Industries have emerged sturdily and aligned themselves with the national recovery plan to further re-boost their businesses and repenetrate the market amid stiff competition. The Government, through Ministry of International Trade and Industry (MITI), continues to nurture and safeguard our industry consisting of various sectors which would allow them to recover from the unfair trade practices, the effects of the world economic downturn and the time needed to adapt to the new post-pandemic economic environment.

A series of consultations have been carried out with domestic industries where MITI provided trade remedies' advisory, guidance and sharing of information to manufacturers and producers in their specific sectors. In 2021, the Government completed anti-dumping investigations and imposed affirmative anti-dumping duties on imports of stranded steel wires for prestressing concrete originating or exported from PRC and cold-rolled stainless steel from Indonesia and Viet Nam. The Government also extended the imposition of anti-dumping duties on imports of pre-painted, painted or colour coated steel coils and cold rolled coils for another five (5) years. The imposition of these measures will allow Malaysia's domestic industries to recover from the injury inflicted by the pandemic and give businesses breathing room to plan for their expansion.

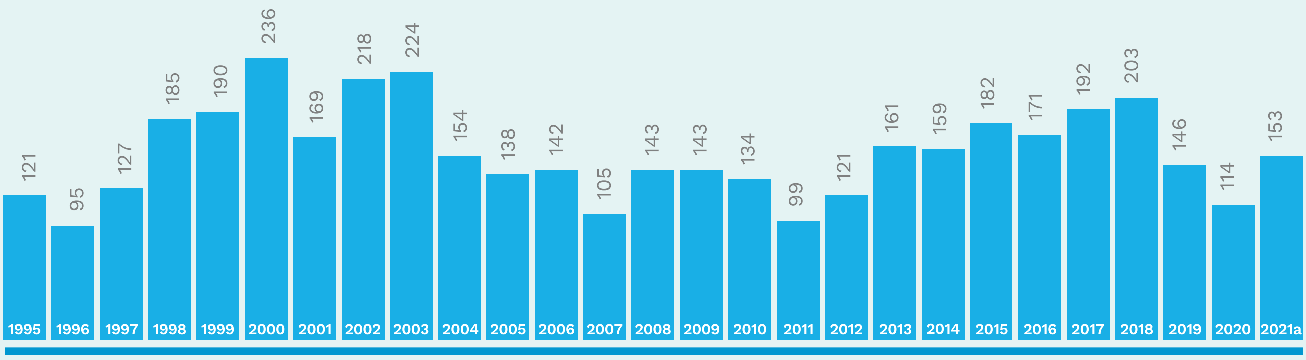
It was also observed that in 2021, there were hikes in terms of number of trade remedy investigations against Malaysia initiated by foreign Governments. Products subject to investigation include iron and steel, solar panel, fabric and textiles, furniture, plastic, rubber-based, glass, food and agriculture products including palm oil, sugar and cocoa butter. In light of the important trade relations with those countries, MITI has assisted and defended the interests of our producers and exporters. The ministry also assisted them in providing responses as well as participate and cooperate in the investigations. The persistence of the trade tensions between major economies, as well as the impact of COVID-19 pandemic, may have pertinently generated the trade protectionism sentiments among countries and still cast shadow over the global economy. This has already triggered an increasingly large spill-over effect on global trade and growth. Thus, trade is an important tool in the global effort to combat the COVID-19 pandemic and countries should capitalise on it by enhancing trade and economic cooperation.

The following graphs depicted the fluctuating trend of trade remedy measures undertaken by WTO members. From 1995 to June 2021, the most affected sectors by trade remedy measures were metal products, followed by chemical products, plastic products, machinery and equipment, textiles and other products.

EXHIBIT 2.11

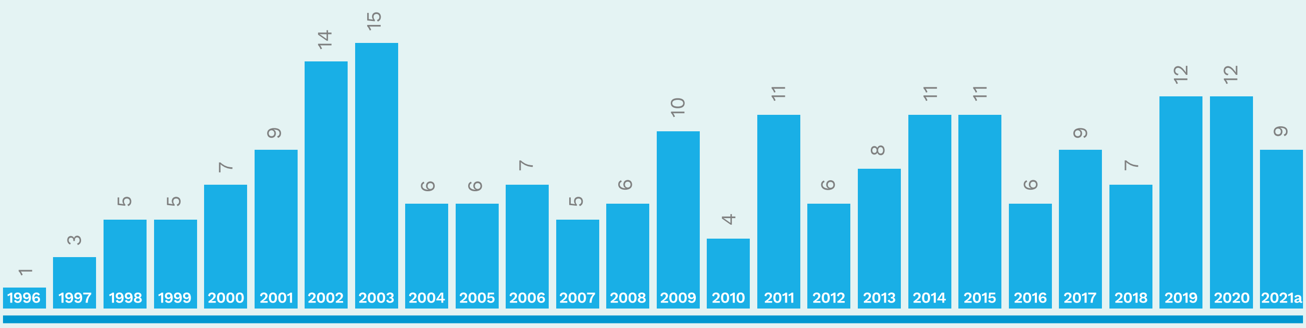
TRADE REMEDY MEASURES UNDERTAKEN BY WORLD TRADE ORGANISATION MEMBERS

ANTI-DUMPING: NUMBER OF MEASURE BY WTO MEMBERS 1995-2021[a]



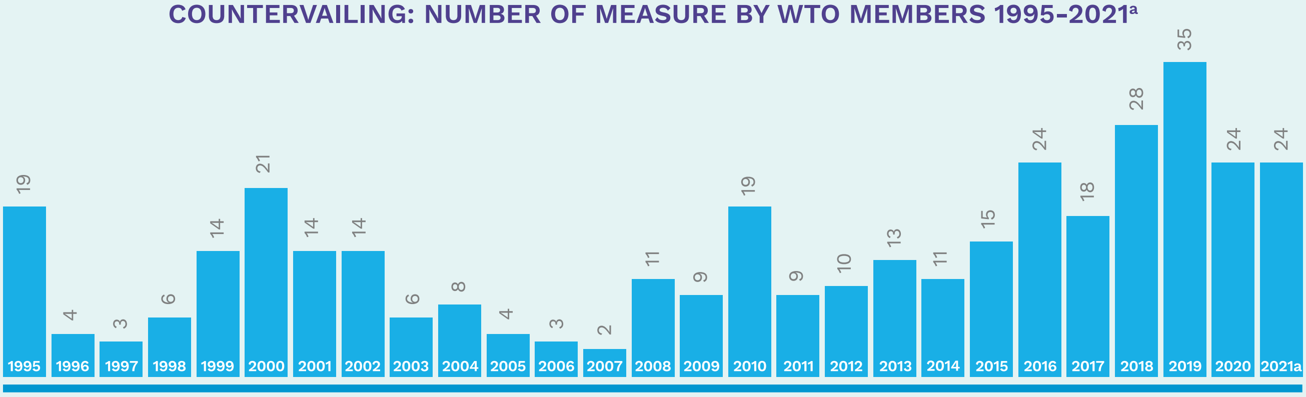
*Data for 2021 relates to the January to June period

SAFEGUARD: NUMBER OF MEASURE BY WTO MEMBERS 1996-2021[a]



*Data for 2021 relates to the January to June period

COUNTERVAILING: NUMBER OF MEASURE BY WTO MEMBERS 1995-2021[a]



*Data for 2021 relates to the January to June period

Note: Data for 2021 relates to the January to June period
Source: World Trade Organisation Statistics

HIGH IMPACT BILATERAL ENGAGEMENTS

Trade and Investment Missions

Recognising the need to boost our economic recovery amid the COVID-19 and volatility of the global economy, MITI continued our investment and trade promotion efforts to attract and increase foreign investors' confidence in the country as a preferred investment destination in the region and integrating Malaysian products into the global market.

Adopting a proactive strategy, MITI conducted Trade and Investment Missions (TIM) led by the Honourable Senior Minister to attract foreign investors to Malaysia as well as unlock investment and trade opportunities for Malaysian industry players abroad. The Missions also assume a critical role in strengthening bilateral economic relations, especially trade and investment cooperation between Malaysia and the countries visited, at the Government-to-Government, Government-to-Business and Business-to-Business levels.

For the year 2021, the Ministry had successfully conducted four (4) TIMs with ten (10) countries, namely:

(i) ROK and Japan (31 March to 6 April 2021);
(ii) Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE) (26 April to 4 May 2021);
(iii) State of Qatar, Republic of Austria and Republic of Turkiye (4 to 16 July 2021); and
(iv) Federal Republic of Germany, French Republic and the UK (12 to 22 October 2021).

Despite the volatile global market conditions, these Missions successfully generated RM50.06 billion prospective investment commitments that would create more than 30,000 job opportunities, as well as RM3.85 billion export potential. The impactful outcome of these Missions demonstrated that aggressive and continuous promotional activities are important in attracting and increasing the confidence of foreign investors and companies towards Malaysia.

The Senior Minister's bilateral meetings with counterparts to discuss strategic topics of mutual interest were paramount during these TIM in exploring concrete ways to increase bilateral trade and investment crossflows. Insightful and candid exchanges paved the way for greater partnership in accelerating mutual economic benefits.

Republic of Korea and Japan

Amid the challenges and restrictions due to the pandemic, the TIMs to ROK and Japan were successfully held from 31 March to 2 April 2021. It was the Senior Minister's inaugural TIM as the Minister of International Trade and Industry. In Seoul, the Senior Minister had bilateral meetings with H.E. Yoo Myung-hee, Minister for Trade, ROK as well as meetings with prominent companies in priority and emerging sectors such as green technology, electric vehicle, waste management, defence aerospace industry, petrochemical, halal, retail and the creative industry.

In Tokyo, YB Dato' Seri Mohamed Azmin Ali had the opportunity to call on H.E. Kajiyama Hiroshi, Minister for Economy, Trade and Industry, Japan, and H.E. Minister Nishimura Yasutoshi, Japan's Minister for the CPTPP. The Senior Minister also had engagements with industry players in the liquified natural gas (LNG), petrochemical, halal, E&E and renewable energy sectors, boosting confidence for business expansion prospects. The Senior Minister also witnessed the signing of the Memorandum of Cooperation (MoC) between Malaysia External Trade Development Corporation (MATRADE) and Japan External Trade Organisation together with H.E Kajiyama Hiroshi. The MoC depicts the intensification of long-term collaboration in the specific areas of digitalisation and halal development.

The TIMs to ROK and Japan concluded with a potential investment value of RM16.05 billion and RM986.15 million of export value to be realised in the coming years.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali with H.E. Yoo Myung-hee, Minister for Trade, Republic of Korea and delegations in Seoul.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali and H.E. Nishimura Yasutoshi, the Minister of State for Economic and Fiscal Policy for Japan, as well the Minister in charge of Economic Revitalization had a fruitful discussion on various matters of mutual interest.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali attended a bilateral meeting with H.E. Kajiyama Hiroshi, Minister of Economy, Trade and Industry Japan in Tokyo.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali met the Executive Vice President/Corporate Functional Officer of Mitsubishi Corporation, the largest Sogo Shosha in Japan. Both discussed possible sourcing opportunities, as well as expansion of trade and investment cooperation including in the LNG industry.

Kingdom of Saudi Arabia and the United Arab Emirates

The TIMs to the KSA and the UAE were organised as a follow-up to the official visit by the YAB Tan Sri Dato' Haji Mahiaddin Md. Yasin, the then Prime Minister to these two (2) countries from 6 to 11 March 2021. Among others, the objective of the TIMs was to escalate the unique and special relations with both countries to a higher and more strategic level, particularly in the sphere of trade and investment.

To this end, the highlights of the TIM to the KSA were the bilateral meetings with the Senior Minister's counterpart, namely, HRH Prince Turki bin Faisal Al Saud, Minister of State, Member of the Council of Ministers and Special Envoy of the KSA to Malaysia; H.E. Bandar bin Ibrahim AlKhorayef, Minister of Industry and Mineral Resources; H.E. Dr. Majid bin Abdullah Alkassabi, Minister of Commerce; H.E. Eng. Khalid Bin Abdulaziz Al-Falih; Minister of Investment as well as the Minister of Finance H.E. Mohammed bin Abdullah Al-Jadaan and some members of the Saudi Royal Court. Both sides took the opportunity to deliberate on potential collaborations in the healthcare, automotive, E&E, halal-related initiatives, finance and renewable energy sectors. The KSA also invited Malaysia to make their country as the hub for Malaysian palm oil and food related products for the Middle East and North Africa (MENA) region. The Senior

Minister also had business meetings with leading Saudi companies, which have committed to collaborate with Malaysian firms in the retail and healthcare sectors.

In Dubai, United Arab Emirates (UAE), the Senior Minister had bilateral meetings with H.E. Abdulla bin Touq Al Marri, Minister of Economy and H.E. Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade. They discussed on various topics of mutual interest. YB Dato' Seri Mohamed Azmin Ali also met with H.E. Reem bint Ebrahim Al Hashimy, Minister of State for International Cooperation and Managing Director for Expo 2020 Dubai where he was briefed on the UAE's preparations for the hosting of World Expo 2020 Dubai. The Senior Minister also met Emirati companies with prominent presence in retail, manufacturing, importing and wholesaling as well as hospitality activities, which have agreed to expand their operations in Malaysia.

The TIMs to the KSA and the UAE managed to secure a total of RM2.26 billion worth of potential investment and RM1.30 billion in potential trade in the facility management, healthcare services, palm oil, and retail and wholesale sectors.

Exchange of tokens of appreciation during the bilateral meeting between Senior Minister, YB Dato' Seri Mohamed Azmin Ali and H.E. Dr. Majid bin Abdullah Al-Qasabi, Minister of Commerce, Kingdom of Saudi Arabia

During his visit, Senior Minister, YB Dato' Seri Mohamed Azmin Ali meeting with one of the leading strategic investments holding company in Saudi Arabia

In Riyadh, the Senior Minister, YB Dato' Seri Mohamed Azmin Ali also witnessed the signing of the Memorandum of Business Exploration between UEM Edgenta Berhad, a subsidiary of Khazanah Nasional Berhad, and ASMA Advanced Solution LLC, a Saudi company specialising in water systems management

Bilateral meeting with H.E. Abdulla Bin Touq Al Marri, Minister of Economy of United Arab Emirates and H.E. Dr. Thani Bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade in Dubai

Senior Minister, YB Dato' Seri Mohamed Azmin Ali paid a Courtesy Call on H.E. Recep Tayyip Erdoğan, President of Turkiye

Bilateral meeting with H.E. Ali bin Ahmed Al Kuwari, Minister of Commerce and Industry and Acting Minister of Finance in Doha, Qatar

State of Qatar, Republic of Austria and Republic of Turkiye

The TIMs to the State of Qatar, Republic of Austria and Turkiye was aimed at promoting Malaysia as an investment destination of choice, reinforcing confidence from the global business community to source from Malaysia as well as exploring new growth areas for enhanced bilateral trade and investment ties. In Doha, the Senior Minister paid a Courtesy Call on the Honourable Sheikh Khalid bin Khalifa bin Abdulaziz Al Thani, Prime Minister and Minister of Interior of Qatar. The Senior Minister also had bilateral meeting with H.E. Ali bin Ahmed Al Kuwari, Minister of Commerce and Industry and Acting Minister of Finance, where they concurred to resume efforts on operationalising the economic strategies through the Third Malaysia-Qatar Joint Trade Committee with stronger involvement from the private sector. The Senior Minister also met with prominent Qatari companies which were interested to collaborate with Malaysian companies.

In Vienna, Austria the Senior Minister met with his counterpart H.E. Dr. Margarete Schrambock, Federal Minister for Digital and Economic Affairs of the Republic of Austria, and they signed the Establishment of Focal Points, which intention is to enable direct dialogues and exchange of ideas between the senior officials of both countries to further expand trade and investment opportunities as well as intensify economic cooperation.

The Senior Minister also met with several main industry players in Austria who expressed their interest to invest in Malaysia, leveraging on Malaysia's strategic position as a gateway to the Asia Pacific region.

On the other hand, the TIM to Republic of Turkiye provided Malaysia with an excellent opportunity to learn about new industrial and technological developments in Turkiye particularly in aerospace, construction and solar power. The TIM also served as an impetus to continue exploring new and creative ways to strengthen and deepen bilateral economic, trade and investment ties with Turkiye, which is Malaysia's third largest trading partner in the West Asian region.

In Istanbul, the Senior Minister paid a Courtesy Call on H.E Recep Tayyip Erdoğan, President of the Republic of Turkiye, where they discussed on the importance of elevating existing trade and investment relations including the expansion of the MTFTA, the possibility to increase imports from Turkiye and accelerating investment crossflows between both countries. The Courtesy Call was joined by H.E. Mustafa Varank, Turkiye's Minister of Industry and Technology, and H.E. Merve Safa Kavakçı, the Ambassador of the Republic of Turkiye to Malaysia. The Senior Minister also held a bilateral meeting with his counterpart, H.E. Dr. Mehmet Muş, Minister of Trade, during which a wide spectrum of measures to fortify bilateral economic, trade and investment relations were discussed, and a Joint Declaration on the Expansion of the MTFTA was signed to reinforce the mandate in pursuing the agreement's expansion to include chapters on services, investment, and e-commerce. The TIMs to the State of Qatar, Republic of Austria and the Republic of Turkiye secured a total of RM17.56 billion potential investments and recorded a total of RM747 million worth of potential exports for Malaysia.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali (left) witnessing the signing of the Memorandum of Agreement between Chulia Facilities Management Sdn. Bhd. and Green Energy & Environmental Services Co. W.L.L., which aims to explore business opportunities in the integrated facilities management services sector.

Memorandum of Understanding signing between the Malaysian Investment Development Authority (MIDA) and AT&S in Vienna, Austria to develop research and development and educational collaborations with Malaysian universities, education, training and research institutions.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali at the Roundtable Luncheon Meeting with Austrian Federal Economic Chamber (WKO) Members.

Federal Republic of Germany, the French Republic and the United Kingdom

The visits to Federal Republic of Germany, the French Republic and the UK from 12 to 22 October 2021 concluded the TIM agenda for the 2021. The Senior Minister, YB Dato' Seri Mohamed Azmin Ali and his delegation continued to secure potential investment of RM14.1 billion and potential trade of RM400 million from the three (3) countries, which again strengthened Malaysia's position as an important hub of international trade and supply chain.

Bilateral meeting between Senior Minister, YB Dato' Seri Mohamed Azmin Ali (left) and The Right Honourable, Anne-Marie Trevelyan, Secretary of State for International Trade of the United Kingdom.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali had a meeting with Mr. Jochen Hanebeck, Chief Operating Officer of Germany's Infineon Technologies and his team on 14 October 2021.

Senior Minister, YB Dato' Seri Mohamed Azmin Ali (centre) witnessing the Memorandum of Understanding signing between Malaysian Investment Development Authority and the Mouvement des entreprises de France, a French private business network abroad to support investment opportunities and business cooperation.

Working Visit by The United States Secretary of Commerce to Malaysia

MITI hosted a Working Visit by the Honourable Gina M. Raimondo, US Secretary of Commerce to Malaysia from 17 to 18 November 2021. It was the inaugural visit by a Senior Cabinet Official under the Biden-Harris Administration. During a full day programme on 18 November 2021, the US Secretary of Commerce paid a courtesy call on the Prime Minister, YAB Dato' Sri Ismail Sabri Yaakob, followed by a bilateral meeting with Senior Minister and Minister of MITI. Among others, both sides discussed the expansion of cooperation in new growth areas including digital economy, green technology, and semiconductor supply chain resiliency, as well as the US' initiative on the Indo-Pacific Economic Framework.

The Senior Minister and the US Secretary of Commerce also co-chaired a Roundtable Meeting with leading semiconductor companies based in Malaysia. The open discussion and exchange of views culminated in the signing of a Bilateral Joint Statement encapsulating enhanced future collaborations in matters pertaining to the strengthening of trade, investment, industry facilitation and technical cooperation and linkages.

Joint statement during the visit by Honourable Gina M. Raimondo, Secretary of Commerce of the United States of America to Malaysia in November 2021 encapsulating enhanced future collaborations in matters pertaining to the strengthening of trade, investment, industry facilitation and technical cooperation and linkages.

The Honourable Prime Minister of Malaysia, YAB Dato' Sri Ismail Sabri Yaakob delivering his keynote address at the 130th Canton Fair.

Bilateral Engagements with the People's Republic of China

Despite the challenging times, Malaysia and the PRC maintained an upbeat bilateral economic and trade relations. This is manifested in their robust trade and investment performance as well as in progressive economic frameworks such as the Five-Year Programme for Economic and Trade Cooperation (FYP) and the Belt and Road Initiative (BRI).

Both Malaysia and the PRC have agreed to continue extending the FYP which originally commenced in 2013. The FYP comprised programmes to enhance trade and investment linkages between businesses in strategic sectors including new growth areas such as sustainable production, smart technologies and next generation connectivity. At the same time, Malaysia and the PRC are working towards concluding the BRI Cooperation Plan which is envisaged to boost connectivity among BRI participating countries and at the same time to further enhance trade and investment activities. Malaysia also participated in the annual China International Import Expo, which is one of the key trade expos under the BRI.

In 2021, engagements between Malaysia and the PRC continued virtually with high level participation in mutually beneficial programmes, such as:

(i) The Honourable Prime Minister of Malaysia's participation in the 130th China Import and Export Fair (Canton Fair) on 14 October 2021. The Prime Minister delivered a keynote address expounding key transformation efforts taken by Malaysia to expand the opportunities for businesses in Malaysia. The Prime Minister emphasised the importance of the cooperation outlined in the BRI and the FYP between Malaysia and the PRC, as the key to post-pandemic economic recovery.

(ii) A virtual roundtable meeting between a Malaysian delegation, led by Deputy Minister of International Trade and Industry, YB Lim Ban Hong, with captains of industry in the Greater Bay Area of the PRC on 29 April 2021. The roundtable meeting was aimed at facilitating inbound investments from PRC's major companies to high value-added sectors i.e. the E&E, chemical and manufacturing.

(iii) Promotion Conference on Upgrading China-Malaysia "Two Countries, Twin Parks" Partnership on 11 September 2021. The event, attended by the Deputy Minister of International Trade and Industry, YB Lim Ban Hong, was held on the sidelines of the 18th China-ASEAN Expo, aimed at promoting Malaysia-China Kuantan Industrial Park and China-Malaysia Qinzhou Industrial Park as the gateway for ASEAN and PRC market.

(iv) Pearl River International Forum was held on 15 October 2021 in conjunction with the 130th Canton Fair. The event was co-hosted by the Ministry of Commerce of the PRC and the People's Government of Guangdong Province and organised by China Foreign Trade Centre. A Malaysian delegation was headed by Deputy Minister YB Lim Ban Hong.

(v) Deputy Minister YB Datuk Lim Ban Hong's participation in the Second International Forum on Free Trade Zones Development on 10 December 2021 gave a significant impetus to promote Malaysia's competitive advantage as a trading nation and encourage close cooperation among the business communities in Malaysia and the PRC. The event was organised by the China Council of Promotion of International Trade (CCPIT).

In a nutshell, both Malaysia and the PRC will continue to work on existing economic frameworks such as the FYP and BRI to deepen cooperation to facilitate free and open trade as well as to encourage new investments between the two (2) countries.

Deputy Minister of International Trade and Industry, YB Datuk Lim Ban Hong (left) leading the Malaysian delegation during virtual roundtable meeting with captains of industry in the Greater Bay Area of the PRC on 29 April 2021.

Deputy Minister of International Trade and Industry, YB Datuk Lim Ban Hong (centre, top) gracing the Second International Forum on Free Trade Zones with other eminent speakers including Mr. Fei Gaoyun, Jiangsu Provincial People's Government Vice Governor; Ms. Low Yen Ling, Singapore Minister of State, Ministry of Trade and Industry; H.E. Madam Gloria Macapagal-Arroyo, former President of the Philippines and Ms. Gao Yan, CCPIT and the China Council for the Promotion of International Trade Chairperson.

OTHER BILATERAL MEETINGS

Bilateral meeting between Malaysia and Sweden

The Secretary General had a productive virtual bilateral meeting with Mr. Per-Arne Hjelmborn, the Director-General for Trade, Ministry of Foreign Affairs of Sweden on 31 March 2021. The meeting acknowledged the strong bilateral trade and investment relations between Malaysia and Sweden and opportunities for further growth especially in the areas of sustainability, green tech and innovation. In addition, both parties also recognised the importance to improve and strengthen the multilateral trading system as embodied by the World Trade Organisation (WTO) and participation of both countries at the ASEAN-European Union (EU) regional level.

Datuk Lokman Hakim Ali, the Secretary General of Ministry of International Trade and Industry (right) and his counterpart from Sweden, Mr. Per-Arne Hjelmborn during virtual bilateral meeting on 31 March 2021.

Meeting session with Belgian business community

The Deputy Minister, YB Datuk Lim Ban Hong had a fruitful session with the Belgian business community in Malaysia, hosted by H.E. Pascal H. Gregoire, Ambassador of Belgium to Malaysia, on 12 April. The Deputy Minister took the opportunity to update the Belgian companies on Malaysia's post-pandemic recovery strategies, economic outlook as well as opportunities for Belgian businesses to expand in Malaysia. He also had a candid exchange of views with the Belgian business community in Malaysia on how to further strengthen bilateral economic prospects.

The First Meeting of the Malaysia-Russia Working Group on Cooperation in Industry and Trade

The Inaugural Meeting of the Working Group on Cooperation in Industry and Trade under the framework of the Joint Malaysia-Russia Commission for Economic, Scientific, Technical and Cultural Cooperation was held on 25 May 2021. The virtual meeting was co-chaired by Datuk Lokman Hakim Ali, the Secretary General of MITI, who led the Malaysian delegation, and H.E. Aleksei Gruzdev, the Deputy Minister of Industry and Trade of the Russian Federation, who led the Russian delegation.

The Working Group Meeting identified eight (8) areas of cooperation which form as a renewed chapter for bilateral trade, investment and industrial collaboration between the two (2) countries. The areas of cooperation were Aerospace, Pharmaceutical and Medical Equipment, Shipbuilding, Innovation and Information Technology, Oil and Gas, Chemical and Power Engineering Equipment, Commodities, Halal and Food Safety.

Bilateral Meeting with Ukraine

A bilateral meeting between the Deputy Minister, YB Datuk Lim Ban Hong and H.E. Taras Kachka, the Deputy Minister of Economic Development, Trade and Agriculture of Ukraine was held virtually on 17 June 2021. Both parties discussed further enhancing the bilateral trade and investment relations between both countries as well as exploring potential collaboration under the framework of the Joint Trade Committee (JTC) between Malaysia and Ukraine. Malaysia and Ukraine are scheduled to convene the inaugural meeting of the Malaysia-Ukraine JTC at a mutually convenient date.

Malaysia-Australia Joint Trade Committee Meeting

Malaysia and Australia held the JTC Meeting at the Senior Officials level on 23 July 2021 to discuss bilateral and regional trade and investment issues, latest policies and explore new areas of cooperation. The Joint Trade Committee Senior Officials' Meeting was formalised during the 1st Annual Leaders' Meeting between Malaysia and Australia on 27 January 2021 to support existing mechanisms on the economic cooperation pillar under the Comprehensive Strategic Partnership between both countries.

Bilateral Meeting between the Secretary General and the United Kingdom High Commissioner

Secretary General of MITI, Datuk Lokman Hakim Ali received a virtual courtesy call by H.E. Charles Hay, the UK High Commissioner, on 25 August 2021. Both sides deliberated on the impact of the pandemic, progress on the Malaysia-UK Joint Committee for Bilateral Trade and Investment and exchanged views on RCEP and CPTPP.

Third Meeting of the Malaysia-Republic of Korea Economic Cooperation Committee

The Third Economic Cooperation Committee (ECC) Meeting was successfully held virtually on 7 October 2021. Both countries emphasised the importance of the ECC in strengthening bilateral economic relations and acknowledged the timeliness of the meeting to discuss the progress of the projects under the Second Wave of the Look East Policy (LEP 2.0) in the fields of halal, technical institute, smart city cooperation, information and communications technology cooperation, energy cooperation and trade facilitation cooperation.

Sixth Malaysia-Taiwan Economic Cooperation Committee

The Sixth Malaysia-Taiwan Economic Cooperation Committee (MTECC) meeting was held virtually on 19 November 2021 to discuss and resolve issues which impede bilateral trade and investment among the business communities. MTECC explored potential collaborations in the areas of trade, investment and Small and Medium Enterprise (SME) development. In addition, the presence of a Business Advisory Group which was endorsed in 2020, played an important role in edifying the business linkages between Malaysian and Taiwanese business communities.

Courtesy Calls

Throughout the year, the Senior Minister and senior official at MITI received numerous courtesy calls by the foreign High Commissioners and Ambassadors to Malaysia to renew engagements with Malaysia. MITI took these opportunities to highlight Malaysia's commitments in expediting the economic recovery and our ongoing strategies for economic sustainability over and beyond the impact of the pandemic.

Apart from courtesy calls by various foreign High Commissioners and Ambassadors, Senior Minister also had the opportunity to address our newly appointed outgoing High Commissioners and Ambassadors virtually in 2021 prior to their departures to the respective host countries.

OTHER PROMINENT ECONOMIC COOPERATION PROGRAMMES WITH BILATERAL PARTNERS AND STAKEHOLDERS

ARISE Plus Malaysia: Trade Related Technical Assistance

In February 2021, Malaysia and the EU jointly launched an EU funded three-year project, namely ARISE Plus Malaysia Trade Related Technical Assistance (TRTA). ARISE is an abbreviation of The ASEAN Regional Integration Support by the EU, extending the EU's commitment to support the ASEAN region in trade facilitation. TRTA is a country project designed to align Malaysia's trade policy formulation and implementation with regional and international commitments with the aim to strengthen Malaysia's participation in global trade. The TRTA is a collaboration involving the International Trade Centre as the implementing agency, with MITI as the National Coordinating Ministry. It works hand in hand with various Government Ministries and Agencies with the objective to deepen technical capacities of Government Officials, SMEs as well as industries in Malaysia.

Spanish Language Course 2021

For the third consecutive year, the Government of Colombia through the Embassy of Colombia in Kuala Lumpur offered the Spanish language training to officials of MITI and other agencies as part of its Cultural Diplomacy Programme. This training provided the Malaysian government officials an opportunity to embark on a new language skill set. Collectively, a total of 92 officers from MITI and agencies successfully completed 110 hours of Spanish language course between 2019 and 2021 conducted physically in Kuala Lumpur in 2019 and online 2020 and 2021.

BOX ARTICLE 2.1

THE 40TH ANNIVERSARY OF LOOK EAST POLICY

The year 2022 marks the 40th Anniversary of the Look East Policy (LEP) between Malaysia and Japan. Initiated by Malaysia in 1982, the LEP was initially aimed at enhancing technical cooperation, cultural exchange and human resource development for Malaysia's industrial development. In view of the benefits and success of the LEP, both Governments of Malaysia and Japan decided to continue and further expanded and diversified the scope of the LEP under the Second Wave of the LEP 2.0, which was announced in 2013. In line with Malaysia's economic transformation programme, focus areas of the programme under the LEP 2.0 was expanded to advanced industrial technologies and services.

In essence, the LEP has successfully contributed to Malaysia and Japan's strong relationship in economic, trade and investment, education, cultural and people-to-people connectivity through various programmes and collaborations.

In celebration of the 40th Anniversary of the LEP, Ministry of International Trade and Industry (MITI) as the National Secretariat of the LEP is working closely with the stakeholders and relevant organisations from both Malaysia and Japan, including the Embassy of Japan, to organise commemorative programmes and activities throughout 2022. To kick start the celebration, MITI organised a Logo Design Competition from 26 October to 20 November 2021 as part of efforts to create awareness on the implementation of the LEP and its contributions to Malaysia's socio-economic development, besides identifying the official logo for the 40th Anniversary of the LEP.

The winning logo designed by Mr. Koo Kon Hen elegantly captures the robust economic and social connections between Malaysia and Japan depicted by the connecting lines and the colours representing the national colours of both countries.

The official logo of the 40th Anniversary of the LEP

MULTILATERAL TRADE NEGOTIATIONS

The resurgence of global economic activity in the first half of 2021 lifted global merchandise trade above its pre-pandemic peak, leading the WTO economists to upgrade their forecasts for trade in 2021 to rise by 10.8%, up from 8.0% forecasted in March 2021.

Behind the strong overall trade increase, some developing regions are falling short of the global average. As the only multilateral trade organisation responsible for global trade rules, the WTO plays a vital role in narrowing the gap between the developed and developing countries and ensuring a more level playing field. To achieve this, Malaysia has participated constructively in discussions under the Doha Round negotiations as well as other new and emerging issues at the WTO throughout 2021.

World Trade Organisation

World Trade Organisation's Response to the Pandemic

As the COVID-19 pandemic continued throughout 2021, the problem of vaccine inequality needed to be addressed to achieve an inclusive global economic recovery. In ensuring that all countries are provided with equal access to vaccines, Malaysia supports the proposal by the WTO Members calling for a waiver of certain provisions of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement for the prevention, containment, and treatment of COVID-19.

The Director-General of the WTO, Dr. Ngozi Okonjo-Iweala urged WTO Members to come together and agree on a strong WTO response to the pandemic at the 12th WTO Ministerial Conference (MC12) scheduled on 30 November to 3 December 2021, which would provide a foundation for more rapid vaccine production and equitable distribution. However, the MC12 has been postponed due to the surge of the Omicron variant.

Reforms

Since its inception, the WTO has contributed positively towards the stability of the global economy, boosting trade growth and resolving trade disputes. Nevertheless, the international trade institution is not without its challenges. Criticism on its relevance continues to intensify. The Doha Round launched in 2001, with the target of concluding by January 2005, and rectifying the imbalances inherent in the Uruguay Round Agreements that established the Organisation, was never reached. In addition, trade wars, increased protectionist measures and unilateral actions on trade restrictions, a setback in the dispute settlement system and lack of transparency among Members, are some of the mounting problems faced by the organisation.

The COVID-19 pandemic that hit early 2020 intensified these challenges as countries closed their borders, and nationalistic agendas started to take priority to save jobs for own nationals and ensure economic sustainability. Trade restrictions were also imposed under the pretext of national security. Thus, to reinvigorate the WTO, reform is critical.

Generally, Members identified three (3) key areas where reforms can be focused: Monitor Members' trade policies; function as a forum for trade negotiations; and improve the mechanism to settle disputes and address the new appointment of Appellate Body members.

The most contentious issue was and still is the paralysis of the Appellate Body, which is part of the famously known 'crown jewel' of the WTO. The WTO Appellate Body is a standing body that can uphold or overturn the legal findings and conclusions of a panel under the Dispute Settlement Body. Its decision is final and binding upon all parties to the dispute. Over the years, the Appellate Body has been criticised for overstepping its boundaries and going against numerous provisions of the Dispute Settlement Understanding. Its paralysis is due to the blockage for the appointment of new judges to the Appellate Body. Majority of the Members believed that reforming the system is crucial in resolving this crisis particularly when one of the key WTO functions is resolving trade disputes. Several solutions have been put on the table to overcome the paralysis, including temporary fixes by a few Members through the Multi-Party Interim Appeal Arbitration Arrangement and other permanent solutions via multilateral negotiations.

Dispute Settlement

As of 31 December 2021, a total of 607 disputes have been filed for arbitration by WTO members, an indication that they believe in the effective enforcement of rules to uphold an equitable, secure and predictable multilateral trading system. The Appellate Body's operations were effectively suspended since December 2019, and the blockage has left the body without a quorum of adjudicators needed to hear appeals. In 2021, 21 appeals were filed and are pending for review.

Malaysia has registered interest as a third party in 25 dispute cases, among which are issues related to measures concerning palm oil and oil palm crop-based biofuels, intellectual property rights, anti-dumping of fish fillets, safeguards on imports of crystalline silicon photovoltaic products and cases relating to steel and aluminium products. On 15 January 2021, Malaysia filed a request for consultations with the EU regarding the Renewable Energy Directive (RED) II Directive. Malaysia claimed that certain measures imposed by the EU in the Directive (the EU renewable energy target, the criteria for determining the high indirect land-use change, or ILUC, risk feedstock) are inconsistent with WTO Agreements, particularly the General Agreement on Tariffs and Trade

1994, Agreement on Technical Barriers to Trade (TBT) and Agreement on Subsidies and Countervailing Measures. The Panel was established in May 2021 and the case is still on-going.

Negotiations on Fisheries Subsidies

The WTO negotiations on fisheries subsidies has progressed significantly in 2021 with the introduction of a draft Agreement on Fisheries on 24 November 2021. The draft demonstrates the collective efforts of WTO Members, and could potentially lead to a possible consensus after more than 20 years of negotiations, without undermining the sustainability objective.

One of the significant outcomes is the collective concurrence by WTO Members on the scope of the agreement, which will cover only wild marine capture fishing and fishing related activities at sea, while excluding aquaculture and inland fisheries. This signifies WTO Members' perseverance in fulfilling the mandate of the United Nations Sustainable Development Goal Target 14.6, in securing the agreement by the MC12 for disciplines aimed to eliminate subsidies to Illegal, Unreported and Unregulated Fishing, and for prohibiting certain forms of fisheries subsidies that contribute to overcapacity and overfishing, with special and differential treatment for developing and least-developed countries.

Negotiations on Agriculture

The Cairns Group, a coalition of 19 agricultural exporting WTO Members which includes Malaysia, continues to express concern over the high level of trade-distorting domestic support in the global agriculture market, which will reach USD2 trillion by 2030 if left unchecked. Other members of the Cairns Group are Argentina, Australia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand, Uruguay and Viet Nam.

A Cairns Group Ministerial Meeting was held on 23 June 2021. Malaysia was represented by Dr. Rashidi Said, Permanent Representative of Malaysia to the WTO. At the end of the meeting, Ministers endorsed a ministerial statement calling for a Ministerial Decision at MC12 that addresses agricultural trade and production distorting domestic support. Such outcome will boost the agricultural reform process and further enhance the institutional credibility of the WTO.

Palm Oil Issue

Palm Oil is one of Malaysia's top exports, with sales reaching their highest-ever monthly value of RM7.91 billion (USD1.88 billion) in November 2021. The country strengthened its market position regionally, while boosting the fight against negative consumer perception and anti-palm policies which have damaged demand outlook in the EU, UK and US, and has actively utilised the WTO platform to address the discriminatory measures imposed by other members against palm oil.

In December 2019, Indonesia filed a dispute case against the EU claiming that the RED II was inconsistent with the WTO Agreements on Technical Barriers to Trade, General Agreement on Tariffs and Trade 1994 and the Agreement on Subsidies and Countervailing Measures. Despite the COVID-19 situation, the Dispute Settlement Body (DSB) agreed to accord Indonesia the establishment of a panel for the case on 29 July 2020. On 12 November 2020, the panel was successfully composed. Malaysia is a third party to the dispute and continues to actively participate in the case.

On 15 January 2021, Malaysia filed a similar request for consultations with the EU for which a Panel was established in May 2021. Both cases are on-going.

Micro, Small and Medium Enterprises

Micro, Small and Medium Enterprises (MSMEs) play a critical role in economies around the world in terms of employment and economic activity. They represent an estimated 95% of global businesses and 60% of employment across economies at all levels of development. MSMEs have been some of the hardest hit firms in the current pandemic. As COVID-19 underscores the importance of MSMEs for people's livelihoods and global productivity, it also makes the WTO's support for MSMEs more important than ever.

In September 2021, the MSMEs Group at the WTO succeeded in finalising a Ministerial Declaration to be endorsed by the Ministers at MC12. Ninety-seven WTO Members, including Malaysia are onboard the Declaration.

The Declaration highlights Members' continuous efforts to improve the participation of MSMEs in international trade while considering the specific needs of developing countries. The Group's work focuses among others on addressing the trade-related aspects of MSMEs' access to finance and cross-border payments, promoting MSMEs' inclusion in regulatory development in the area of trade and increasing access to information.

The MSMEs Group has also launched the Trade4MSMEs platform, which serves as a tool to help small companies find trade-related information that improves their ability to trade internationally. It also outlines important issues and highlights best practices concerning MSMEs that could be utilised by policymakers, Government officials and researchers in rulemaking.

Joint Statement Initiatives

In 2021, increased focus on plurilateral negotiations involving a subset of WTO members on a particular sector continued under the various Joint Statement Initiatives (JSI) configuration. Members worked towards developing new rules on a range of issues – electronic commerce, investment facilitation for development, domestic regulation in services, MSMEs and trade and environment.

Presently, Malaysia is an active participant in three (3) of the five (5) JSIs: electronic commerce, investment facilitation for development and MSMEs. Open and inclusive negotiations are still on-going under the JSIs, with emphasis on the different levels of economic development; and views of developing and least developed countries, ranging from the level of ambition to implementation challenges. This overarching approach continues to attract a broad participation of the JSI membership.

Joint Statement Initiatives on Electronic Commerce

Negotiations were officially launched in January 2019, based on the 11th Ministerial Conference (MC11) mandate to work towards developing the disciplines around trade and services under e-commerce, with participation of 76 Members, including Malaysia. Led by Australia, Japan and Singapore as Co-Conveners, the JSI membership has increased since then to 86 participants, accounting for more than 90% of global trade and representing all major geographic regions and development levels.

In 2021, textual negotiations on the disciplines that govern e-commerce were still ongoing with the latest updated consolidated negotiating text circulated by the Co-Conveners in September 2021. As of January 2022, JSI Members have agreed to clean texts on eight (8) articles: unsolicited commercial electronic messages (SPAM), e-signatures, e-contracts, transparency, open government data, online consumer protection, open internet access and paperless trading.

Joint Statement Initiatives on Investment Facilitation for Development

At the MC11, 70 WTO Members, including Malaysia issued a Joint Ministerial Statement on Investment Facilitation for Development, calling for structured discussions with the aim of developing a multilateral framework for investment facilitation. Until December 2021, 36 other Members joined the JSI, increasing participation to 106 Members.
As of January 2022, negotiations were still ongoing based on the Revised Easter Consolidated Text issued in November 2021. The revision, among others, contained proposals covering elements such as Transparency of Investment Measures and Streamlining and Speeding Up Administrative Procedures and Requirements. As part of the proposed deliverables for the MC12, the JSI is aiming to conclude textual based negotiations by the end of 2022.

Joint Statement Initiatives on Services Domestic Regulation

At the MC11, 59 WTO Members signed a Joint Ministerial Statement on Services Domestic Regulation to advance discussions on domestic regulation in parallel with the work of the Working Party on Domestic Regulation mandated under the General Agreement on Trade in Services.

On 2 December 2021, the JSI announced the conclusion of textual negotiations encompassed in the Reference Paper on Services Domestic Regulation. This conclusion has been highlighted by WTO and the JSI as one of the outcomes of the JSI platform to develop new disciplines relating to domestic regulation for services that seek to improve business climate, lower trade costs and cut red tape to facilitate services trade worldwide. Presently, 67 Members have signed up to the JSI, including a few ASEAN Member States (AMS), i.e. the Philippines, Thailand and Singapore. Malaysia, however, is not part of this plurilateral initiative and is currently consulting relevant stakeholders to examine the possibility of Malaysia joining the JSI.

OTHER INVOLVEMENTS

World Economic Forum Annual Meeting 2021

As the COVID-19 pandemic continued to unravel globally, the World Economic Forum announced the cancellation of its annual meeting for 2021 after postponing it twice along with two (2) changes in venue. The summit was originally scheduled for January 2021 but was later moved to a different location in Switzerland, Lucerne, and then to Singapore with an August 2021 schedule.

The Commonwealth Connectivity Agenda for Trade and Investment

The Commonwealth Leaders adopted the Commonwealth Connectivity Agenda for Trade and Investment (CCA) with a vision to increase intra-Commonwealth trade to USD2 trillion by 2030 and expanding intra-Commonwealth investment. In 2021, the working group levels continued to implement the CCA Action Plan endorsed by the Commonwealth Trade Ministers' Meeting in 2019.

The Commonwealth Heads of Government Meeting was scheduled to be held in Rwanda in June 2021. However, due to the COVID-19 outbreak, the meeting was postponed to the first quarter of 2022.

ASEAN ECONOMIC INTEGRATION

Brunei Darussalam was the Chair of ASEAN in 2021. Under Brunei Darussalam's Chairmanship, despite the challenges caused by the COVID-19 pandemic, the AMS continued to convene their regular meetings albeit in a virtual manner to ensure the continuity of the ASEAN Integration agenda under the ASEAN Economic Community (AEC) 2025. To kickstart ASEAN's workplan and key deliverables for 2021, during the 27th ASEAN Economic Ministers' (AEM) Retreat held from 2 to 3 March 2021, the AEM pledged to work intensively in exploring all avenues in order to deepen and broaden regional economic integration in various areas of mutual interest that would contribute to sustainability of livelihoods as well as regional economic resilience in ASEAN and beyond.

At the 53rd AEM Meeting and Related Meetings held from 8 to 15 September 2021, all AMS reaffirmed their commitment to work collectively to overcome the challenges and to successfully emerge from the COVID-19 crisis stronger and resilient. In addition to this, the AEM welcomed the finalisation of the Bandar Seri Begawan Roadmap (BSBR): An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economy Integration and endorsed the Framework for Circular Economy for the ASEAN Economic Community in recognition of the importance of advancing a sustainable economic agenda.

The AEM also in principle adopted the ASEAN Investment Facilitation Framework (AIFF) as well as endorsed the expanded list of essential goods in the MoU on the Implementation of Non-Tariff Measures on Essential Goods, signed in November 2020.

Following this, the ASEAN Leaders met virtually from 26 to 28 October 2021 at the 38th and 39th Summits and Related Summits. During these Summits, the Prime Minister, YAB Dato' Sri Ismail Sabri Yaakob, urged ASEAN Leaders to uphold ASEAN Centrality while engaging with external partners to preserve regional peace, stability and security. YAB Prime Minister further reiterated Malaysia's strong commitment to ratify the RCEP as it would help expedite regional recovery and resilience. (Note: Malaysia ratified the RCEP on 17 January 2022 and it will enter into force on 18 March 2022). The ASEAN Leaders also met and shared views with the Leaders of the five (5) ASEAN Dialogue Partners, namely, ROK, PRC, US, Japan and Australia.

ASEAN PRIORITY ECONOMIC DELIVERABLES 2021

Under Brunei Darussalam's ASEAN Chairmanship in 2021, 13 Priority Economic Deliverables (PEDs) were identified under three (3) strategic thrusts as follows:

Thrust 1: Recovery

(i) Non-Tariff Measures (NTM) Cost Effectiveness Toolkit (NTM Toolkit);
(ii) Post-COVID-19 Recovery Plan for ASEAN Tourism;
(iii) Launch of the Negotiations for the ASEAN-Canada Free Trade Agreement;
(iv) AIFF; and
(v) Ninth ASEAN Framework Agreement on Services Protocol on Financial Services.

Thrust 2: Digitalisation

(i) Work Plan on the Implementation of the ASEAN Agreement on Electronic Commerce 2021-2025;
(ii) Regional Action Plan on the Implementation of the Norms of Responsible State's Behaviour in Cyberspace; and
(iii) ASEAN Financial Literacy Conference.

Thrust 3: Sustainability

(i) ASEAN Framework to Support Food, Agriculture, and Forestry Small Producers, Cooperatives, and MSMEs to Improve Product Quality to Meet Regional/International Standards and Ensure Competitiveness;
(ii) ASEAN Joint Declaration on Energy Transitions and Energy Security;
(iii) Framework for Circular Economy for the AEC;
(iv) Key Recommendations to Respond to the Opportunities and Challenges of a Minerals-Intensive Future; and

(v) Initiate the Development of ASEAN Taxonomy on Sustainable Finance.

Twelve of the 13 PEDs and one (1) Cross-Pillar Initiative, the Consolidated Strategy on the Fourth Industrial Revolution for ASEAN, have been completed in 2021. The remaining PED, namely the ASEAN Financial Literacy Conference, is expected to be completed next year. The following are among the PEDs under the purview of MITI that were completed in 2021:

(i) **Non-Tariff Measures Cost Effectiveness Toolkit**

The NTM Toolkit was endorsed by the AEM during the 53rd AEM held on 8 to 9 September 2021. The toolkit was designed to provide ASEAN with a framework to review the cost and effectiveness of existing NTMs in ASEAN. This toolkit will aid AMS in evaluating and reviewing NTMs for their design, enforcement, and compliance. Ultimately, this encourages the adoption of Good Regulatory Practices (GRP) in the interest of simplifying import requirements and procedures while also increasing value addition and export competitiveness.

(ii) **ASEAN Investment Facilitation Framework**

On 1 October 2021, Malaysia adopted the AIFF which was officially adopted by ASEAN on 1 November 2021. The Framework aims to facilitate the inflow of investment into the region as ASEAN steps up its efforts towards a comprehensive recovery from the COVID-19 pandemic. The AIFF is a non-legally binding commitment to:

(a) improve accessibility, transparency of investment rules, regulations, and procedures conducive to increase investments;
(b) streamline and expedite administrative procedures and requirements for the entry, retention and expansion of investments; and
(c) create favourable conditions for investment and doing business.

The AIFF is a good reference for AMS to further improve investment facilitation in the region thus creating a more efficient, predictable and investment-friendly business climate, therefore making it easier for investors to establish operations, conduct their day-to-day business and expand their investments.

(iii) **Work Plan on the Implementation of the ASEAN Agreement on Electronic Commerce 2021-2025**

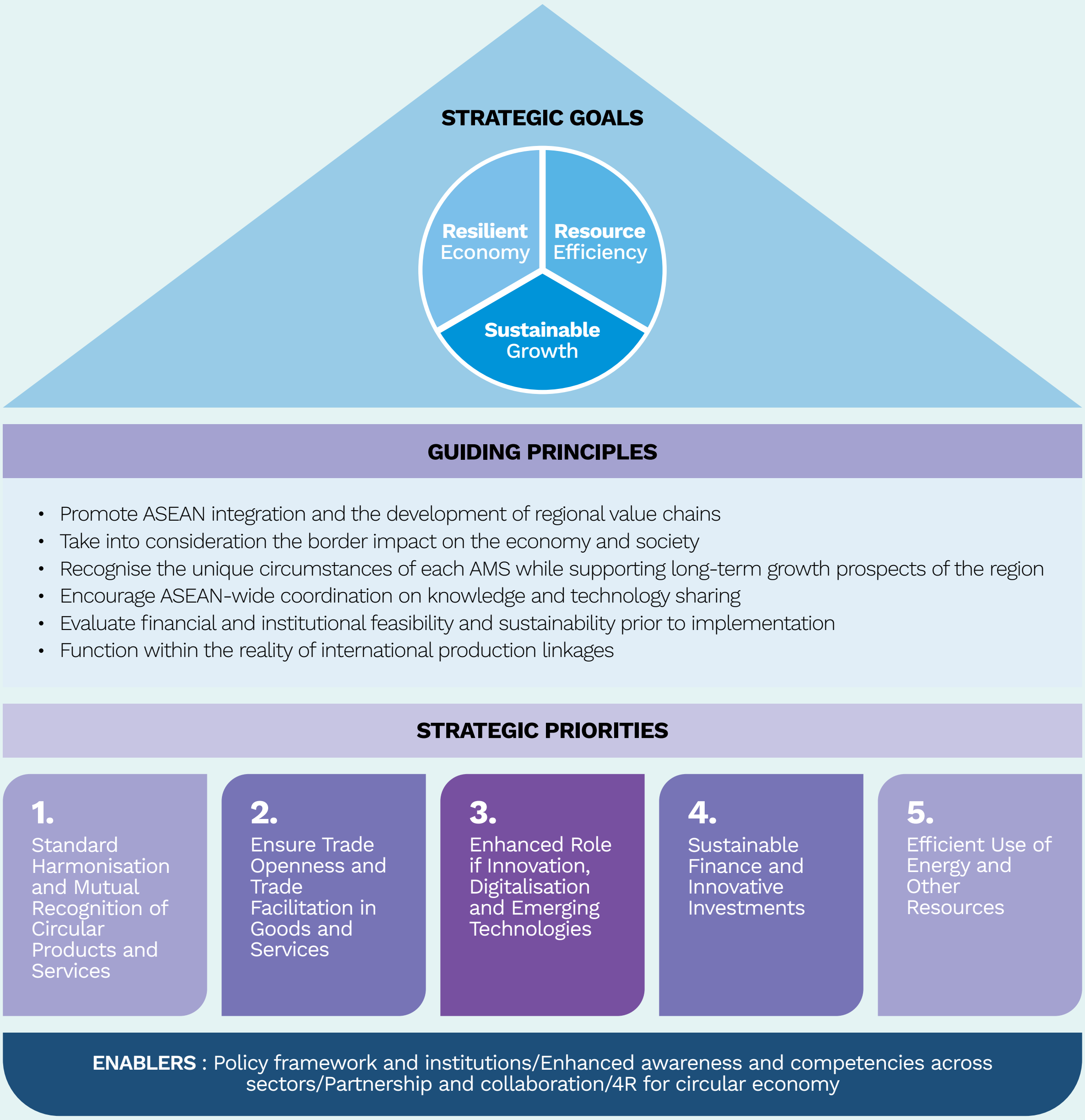
The ASEAN Coordinating Committee on e-Commerce developed the Work Plan on the Implementation of the ASEAN Agreement on Electronic Commerce 2021-2025 to guide discussions and assist in the implementation of the Agreement by complementing existing ASEAN e-commerce related initiatives and work plans, leverage and reference international best practices on e-commerce development, and act as a baseline for existing AMS laws and regulations governing e-commerce. The Work Plan features collaborative activities organised into three (3) work-streams, i.e. Cross-Border Focus, Business Focus and Consumer Focus. The Work Plan was endorsed by the AEMs at the 53rd AEM Meeting.

(iv) **Framework for Circular Economy for the ASEAN Economic Community**

The Framework for Circular Economy for the AEC was developed by the ASEAN Secretariat in collaboration with the Economic Research Institute for ASEAN and East Asia. Given the importance of the circular economy to the future of the AEC, the framework was adopted at the 20th AEC Council Meeting on 18 October 2021. Building on existing ASEAN initiatives, this framework sets out a long-term vision by identifying opportunities and exploring collaborations with other ASEAN pillars, Dialogue Partners and the private sector to accelerate the region’s transition to a circular economy and subsequently in achieving the sustainable economic development objective under the AEC Blueprint 2025. The Strategic Goals, Guiding Principles, Strategic Priorities and Enablers to be pursued to attain the objectives are summarised as follows:

EXHIBIT 2.12

FRAMEWORK FOR CIRCULAR ECONOMY FOR THE ASEAN ECONOMIC COMMUNITY



Source: https://asean.org/wp-content/uploads/2021/10/Brochure-Circular-Economy-Final.pdf

With the adoption of the framework, the ASEAN Senior Economic Officials Meeting has been tasked to develop the implementation plan on the Framework on Circular Economy and the Concept Note on ASEAN's strategy to achieve carbon neutrality.

(v) **ASEAN Agreement on Electronic Commerce 2021-2025**

The ASEAN Agreement on Electronic Commerce was signed on 22 January 2019 in Hanoi, Viet Nam. The Agreement is ASEAN's concerted effort to:

(a) Facilitate more cross border e-Commerce transactions and data movement;

(b) Increase the trust and confidence of ASEAN consumers in e-Commerce;
(c) Streamline regional trade rules governing e-Commerce; and
(d) Promote greater digital connectivity and lower operating barriers to entry for businesses.

The ASEAN Agreement on Electronic Commerce entered into force on 2 December 2021 following the receipt of the notification of Indonesia's Instrument of Ratification in accordance with the Article 19 (2) of the said document.

AGREEMENTS THAT WERE SIGNED/RATIFIED IN 2021

The ASEAN Mutual Recognition Arrangement on Type Approval for Automotive Products (APMRA) was signed by the AEMs on 16 January 2021 and entered into force that same date of the subsequent year. The APMRA creates a single market and reduces TBT in the automotive sector through harmonisation of technical requirements regarding safety, quality and environmental protection of ASEAN automotive products.

ASEAN'S RECOVERY FROM THE PANDEMIC

Memorandum of Understanding on the Implementation of Non-Tariff Measures on Essential Goods

On 13 November 2020, the AEMs signed the MoU on the Implementation of Non-Tariff Measures (NTMs) on Essential Goods under the Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19. The MoU allows for the smooth flow of essential goods and prevents supply disruptions during the COVID-19 pandemic by refraining to impose restrictive trade measures on essential goods and supplies by AMS, except for public health emergencies.

In 2021, ASEAN further expanded the list of essential goods under the MoU by incorporating an addition of 107 agricultural and food products on top of the 152 essential goods consisting of medical goods agreed before.

Bandar Seri Begawan Roadmap: An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economy Integration

The BSBR: An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economy Integration was prepared and endorsed during the 53rd AEM Meeting as a key deliverable to accelerate ASEAN's recovery efforts, particularly through digital transformation.

BOX ARTICLE 2.2

BANDAR SERI BEGAWAN ROADMAP

The Bandar Seri Begawan Roadmap (BSBR) aims to map immediate, short to medium-term steps that ASEAN can take to leverage the ongoing digital transformation happening in the region. Rather than coming up with a new set of action lines, the BSBR highlights key actions from existing relevant ASEAN initiatives where the impact is immediate with long-term benefits for the region's competitiveness.

The BSBR aims to achieve the following:

(i) Articulate the political will and commitment to transform the ASEAN region into an integrated Single Digital Community;

(ii) Work on a single coherent document, with key areas of action, flagship initiatives, specific targets, timelines and accountability; and

(iii) Prioritise actions that:
- Harness the use of technology to jumpstart the region's economy including the resumption of safe and orderly movement of peoples and goods;
- Simplify business processes using information technology applications including in cross-border trading;
- Enhance protection of intellectual property rights in the digital era; and
- Improve cross-sectoral cooperation and coordination in the area of digital transformation.

The ASEAN Coordinating Committee on Electronic Commerce will serve as the coordinating sectoral body for the BSBR oversight by the Senior Economic Officials Meeting with support / input from relevant sectoral bodies.

ASEAN Comprehensive Recovery Framework

The ASEAN Comprehensive Recovery Framework (ACRF) and its Implementation Plan which was adopted at the 37th ASEAN Summit in November 2020 focused on the region's recovery process from COVID-19 under five (5) broad strategies: (i) health system, (ii) human security, (iii) intra-ASEAN market and broader economic integration, (iv) inclusive digital transformation, and (v) sustainability. A total of 185 strategies were identified, in which 60 were under the purview of AEM. As of end-August 2021, a total of 14 initiatives had been completed, 20 had commenced, 22 were ongoing, while four (4) initiatives were to be implemented beyond 2021.

Among key ACRF initiatives under the AEM's purview which had been completed were the signing of the RCEP Agreement, the signing of the MoU on the Implementation of NTMs on Essential Goods under the Ha Noi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in response to the COVID-19 Pandemic, and the Development of the Roadmap, the finalisation of the comprehensive review of the ASEAN Digital Integration Framework and the ASEAN Digital Integration Framework Action Plan 2019-2025.

All AMS collectively underscored the importance of expediting the implementation of all the initiatives under ACRF to facilitate economic reopening and spur regional recovery. Implementation of the remaining initiatives under ACRF is on-going in 2022.

ENGAGEMENT WITH EXTERNAL PARTNERS

Regional Comprehensive Economic Partnership

In December 2021, Malaysia fully completed the requirements for ratifying RCEP. The RCEP ratification procedure for Malaysia involves amendment of laws relating to Intellectual Property Rights. The laws include the Copyright Act, Patent Act and the Geographical Indication Act. All three (3) Acts were tabled, debated, amended and passed in the *Dewan Rakyat* on 15 December 2021 and subsequently in the *Dewan Negara* on 22 December 2021.

Engagement with Singapore

On 29 November 2021, the Prime Ministers of Malaysia and Singapore launched the Malaysia-Singapore Vaccinated Travel Lane-Land and Vaccinated Travel Lane-Air, marking the end of border closure between two (2) countries since March 2020. The launch was seen as a historic achievement by Malaysia and Singapore in reuniting people, particularly for those who have been separated from family members as a result of the pandemic by allowing fully vaccinated travellers to cross the borders.

Apart from the launch, the event also marked the first physical meeting of both Senior Minister of International Trade and Industry of Malaysia and Singapore's Minister for Trade and Industry. Both Ministers, apart from discussing issues related to trade and investment, also agreed to explore bilateral collaborations.

The United Kingdom as ASEAN's Latest Dialogue Partner

On 5 August 2021, ASEAN welcomed the UK as its 11th Dialogue Partner after a hiatus of 25 years, due to the regional bloc's moratorium on accepting new Dialogue Partners since 1999. During the 38th and 39th ASEAN Summits and Related Summits held on 26 to 28 October 2021, both ASEAN and the UK pledged to continue to work together through the ASEAN-UK Economic Reform Programme and the ASEAN-UK Joint Ministerial Declaration on Future Economic Cooperation.

DEVELOPMENT IN THE ASIA-PACIFIC ECONOMIC COOPERATION

Asia-Pacific Economic Cooperation

New Zealand as host of the Asia-Pacific Economic Cooperation (APEC) 2021 premised on its theme, "Join, Work, Grow. Together. Haumi ē, Hui ē, Taiki ē". APEC focused on the responses to the pandemic towards positioning the Asia-Pacific region for a sustainable and inclusive recovery. New Zealand stressed the importance of Building Back Better for APEC 2021, focusing on efforts to revitalise the post-pandemic economic and investment climate guided by three (3) priority areas:

(i) Economic and Trade Policies that Strengthen Recovery, including macro-economic and structural policy responses, and renewed work towards free and open trade and investment with the aim of economic integration in the region;
(ii) Increasing Inclusion and Sustainability for Recovery, by pursuing opportunities to unlock the potential of all members of society and by promoting economic policies that address the region's most serious environmental challenges; and
(iii) Pursuing Innovation and a Digitally-Enabled Recovery, by accelerating APEC's work in support of the digital economy.

In 2021, APEC committed to speed up the cross-border flow and facilitate the services to support the seamless movement of essential goods during these challenging times. New Zealand undertook a different approach including organising an Informal APEC Economic Leaders Retreat in July this year, chaired by Prime Minister Jacinda Ardern of New Zealand, discussing ways to overcome COVID-19 and accelerating economic recovery. The leaders reiterated their commitment to realising the Putrajaya Vision of an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, whereby the Statement focused on three (3) main areas, namely, Strong, Balanced, Secure, Sustainable and Inclusive Growth; Innovation and Digitalisation; and Trade and Investment, which are also the key drivers of the Vision. This was echoed by the APEC Economic Leaders at their meeting on 12 November 2021 in which they reaffirmed their commitment to join hands in responding to the immediate crisis, with trade and investment as critical enablers in addressing the impact of COVID-19.

The Asia-Pacific region has developed into one of the fastest-growing regions in the world. APEC economies accounted for a sizable share of the global market; approximately 38% of the total global population, 56% of global GDP and 51% of global trade. The region's GDP is expected to expand by 5.8% in 2021.

Committee on Trade and Investment

Ensuring APEC can continue to meet and function in a time of global disruption, 2021 marked the second year that APEC, as well as the Committee on Trade and Investment (CTI) and its sub-fora, met virtually. Since the outbreak of COVID-19, the CTI has played a significant role in responding to the instructions made by the APEC Ministers on how trade can help address the immediate crisis and help drive economic recovery across the region. Among the works undertaken by the CTI included ensuring vaccine manufacturing, supply and distribution, supporting global vaccine-sharing efforts, and addressing barriers to the flow of essential goods and services to ensure that the region's health systems cover all people.

Malaysia, New Zealand, and Singapore led the initiative, Declaration on Facilitating the Movement of Essential Goods in 2020, which outlined APEC's commitments to respond effectively to the economic consequences of the COVID-19 pandemic related to export restrictions and prohibitions, non-tariff barriers and trade facilitation. Ministers also instructed APEC economies to review progress on the Declaration's objectives each year until such time when COVID-19 is no longer determined to be a public health emergency of international concern. The review mechanism is an important opportunity for APEC economies and Ministers Responsible for Trade (MRT) to reflect on progress to facilitate the movement of essential goods that will be useful for future crises.

Building on the commitments made by the MRT in 2020, New Zealand has led a study on NTMs on Essential Goods during COVID-19 in the APEC Region which the CTI endorsed in March 2021. This study aims to help the CTI to comply with the review mechanism and support APEC's progress in its broader cooperation on NTMs. Malaysia contributed her short case studies of NTMs that provide helpful insights into how APEC members have implemented NTMs, both restrictive and facilitating, in a manner consistent with their WTO obligations and the APEC Cross-Cutting Principles on NTMs.

From the beginning of 2021, the roll-out of equitable and inclusive COVID-19 vaccination programmes has been the priority of APEC economies. Economic recovery in the APEC region will significantly depend on the successful roll-out of COVID-19 vaccination programmes across the region.

Given the importance of swift access to COVID-19 vaccines to ignite the region's economic recovery, at 27th APEC MRT Meeting held from 4 to 5 June 2021, Ministers deliberated on key trade issues that will help members recover from the COVID-19 pandemic and support the Multilateral Trading System leading to the MC12 scheduled for November 2021. Ministers also issued an APEC MRT Statement on COVID-19 Vaccine Supply Chain and APEC MRT Statement on Services to Support the Movement of Essential Goods, in which APEC economies committed to:

(i) Facilitate trade in vaccines and related goods;
(ii) Advance the implementation of the Best Practice Guidelines for APEC Customs Administrations to Facilitate the Distribution of COVID-19 Vaccines and Related Goods;
(iii) Evaluate the necessity of any export restrictions on such products;
(iv) Consider voluntary actions to reduce the cost of these products, particularly by encouraging each economy to review charges levied at the border for COVID-19 vaccines and related goods;
(v) Take appropriate measures to prevent the criminal exploitation of supply chains and prevent the entry and import of illegal, dangerous, sub-standard or counterfeit COVID-19 vaccines and related goods; and
(vi) Enhance coordination, efficiency and transparency around transport and logistical services, including those required for the border clearance of essential goods;

The Market Access Group, one of the CTI's sub-fora, successfully fulfilled the tasking in the 2021 APEC MRT Joint Statement to update the original environmental goods list in 2012 regarding Harmonised System (HS) tariff classifications for reference purposes. The endorsement of the updated Environmental Goods List in HS2017 at the six-digit level would ensure the list remains fit for its purpose and relevant as it continues to represent APEC's benchmark on environmental goods. Additionally, updating the list would demonstrate the commitments outlined in the APEC Putrajaya Vision 2040 and

Kuala Lumpur Declaration 2020 to promote economic policies that support global efforts to comprehensively address all environmental challenges, including climate change and the transition to cleaner energy.

Following the endorsement of the Aotearoa Plan of Action (APA) to implement the Putrajaya Vision 2040 and mandate from APEC Economic Leaders and Ministers, the CTI will continue to advance its works according to the three (3) economic drivers in the APA for 2022:

(i) **Trade and Investment**
- Facilitate trade in COVID-19 vaccines and related essential medical products, including embedding digitalised trade facilitation measures and implementing best practices in customs procedures.
- Build understanding and transparency of the types of border measures taken in response to the pandemic and encourage the elimination of unnecessary export restrictions and other non-tariff barriers.
- Voluntarily reduce the cost of COVID-19 vaccines and related essential COVID-19 medical goods.
- Ensure that the TRIPS Agreement supports efforts to research, develop, invest in, manufacture, and distribute more COVID-19 vaccines.
- Continue implementing the 2021 MRT Statement on Services to Support the Movement of Essential Goods.

(ii) **Innovation and Digitalisation**
- Progress collective actions regarding digital infrastructure, digital transformation, narrowing the digital divide and fostering a business enabling environment.

(iii) **Strong, Balanced, Secure, Sustainable and Inclusive Growth**
- Promote economic policies and growth that contribute to tackling climate change and other environmental severe challenges aligned with global efforts, such as achieving the 2030 Agenda for Sustainable Development and the goals of the Paris Agreement.
- Develop recommendations for potentially producing a voluntary, non-binding reference list to provide guidance for further work and update the APEC List of Environmental Goods to HS2022 for reference purposes.
- Undertake further discussions on the impact of NTMs on trade and environmental goods and services and other regulatory measures that underpin the development of more sustainable supply chains.
- Continue technical discussions and capacity-building efforts to facilitate future options to reform inefficient fossil fuel subsidies that encourage wasteful consumption.

Senior Officials' Meeting Steering Committee on Economic and Technical Cooperation

The Senior Officials' Meeting (SOM) Steering Committee on Economic and Technical Cooperation (SCE) provides engagement platforms for APEC members to facilitate the development and implementation of measures that promote trade, investment and sustainable growth, bridging gaps in their level of development and available resources. In 2021, SCE allocated extra efforts on pandemic recovery as well as continued its central role in fora administration. SCE approved 15 Annual Work Plans and assessed 14 SCE sub-fora, completing the assessment of all SCE sub-fora in 2021. SCE also reviewed and endorsed the 2022-2025 Terms of Reference of ten (10) SCE sub-fora, namely:

(i) Anti-Corruption and Transparency Experts Working Group (ACTWG);
(ii) Agricultural Technical Cooperation Working Group (ATCWG);
(iii) Expert Group on Illegal Logging and Associated Trade (EGILAT);
(iv) Human Resources Development Working Group (HRDWG);
(v) Oceans and Fisheries Working Group (OFWG);
(vi) Policy Partnership for Science, Technology and Innovation (PPSTI);
(vii) Policy Partnership on Women and the Economy (PPWE);
(viii) APEC Telecommunications and Information Working Group (TELWG);
(ix) Transportation Working Group (TPTWG); and
(x) Tourism Working Group (TWG).

Supporting the 2021 New Zealand priorities, SCE and its sub-fora furthered the 2021 priorities of Increasing Inclusion and Sustainability for Recovery as well as Pursuing Innovation and a Digitally-Enabled Recovery through several projects in APEC, including the implementation of the New Zealand self-funded project on Advancing Inclusive Economic Growth: Understanding and Valuing Indigenous Economies within APEC. The project sought to increase inclusive economic growth related to indigenous communities allowing APEC to get to the heart of some of the core economic challenges for APEC economies.

From the national perspective, Malaysia continued support of the endorsement of the APEC Support Fund Sub-fund on Combatting COVID-19 and Economic Recovery by voluntarily contributing RM1 million to the sub-fund. Malaysia's contribution to the sub-fund allows the Asia-Pacific region to support primarily developing Economies in their efforts to address and manage the economic impact of COVID-19 as well as facilitate recovery and growth.

To better advance the agenda of resumption of cross-border travel, Malaysia also actively engaged with the troika partners of APEC, New Zealand and Thailand to bring tangible outcomes in facilitating movements in the region. The effort to prioritise this agenda was captured in the 2021 MRT Joint Statement on Safe Passage. Following that, the establishment of the APEC Taskforce on Safe Passage was endorsed at the end of 2021, which allowed APEC to advance potential deliverables in APEC 2022 Thailand as well as collaborate and work towards a harmonised travel protocol.

On top of the above, other notable outcomes of the SCE and its sub-fora throughout 2021 include:

(i) The Health Working Group and Life Sciences Innovation Forum co-contributed to the 11th APEC High-Level Meeting on Health and the Economy with the theme "Making the Economic Case for Health Equity in a COVID-19 World";
(ii) ATCWG and OFWG supported New Zealand in its hosting of the 6th APEC Ministerial Meeting on Food Security;
(iii) PPWE supported New Zealand in its hosting of the Women and the Economy Forum in September 2021, which included a High-Level Policy Dialogue on "Women's Economic Empowerment Beyond COVID-19"; and
(iv) The Small and Medium Enterprises Working Group contributed to the 27th APEC SME Ministerial Meeting held on 9 October 2021.

Economic Committee

The Economic Committee has been championing efforts to address structural and regulatory obstacles related to cross-border trade and investment as well as behind-the-border barriers. The efforts to remove such obstacles are based on structural reforms of institutional frameworks, regulations and Government policies. Progress towards this objective was achieved through the implementation of the Leaders' Agenda to Implement Structural Reform in 2004, the APEC New Strategy for Structural Reform initiative in 2010, and the Renewed APEC Agenda for Structural Reform in 2015.

On 16 June 2021, the Economic Committee held the third Structural Reform Ministerial Meeting (SRMM), which convenes once every five (5) years. Hosted by New Zealand, the Ministers endorsed the SRMM Statement as well as the Enhanced APEC Agenda for Structural Reform (2021-2025) and the third APEC Ease of Doing Business Action Plan (2020-2025).

APEC economies will continue to focus on recovering from the adverse economic and social impact of the COVID-19 pandemic, preparing for future economic shocks and making joint efforts to implement the APEC Putrajaya Vision 2040. The EAASR presents an opportunity for revitalising and rebuilding economies, collaborating, supporting recovery and building back stronger. The agenda sets out a new direction for growth-focused structural reforms designed to be inclusive, sustainable and innovation-friendly, in line with the APEC Putrajaya Vision 2040 through the following four (4) pillars:

(i) Creating an enabling environment for open, transparent, and competitive markets;
(ii) Boosting business recovery and resilience against future shocks;
(iii) Ensuring that all groups in society have equal access to opportunities for more inclusive, sustainable growth, and greater well-being; and
(iv) Harnessing innovation, new technology, and skills development to boost productivity and digitalisation.

The EAASR encourages economies to undertake robust, comprehensive and ambitious structural reforms to stimulate growth, remove undue burdens on investors and businesses in their economies, achieve greater economic resilience and promote well-being to ensure that the Asia-Pacific remains the world's most dynamic and interconnected regional economy.

Between 2019 and 2021, Malaysia under the auspices of the Economic Committee secured more than USD400,000 in funding to support APEC capacity-building programmes. Some of the programmes are:

(i) Workshop on Crowdfunding: An Alternative Economic Tool to Promote Innovation in this Digital Era for Inclusive Growth;
(ii) 13th Conference on GRP; and
(iii) Workshop on Innovative Regulatory Policy Development: APEC Economies' Approaches on Sharing Economy.

ECONOMIC OUTLOOK 2022

Malaysia's trade performance is expected to continue its positive momentum in year 2022. This is in line with the outlook by WTO which projected global trade to grow by 4.7%. Additionally, World Bank and International Monetary Fund (IMF) estimated that global economic growth will increase by 4.1% and 4.4%, respectively. Malaysia's Gross Domestic Product is anticipated to expand by 5.5% to 6.5% as published in the Economic Outlook 2022 by the MOF. Malaysia's trade is projected to maintain its positive momentum with modest expansion in 2022 despite the high-base impact. Trade is expected to grow by 1.6% while exports and imports are estimated to increase by 1.5% and 1.7%, respectively as reported in Economic Outlook 2022. However, global economic uncertainties due to the emergence of new COVID-19 variants and supply chain disruptions could impact the trade performance. Nevertheless, continuous demand for E&E products primarily semiconductors due to technological advancement and commodity-based products will support external trade.

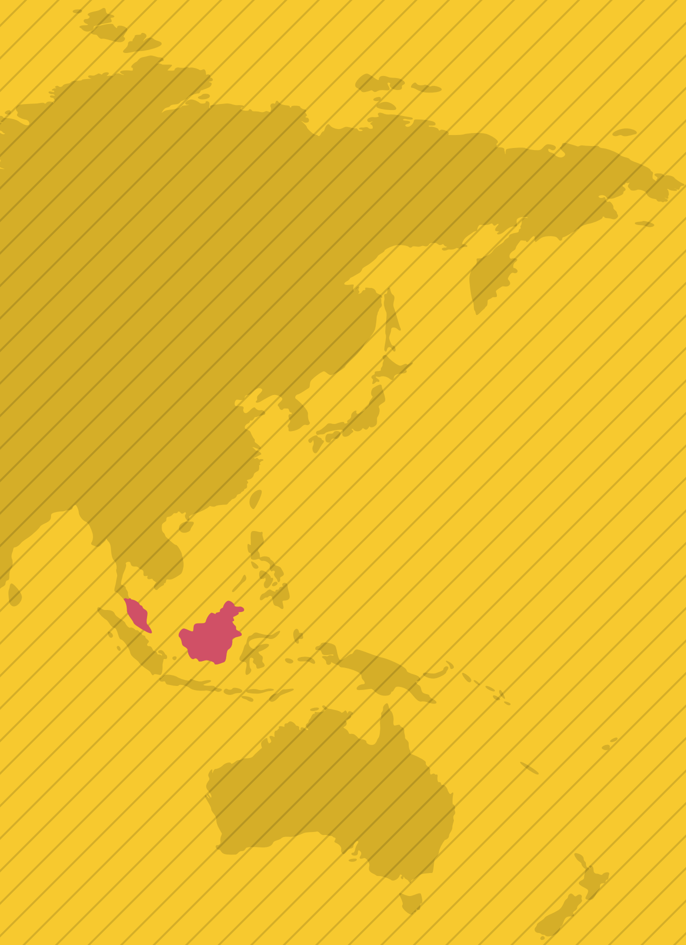
As mentioned earlier, after being severely affected by the pandemic for two (2) years, our Domestic Industries have emerged sturdily and aligned themselves with the national recovery plan to further re-boost their businesses and repenetrate the market amid stiff competition. MITI sees there is better potential and prospects in terms of multilateral trade in the region and other regions, which can be put to good use by Malaysia and its trading partners. Thus, the Malaysian Government, through MITI will continue to nurture and safeguard our industry consisting of various sectors which would allow them to recover from the unfair trade practices, the effects of the world economic downturn and the time needed to adapt to the new post- pandemic economic environment. For 2022 and beyond, MITI has planned various approaches needed to boost our economic recovery amid the COVID-19 and volatility of the global economy. The efforts introduced throughout 2021 will be updated, and further strengthened to drive the country's economy, and to continue our investment and trade promotion efforts to attract and increase foreign investors' confidence in the country as a preferred investment destination in the region and integrating Malaysian products into the global market.

Thailand as the host of APEC 2022 will see the continuity of the recovery efforts within the region. Building on the theme "Open. Connect. Balance.", Thailand will focus on achieving a more balanced and sustainable post-COVID-19 world for the people and planet. APEC will see its adoption towards innovative, integrated approaches to advance economic, environmental and social goals. The year 2022 will also see the commencement of the implementation of the Putrajaya Vision 2040 and the Aotearoa Plan of Action, as a new foundation and chart a new course for APEC. As a premier economic forum, APEC's trade and investment agenda must pivot and incorporate the sustainability and inclusivity aspects to stay relevant and complement global efforts.

Chapter

INVESTMENT PERFORMANCE

3



OVERVIEW

Malaysia emerged stronger from the pandemic in 2021, recording a stellar performance of RM309.4 billion in approved investments through 4,568 projects in the manufacturing, services and primary sectors, an astounding 84.7% increase from 2020. When these projects are fully implemented, they will deliver 105,022 employment opportunities in the coming years.

The manufacturing sector remains the major contributor to Malaysia's economy, accounting for RM195.1 billion (63.0%) of the overall approved investments, followed by the services sector at RM97.0 billion (31.4%) and the primary sector at RM17.3 billion (5.6%).

The country's economic resilience through a successful vaccination rollout and fiscal support measures by the Government bolstered investors' confidence in Malaysia as a preferred location for greenfield investments as well as expansion of ongoing projects.

Foreign direct investments (FDI) continued to be the main driver of overall investment performance in 2021, contributing 67.4% at RM208.6 billion of the total approved projects, while domestic direct investments (DDI) accounted for the remaining 32.6% at RM100.8 billion.

EXHIBIT 3.1

APPROVED PRIVATE INVESTMENTS IN VARIOUS ECONOMIC SECTORS, 2020-2021

Sector	2021					2020				
	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)
Primary	59	528	13,252.9	4,075.4	17,328.3	23	831	5,033.9	1,057.4	6,091.4
Manufacturing	702	74,575	15,489.3	179,598.6	195,087.9	1,050	80,235	34,683.1	56,579.9	91,263.1
Services	3,807	29,919	72,074.7	24,909.5	96,984.3	3,685	33,728	63,482.1	6,559.6	70,041.7
Total	**4,568**	**105,022**	**100,817.0**	**208,583.5**	**309,400.5**	**4,758**	**114,794**	**103,199.1**	**64,197.0**	**167,396.1**

Note * : Due to rounding, figures presented in this table may not add up precisely to the totals provided
Source: Malaysian Investment Development Authority (MIDA)

APPROVED INVESTMENTS: MANUFACTURING SECTOR

In 2021, FDI contributed mostly to the total approved investments in the manufacturing sector at RM179.6 billion (92.1%) while DDI constituted the remaining RM15.5 billion (7.9%). FDI was concentrated in the high-value-added electrical and electronics (E&E) industry, bringing in RM146.3 billion, or 81.5% of total FDI.

Other industries with high levels of FDI were basic metal products (RM19.2 billion), food manufacturing (RM3.8 billion), chemicals and chemical products (RM3.5 billion), scientific and measuring equipment (RM2 billion), and transport equipment (RM1.2 billion).

EXHIBIT 3.2

APPROVED PROJECTS IN THE MANUFACTURING SECTOR, 2020-2021

Sector	2021					2020				
	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)
Manufacturing	702	74,575	15,489.3	179,598.6	195,087.9	1,050	80,235	34,683.1	56,579.9	91,263.1

Note * : Due to rounding, figures presented in this table may not add up precisely to the totals provided
Source: Malaysian Investment Development Authority (MIDA)

EXHIBIT 3.3

PROJECTS APPROVED IN THE MANUFACTURING SECTOR BY INDUSTRIES, 2020-2021

Industry	2020					2021				
	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)
Electrical & Electronics	148	19,541	2,087.6	13,550.8	15,638.4	94	28,362	1,711.2	146,265.8	147,977.0
Petroleum Products (Inc. Petrochemicals)	11	765	12,551.1	2,942.6	15,493.7	5	147	186.3	38.8	225.1
Basic Metal Products	13	4,572	331.1	14,053.7	14,384.8	22	9,283	264.7	19,173.3	19,438.0
Chemicals & Chemical Products	74	3,562	1,636.5	4,633.8	6,270.3	89	3,048	2,276.5	3,483.4	5,759.9
Transport Equipment	91	5,245	2,155.8	1,721.4	3,877.2	44	2,318	992.1	1,191.2	2,183.3
Non-Metallic Mineral Products	50	2,774	583.6	1,670.3	2,253.9	17	782	311.3	111.6	422.9
Food Manufacturing	103	4,891	2,327.8	967.0	3,294.9	77	5,354	1,574.3	3,814.7	5,389.0
Paper, Printing & Publishing	70	6,038	918.9	6,918.7	7,837.6	34	1,413	392.8	156.6	549.4
Fabricated Metal Products	101	4,241	1,882.2	788.9	2,671.1	90	3,392	1,176.9	544.7	1,721.6
Rubber Products	42	11,498	3,889.8	405.8	4,295.6	40	12,229	4,865.8	891.1	5,756.9
Machinery & Equipment	93	4,569	2,321.6	4,764.1	7,085.7	48	2,501	576.9	1,090.6	1,667.6
Natural Gas	-	-	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Wood & Wood Products	29	2,092	267.3	491.7	759.0	20	950	180.4	178.2	358.5
Textiles & Textile Products	53	2,486	979.5	129.2	1,108.7	15	304	54.7	241.0	295.7
Plastic Products	64	2,639	867.9	274.7	1,142.6	45	2,006	488.6	288.5	777.1
Scientific & Measuring Equipment	30	1,343	347.7	1,898.8	2,246.5	13	807	85.7	2,031.1	2,116.8
Furniture & Fixtures	47	2,679	365.5	353.7	719.2	30	1,033	203.4	41.2	244.6
Beverages & Tobacco	17	792	1,027.5	944.0	1,971.6	6	38	28.6	0.1	28.7

Industry	2020					2021				
	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)
Miscellaneous	12	468	132.8	40.4	173.2	12	533	87.3	56.8	144.1
Leather & Leather Products	2	40	8.9	30.2	39.1	1	75	31.8	0.0	31.8
Total	**1,050**	**80,235**	**34,683.1**	**56,579.9**	**91,263.1**	**702**	**74,575**	**15,489.3**	**179,598.6**	**195,087.9**

Note * : Due to rounding, figures presented in this table may not add up precisely to the totals provided
Source: Malaysian Investment Development Authority (MIDA)

APPROVED INVESTMENTS: IMMEDIATE MAJOR SOURCE COUNTRY AND STATES OF MANUFACTURING PROJECTS

The Netherlands topped the list of foreign investing countries at RM74.9 billion, followed by Singapore (RM46.6 billion), Austria (RM18.9 billion), the People's Republic of China (PRC) (RM16.6 billion), and Japan (RM7.5 billion). These five (5) countries jointly accounted for RM164.5 billion (91.6%) of total FDI approved in the manufacturing sector for 2021.

Selangor (247 projects), Johor (134 projects), and Penang (111 projects) remained the states with the highest number of projects approved in 2021. These three (3) states accounted for 70.1% of all projects approved.

In terms of investment value, Penang received the most investments valued at RM76.2 billion, followed by Kedah (RM66.2 billion), Pahang (RM10.5 billion), Selangor (RM7.5 billion), and Johor (RM7 billion). These five (5) states collectively accounted for 85.8% of the total investments approved in 2021. Other states with high investment value include Perak (RM6.1 billion), Sarawak (RM5.7 billion), Sabah (RM4.9 billion), Malacca (RM3.9 billion), and Terengganu (RM3.8 billion).

EXHIBIT 3.4

PROJECTS APPROVED FOR IMMEDIATE MAJOR SOURCE COUNTRIES

Country	2020			2021		
	Number	Employment	Foreign Investment* (RM million)	Number	Employment	Foreign Investment* (RM million)
The Netherlands	14	4,995	6,536.9	14	4,092	74,909.3
Singapore	120	9,080	8,832.6	73	10,903	46,567.0
PRC	71	10,376	17,752.4	43	13,898	16,604.2
Austria	-	-	-	3	7,086	18,920.4
Japan	59	2,508	1,650.6	25	3,318	7,536.5
British Virgin Islands	12	2,460	5,494.8	3	267	3,322.2
Republic of Korea (ROK)	8	686	1,379.3	7	1,210	7,334.1
United States of America (US)	28	3,136	3,664.1	21	1,690	1,146.1
Hong Kong Special Administrative Region (SAR)	27	4,093	2,932.0	8	774	194.3
Switzerland	9	727	2,762.4	4	146	225.0

Note * : Due to rounding, figures presented in this table may not add up precisely to the totals provided
: Reporting of foreign investment is based on immediate source country
Source: Malaysian Investment Development Authority (MIDA)

EXHIBIT 3.5
APPROVED BY STATES

State	2020					2021				
	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)	Number	Employment	Domestic Investment* (RM million)	Foreign Investment* (RM million)	Total Investment* (RM million)
Penang	166	13,268	3,562.8	10,550.2	14,113.0	111	12,024	1,784.6	74,439.1	76,223.7
Kedah	76	8,921	1,809.0	2,256.2	4,065.2	48	12,733	385.9	65,833.4	66,219.3
Selangor	324	19,950	6,946.0	11,479.1	18,425.2	247	14,393	6,052.8	1,458.3	7,511.0
Sarawak	24	6,225	477.9	15,252.6	15,730.5	6	2,235	49.9	5,618.0	5,667.9
Sabah	15	683	11,942.2	11.5	11,953.7	14	1,391	482.0	4,379.5	4,861.4
Pahang	30	1,930	1,034.6	3,749.9	4,784.5	14	4,409	239.7	10,250.7	10,490.4
Johor	232	13,052	2,579.5	4,204.8	6,784.3	134	10,288	3,105.5	3,847.7	6,953.2
Perak	60	7,037	2,178.4	1,148.8	3,327.1	43	6,038	1,996.5	4,084.8	6,081.3
Negeri Sembilan	48	5,643	2,388.3	3,790.2	6,178.6	30	3,366	527.8	2,373.4	2,901.2
Malacca	41	1,718	684.0	1,272.2	1,956.1	18	2,994	367.4	3,554.6	3,922.0
Terengganu	9	208	94.4	1,817.0	1,911.4	12	3,701	84.0	3,747.4	3,831.4
Wilayah Persekutuan Kuala Lumpur	17	1,296	258.9	1,047.5	1,306.5	17	756	274.1	4.3	278.4
Perlis	4	185	612.9	0.0	612.9	1	46	12.3	0.0	12.3
Kelantan	2	39	43.9	0.0	43.9	3	118	90.7	0.0	90.7
Wilayah Persekutuan Labuan	2	80	70.2	0.0	70.2	4	83	36.2	7.4	43.6
Total	1,050	80,235	34,683.1	56,579.9	91,263.1	702	74,575	15,489.3	179,598.6	195,087.9

Note * : Due to rounding, figures presented in this table may not add up precisely to the totals provided
Source: Malaysian Investment Development Authority (MIDA)

IMPLEMENTATION STATUS OF APPROVED MANUFACTURING PROJECTS

Throughout the five-year period from 2017 to 2021, a combined 4,147 manufacturing projects were approved, worth a total RM520.1 billion. Of these, 2,766 projects (66.7%) worth RM383.2 billion have been implemented, creating 230,593 jobs. Another 1,173 projects with investments worth RM123.3 billion have acquired sites and/or are in the active planning stage.

Majority of the projects implemented were from the E&E industry (RM195.5 billion), petroleum products including petrochemicals (RM46.8 billion), basic metal products (RM24.9 billion), chemicals and chemical products (RM14.6 billion), non-metallic mineral products (RM13.7 billion) and machinery and equipment (RM13.4 billion). They made up 80.6% of the implemented projects' total investment value.

from 2017 to 2021, a combined **4,147 manufacturing projects** were **approved,** worth a total of **RM520.1 billion**

Implemented projects were substantial in five (5) states. Penang led the list with 471 projects valued at RM112.8 billion, followed by Kedah with 156 projects valued at RM72.3 billion, Johor (574; RM50 billion), Selangor (898; RM44.2 billion) and Sarawak (62; RM32.3 billion).

EXHIBIT 3.6
IMPLEMENTED MANUFACTURING PROJECTS BY STATES, 2017-2021

State	Total (2017-2021)				
	Number	Employment	Domestic Investment (RM)	Foreign Investment (RM)	Total Capital Investment (RM)
Penang	471	49,949	7,933.5	104,853.4	112,786.9
Kedah	156	24,227	3,294.1	69,275.0	72,569.1
Johor	574	38,126	26,257.4	23,762.1	50,019.4
Selangor	898	59,492	18,904.4	25,278.0	44,182.3
Sarawak	62	10,930	8,414.5	23,878.8	32,293.3
Sabah	44	2,313	21,730.6	4,436.4	26,167.0
Malacca	127	10,072	5,623.6	7,581.8	13,205.4
Perak	172	18,497	8,401.9	4,348.2	12,750.1
Negeri Sembilan	125	9,373	5,456.9	5,872.6	11,329.4
Pahang	56	3,426	1,645.4	2,596.3	4,241.7
Terengganu	29	1,727	1,048.5	1,267.3	2,315.8
Perlis	5	308	569.7	53.3	623.0
Wilayah Persekutuan Kuala Lumpur	37	1,787	585.1	35.6	620.6
Wilayah Persekutuan Labuan	2	118	60.3	7.4	67.7
Kelantan	8	248	40.1	20.1	60.2
Total	**2,766**	**230,593**	**109,965.9**	**273,266.1**	**383,232.0**

Note * : Due to rounding, figures presented in this table may not add up precisely to the totals provided
Source: Malaysian Investment Development Authority (MIDA)

APPROVED INVESTMENTS: SERVICES SECTOR

With the easing of movement restrictions and the reopening of more sub-sectors, Malaysia's diversified services sector continues to adapt and respond favorably to the resurging economic activity. The Government continues to innovate its investment policies to put Malaysia at par with other competing countries in the region to further accelerate the creation of more high-value jobs and deepen the talent pool. This is driven by key initiatives such as the extension until 2022 of tax incentives for Shipbuilding and Ship Repair (SBSR) and Principal Hub (PH). A Global Trading Centre (GTC) to enhance and simplify tax incentives for trading activities was introduced, while the Special Tax Incentive under the National Economic Recovery Plan (PENJANA) was expanded to include selected services sectors. The Green Technology tax incentive was also widened to cover Rainwater Harvesting System (RHS) projects and the Digital Ecosystem Acceleration Scheme (DESAC) to attract quality digital projects into Malaysia.

In 2021, Malaysia's proposition as a hub for business and investment for the services sector had attracted a total of RM97.0 billion in approved investments through 3,807 projects, accounting for 31.4% of the total approved investments. These approved services projects will create 29,919 jobs. DDI dominated the total approved investments in the services sector, contributing RM72.1 billion (74.3%), while FDI represented the remaining RM24.9 billion.

The top five (5) sub-sectors of approved investments in the services sector were Real Estate, Global Establishments, Financial Services, Information and Communication and Utilities. The Real Estate and Global Establishments recorded the top two (2) highest of approved investments at RM48.5 billion or 50.0% of total approved investments in the services sector, demonstrating investors' confidence in choosing Malaysia as a regional and global hub.

EXHIBIT 3.7

APPROVED INVESTMENTS IN THE SERVICES SECTOR, 2020-2021

Subsectors	Number		Potential Employment		Domestic Investment* (RM million)		Foreign Investment* (RM million)		Total Investment* (RM million)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Global Establishments	102	141	3,838	704	1,080.0	0.0	18,578.5	595.2	19,658.5	595.2
Support Services	954	753	3,555	6,281	5,207.6	4,392.4	756.5	788.3	5,964.1	5,180.6
Transport Services	25	9	189	0	1,595.3	586.5	0.0	67.7	1,595.3	654.2
Real Estate	1,044	1,045	NA	NA	28,811.7	31,250.0	0.0	0.0	28,811.7	31,250.0
Utilities	27	0	NA	NA	9,611.5	10,762.3	0.0	0.0	9,611.5	10,762.3
Information & Communications	450	615	2,026	4,074	9,274.2	10,869.4	1,763.4	1,332.8	11,037.6	12,202.1
Distributive Trade	908	613	14,392	18,186	762.7	750.6	2,836.2	2,986.1	3,598.9	3,736.6
Hotel & Tourism	29	38	2,949	2,088	3,230.1	2,812.1	219.1	21.6	3,449.2	2,833.7
Financial Services	53	28	969	221	11,346.0	1,743.9	683.7	757.1	12,029.7	2,500.9
Health Services	5	1	869	73	669.9	8.8	71.1	0.0	741.0	8.8
Education Services	202	435	934	1,887	410.5	207.8	0.0	10.9	410.5	218.7
Other Services	8	7	198	214	75.2	98.4	1.0	0.0	76.2	98.4
Total	**3,807**	**3,685**	**29,919**	**33,728**	**72,074.7**	**63,482.1**	**24,909.5**	**6,559.6**	**96,984.3**	**70,041.7**

Note : NA - Data not available; * - Due to rounding, figures presented in this table may not add up precisely to the totals provided
Source : Malaysian Investment Development Authority (MIDA)

APPROVED INVESTMENTS: PRIMARY SECTOR

Malaysia's primary sector had a good run in 2021 with a significant increase in approved investment in all three (3) sub-sectors – agriculture, mining, and plantation and commodities. In 2021, a total of 59 projects were approved in the primary sector with investments of RM17.3 billion compared to RM6.1 billion in 2020 and they are expected to create 528 job opportunities. Of these, 19 projects in the mining sub-sector have contributed RM17.1 billion worth of investments, accounting for nearly 99.0% of total approved investments in the primary sector. The rest of the primary sector investments encompassed the plantation and commodities sub-sector and the agriculture sub-sector, with RM211.4 million and RM20.5 million of investments, respectively. Foreign investments amounted to RM4.1 billion (23.5%) while domestic investments totaled RM13.3 billion (76.5%).

EXHIBIT 3.8

APPROVED INVESTMENTS IN THE PRIMARY SECTOR, 2020-2021

Subsectors	Number		Potential Employment		Domestic Investment* (RM million)		Foreign Investment* (RM million)		Total Investment * (RM million)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Agriculture	6	1	103	3	20.4	2.4	0.1	0.0	20.5	2.4
Mining	19	11	37	24	13,021.0	5,004.5	4,075.3	1,057.4	17,096.3	6,061.9
Plantation & Commodities	34	11	388	804	211.4	27.0	0.0	0.0	211.4	27.0
Total	**59**	**23**	**528**	**831**	**13,252.9**	**5,033.9**	**4,075.4**	**1,057.4**	**17,328.3**	**6,091.4**

Note * : Due to rounding, figures presented in this table may not add up precisely to the totals provided
Source : Malaysian Investment Development Authority (MIDA)

INITIATIVES AND FACILITATION MEASURES CONTINUE TO ATTRACT HIGH QUALITY INVESTMENTS

The Government remains focused on attracting high-quality investments from both foreign and domestic sources through various investment strategies and policy initiatives amid the COVID-19 pandemic. This includes formulating key new strategies to further enhance Malaysia's industrial competitiveness and strategic directions in the national development agenda by attracting and facilitating high technology, knowledge-based and capital-intensive investments that generate multiplier effects on the nation's economy.

Government Stimulus in Boosting Investments

In boosting investment activities in Malaysia, a series of stimulus packages including the Strategic Programme to Empower the People and Economy (PEMERKASA) and PEMERKASA+ as well as the 2021 Budget were announced to reshape the strategies in reassuring business continuity and building enterprise resilience.

Among those announced include the increase of allocation to expedite the implementation of development projects, incentives for hiring workers, tax incentives for targeted sectors and microcredit facilities. Various financing facilities were also expanded, one (1) of which is an additional fund of RM50 million for the Smart Automation Grant under Malaysian Investment Development Authority (MIDA) to enable more small and medium-sized enterprises (SMEs) and mid-tier companies to improve operational and manufacturing efficiencies through automation and digitalisation.

End-to-End Facilitation for Investors

MIDA established the Project Acceleration and Coordination Unit (PACU) on 6 June 2020 to proactively provide end-to-end facilitation to projects approved by the National Committee for Investment, enabling their speedy and efficient implementation. The team assists all stakeholders, both small businesses and multinational corporations, on issues and challenges they face.

Acting as an intermediary between the business community and relevant stakeholders such as Federal and State government departments, Investment Promotion Agencies, technical agencies and related utility service providers, PACU seeks to connect and derive beneficial solutions to investors.

The team also provides advisory services to start-ups and conglomerates through their One Stop Centre (OSC) concept. Investors are encouraged to discuss issues and challenges they face while in operation and seek clarification and advice on governmental guidelines and procedures.

Implementation Tracking and Monitoring System for PACU

The Implementation Tracking and Monitoring System for PACU (PACU2U) is a system to assist PACU by tracking and monitoring in real-time to ensure that approved projects are implemented in a timely manner from the approval date. The PACU2U also captures the issues and challenges faced by investors during the implementation of the projects so they can be addressed immediately.

From 1 January 2020 to 31 December 2021, a total of 1,752 projects were approved, with 570 projects (33%) already implemented while 1,182 projects (67%) are in the active planning stage such as site acquisition and discussion/ negotiation with relevant authorities. MIDA will constantly monitor the progress until the projects are implemented.

One-Stop Centre for Business Travellers

OSC has been set up to ease the movement of business travellers by expediting the approval of their entries to do business in Malaysia. The establishment of the OSC on 2 October 2020 consists of the following three (3) components:

OSC Committee to evaluate and approve applications for Short- and Long-Term Business Travellers within three (3) working days from the receipt of complete information. The committee meets daily and is managed by MIDA with representatives from the Ministry of International Trade and Industry (MITI), Ministry of Health (MOH), Immigration Department of Malaysia (IMI).

The OSC is represented by the MITI, MIDA, MOH and IMI to ensure the legitimacy and health status of business travellers before they enter Malaysia.

A Business Travellers Centre (BTC) to facilitate the incoming Short-Term Business Travellers to Malaysia at the Kuala Lumpur International Airport. BTC will provide the services of a business lounge, a Polymerase Chain Reaction (PCR) COVID-19 lab test and Duty/Liaison Officers.

Malaysia's Safe Travel portal which contains information and advisory services to facilitate business travellers' entry into Malaysia is fully operational effective 3 March 2021. Both Short- and Long-Term Business Travellers may apply for entry permission through the Safe Travel portal at URL https://safetravel.mida.gov.my/. Short-Term Business Travellers are required to submit their online application 14 days in advance of their planned travel.

The OSC is represented by the MITI, MIDA, MOH and IMI to ensure the legitimacy and health status of business travellers before they enter Malaysia. This initiative is also a collaboration between MIDA, the Ministry of Foreign Affairs, Ministry of Transport (MOT), Malaysia Airports Holdings Berhad, Malaysia Airlines Berhad, Talent Corporation Malaysia Berhad and University Malaya Medical Centre.

As of 31 December 2021, the OSC Committee approved a total of 20,487 (90.4%) applications for Long-Term Business Travellers and rejected 2,164 (9.6%). The approved business travellers comprised 49.3% technical experts (Professional Visit Pass – PVP) for machine and equipment installation and 50.7% employment pass holders. The rejections were due to expired employment passes and because their travels were not related to business purposes. As for Short-Term Business Travellers, as of 31 December 2021, the OSC Committee evaluated a total of 5,586 applications. Of these, 4,263 (76.3%) applications were approved and 1,255 (22.5%) applications were rejected, while 68 (1.2%) are still under consideration. Among the reasons for rejection were their stay in the country for more than 14 days, the programmes in their itinerary involved unpermitted activities during the Movement Control Order (MCO) period and incomplete documents. Total investment value of companies facilitated entry permission for Short-Term Business Travellers under potential investor and existing investor category, as at 31 December 2021 were valued as RM166.03 billion.

Continued Commitment on Increasing Ease of Doing Business and Enhancing Investment Facilitation

The Government is relentless in driving our investment promotion and facilitation standards to high levels. Culminating a series of initiatives, Malaysia received global recognition for its best practices in business and investment regimes, as well as continuous reforms in improving our regulatory environment through trade facilitation efforts, such as the simplification of required paperwork, modernisation of procedures and harmonisation of customs requirements.

Notably, Malaysia ranked 25th among 64 economies in global competitiveness in the Institute of Management Development World Competitiveness Yearbook 2021. Year 2021 also saw Malaysia stand as the 8th most innovative nation among Asian economies in the World Intellectual Property Organisation's Global Innovation Index 2021.

Malaysia also ranked 34th among 134 countries in the Global Talent Competitiveness Index 2021, a report jointly produced by INSEAD University, Google and Adecco to track and measure talent performance.

The COVID-19 pandemic has brought unprecedented economic impact globally. As businesses resume operations, it is crucial to optimize productivity to ensure business sustainability. However, unnecessary regulatory burdens can slow down recovery and growth. Acknowledging how serious this is, the government is committed to minimise the economic impact by assisting businesses burdened by unnecessary regulations through the #MyMudah initiative which was launched on 21 July 2020 and spearheaded by the Malaysia Productivity Corporation (MPC).

MPC's signature programme, Malaysia Mudah or #MyMudah, which collates and analyses data from the industry to find solutions, has been proven successful and will soon be expanded to all ministries, government agencies and business associations with the establishment of a #MyMudah unit. The unit aims to reduce the unnecessary regulatory burdens to shape a more conducive business environment. Through the Whole-of-Government approach, public-private engagements and consultations, and analyses, #MyMudah uses an evidence-based methodology to find the best collective solution, which will present a win-win situation for the involved parties.

Among the issues that were successfully resolved was to expedite the issuance of a release letter by technical agencies. The letter is for the application of the Certificate of Completion and Compliance of buildings and business premises based on the concept of 'Silence Implies Consent' after a period of 28 days.

The #MyMudah initiative also resolved issues related to the renewal of travel operating business and travel agency business licenses, allowing for the relaxation of existing requirements for licensed tour operator companies under the Ministry of Tourism, Arts and Culture. This initiative has helped reduce the burden borne by tourism industry businesses affected by the COVID-19 pandemic. It is hoped that #MyMudah would be able to revive business activities in the country, including reducing the burden of regulation while ensuring a more conducive business environment.

Despite these commendable achievements, the Government will strive to ensure that Malaysia remains globally competitive in the face of growing challenges from the world economy and other uncertainties. As a business-friendly nation, the Government welcomes open dialogue and exchanges with various segments of the business community which have been instrumental in working hand-in-hand with the Government to further strengthen the ecosystem and to expand high-quality and innovative investment projects.

The Next Generation of Industrial Coordination Act 1967

The Industrial Co-ordination Act (ICA) 1975 was introduced with the aim to maintain orderly development and growth in Malaysia's manufacturing sector. In an effort to modernise the business and investment ecosystem as well as cut down red tape, MITI and MIDA have started the process of reviewing the ICA 1975 since 2015. The review is based on the Good Regulatory Practice initiative to increase clarity and transparency, including providing a Regulatory Impact Statement (RIS) and conducting Public Online Consultation and Stakeholder Engagement. The COVID-19 pandemic has accelerated the process so that the new act will be able to respond to any future related problem and in line with the Government's initiative to nurture the nation's economic recovery plan.

To meet the purpose, MITI has initiated an online engagement through Unified Public Consultation (UPC) portal from November to December 2021 and ICA 1975 Review Townhall Session, which was physically conducted at MITI Tower on 30 November 2021. A total of 39 Divisions, Ministries, Agencies and other relevant stakeholders were present in the townhall session. Feedback was submitted to MITI via email as well as the UPC portal. The compiled feedback will then be reported to the working committee for further discussion prior to completing the RIS process.

Eco-Industrial Parks to Drive Malaysia's Investment Ecosystem

The concept of Eco-Industrial Park (EIP) has been incorporated in the new 12th Malaysia Plan (12MP) under Theme 1 (Resetting the Economy) which focuses on restoring the growth momentum of core economic sectors in the country. Emphasis has been put forward in shifting all sectors towards higher value-added activities by boosting productivity growth in moving up the value chain, strengthening the financial capability of industry players as well as scaling up successful Productivity

Nexus and green practices. The number of EIPs globally has been growing rapidly over the past two (2) decades, with 245 (55.9%) out of 438 EIPs established since 2001.

Malaysia is riding the wave, with plans to transform its industrial parks/estates into EIPs. In 2011, the Economic Planning Unit undertook a study on Industrial Estates Development to examine the current situation of industrial estates in Malaysia. According to MIDA, Malaysia has over 500 industrial estates or parks and 18 Free Industrial Zones, which has led to the country being recognized as one (1) of the Tiger Cub Economies of ASEAN, adopting the same export-driven model of technology and economic development as those achieved by the rich, high-tech, industrialised, and developed economies of the Republic of Korea (ROK) and Taiwan.

The onset of the global COVID-19 pandemic in 2020 has significantly altered how businesses operate and the way people interact. In adapting and building resilience in the post-COVID-19 era, Malaysia's manufacturing sector needs to shift to a more resource-efficient strategy in producing products that are repairable, reusable and recyclable. The circular economy is now at the forefront of the competitiveness agenda for various industrial sectors, industrial parks and companies. EIPs can play a major role as building blocks of a circular economy by providing a stable ecosystem for material flow within the industrial park.

There are a few promising industrial parks that can be transformed to EIPs. SIRIM is supporting MITI in the implementation of a pilot programme on 'Technology-Enabled Support for the Development of Eco-Industrial Park – Intervention & Digitalization'. This aims to assist the government in identifying existing industrial parks (brown field) to be selected as candidates for transformation under the National Eco-Industrial Demonstration Parks programme. SIRIM's role includes assessing the readiness of industrial parks in Malaysia in adopting the EIP model, as well as nurturing EIP awareness, providing recommendations towards establishing a national EIP policy, developing EIP performance criteria and Key Performance Indicators to facilitate effective industrial park management, and conducting Resource Efficiency and Industrial Symbiosis assessments on industrial parks' tenant companies.

INVESTMENT ENGAGEMENTS, COOPERATION AND AGREEMENTS AT INTERNATIONAL FORA

The ASEAN Comprehensive Investment Agreement

The ASEAN Comprehensive Investment Agreement (ACIA), which was signed by ASEAN Economic Ministers (AEM) on 26 February 2009 in Thailand, enhances ASEAN's effectiveness in attracting investments amidst the emerging challenges, including the need to meet the objectives of the ASEAN Economic Community (AEC). The Coordinating Committee on Investment which consists of focal points from ASEAN Member States (AMS) including Malaysia are responsible to formulate the direction of investment integration and liberalisation initiatives in the ASEAN region. Among the tasks are to negotiate amendments or modifications of ACIA through the Protocol to Amend the ACIA and to drive the investment ecosystem in ASEAN.

In August 2020, the AEM – 23rd ASEAN Investment Area Council Meeting tasked officials to explore the development of regional initiatives to facilitate investment into ASEAN and prepare for the post-COVID-19 new normal to contribute to ASEAN's comprehensive recovery effort. This mandate was also included in the ASEAN Comprehensive Recovery Framework (ACRF) which was adopted by the ASEAN leaders during the 37th ASEAN Summit.

In line with the above, Brunei Darussalam proposed as one of its Priority Economic Deliverables for its ASEAN Chairmanship for 2021, the adoption of an ASEAN Investment Facilitation Framework (AIFF). The AIFF is a non-legally binding set of principles and actions for AMS with the intent to:

(i)
Improve accessibility, transparency of investment rules, regulations, and procedures conducive to increased investment;

(ii)
Streamline and expedite administrative procedures and requirements for the entry, retention and expansion of investment; and

(iii)
Create favourable conditions for investment and doing business.

AIFF is in accordance with the objective of the ACIA to create a free and open investment regime in ASEAN in order to achieve the end goal of economic integration under the AEC through:

(i) Improvement of transparency and predictability of investment rules, regulations, and procedures conducive to increased investment among Member States; and
(ii) Cooperation to create favourable conditions for investment by investors of a Member State in the territory of the other Member States.

Additionally, AIFF is a good reference for AMS to further improve investment facilitation in the region thus creating a more efficient, predictable and investment-friendly business climate, therefore making it easier for investors to establish operations, conduct their day-to-day business, and expand their investments. Malaysia adopted the AIFF on 1 October 2021 and ASEAN officially adopted the AIFF on 1 November 2021.

Asia-Pacific Economic Cooperation's Investment Experts Group

The Asia-Pacific Economic Cooperation (APEC)'s Investment Experts Group (IEG) has adopted the Inclusive and Responsible Business and Investment (IRBI) agenda as IEG's standing agenda in 2020. This agenda seeks to support the implementation of the APEC Putrajaya Vision 2040, specifically in supporting and realising part of Pillar 1: Seamless connectivity, resilient supply chains and responsible business conduct. The agenda also aligned with one (1) of the objectives under the Aotearoa Plan of Action (APA)'s trade and investment theme of "we will promote seamless connectivity, resilient supply chains and responsible business conduct". APA was adopted during New Zealand's APEC chairmanship in 2021 as a plan to implement Putrajaya Vision of 2040.

MITI as the current Chair (2020-2022) of the IEG envisions to highlight the importance of and added values of promoting IRBI in the region. MITI is conscious that while IRBI may be a new concept to APEC collectively, it is not a new investment discipline to many APEC economies. The broader framework of IRBI may be leveraged to advance the existing APEC economies and private sector's initiatives around ESG. Most importantly, IRBI may serve as the enabler for APEC economies and the private sector to continuously progress towards achieving the collective vision of the 17 Sustainable Development Goals (SDGs).

Investor-State Dispute Settlement Reform at United Nations Commission on International Trade Law Working Group III and International Centre for Settlement of Investment Disputes

The United Nations Commission on International Trade Law (UNCITRAL) is the core legal body within the United Nations system in international trade law aimed at strengthening coordination and cooperation on legal activities and promoting the rule of law at the national, regional and international levels; while International Centre for Settlement of Investment Disputes (ICSID) provides for settlement of disputes by conciliation, arbitration or fact-finding. The ICSID process is designed to consider the special characteristics of international investment disputes and the parties involved, while maintaining a careful balance between the interests of investors and host States.

The UNCITRAL and the ICSID have embarked on an initiative to provide platforms for members to negotiate and deliberate on potential Investor-State Dispute Settlement (ISDS) reform resolutions, drawing from concerns commonly expressed against the current ISDS regime. Negotiations at both platforms have been conducted since 2017 and 2018, respectively.

Malaysia is a signatory to various Investment Guarantee Agreements (IGAs) as well as Free Trade Agreements (FTAs) which contain an Investment Chapter that provides avenues for foreign investors to initiate ISDS proceedings against Malaysia. Considering that Malaysia has various agreements which contain ISDS provisions, MITI together with the Attorney General's Chambers have been taking part in negotiations and discussions in both UNCITRAL and ICSID to ensure that Malaysia is kept abreast with the latest developments on ISDS reform and be part of the policy-making process for any future ISDS regime in the international arena.

Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area's Trade and Investment Facilitation Cluster

Established in 1994, Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) is the culmination of a shared strategy to accelerate socio-economic development of the less-developed and geographically-remote areas in the member countries, namely Brunei Darussalam, Indonesia, Malaysia and the Philippines. The cooperation adopted a public-private approach to development, with the private sector serving as the engine of growth and the public sector taking on an enabling role.

At the 12th BIMP-EAGA Summit on 29 April 2017 in Manila, Philippines, the leaders adopted the BIMP-EAGA Vision 2025 (BEV 2025), the successor document to the Implementation Blueprint 2012-2016. The BEV 2025 aspires to create a resilient, inclusive, sustainable, and economically competitive BIMP-EAGA (R.I.S.E. BIMP-EAGA) to narrow the development gap. The BEV 2025 outlines strategic priorities to deliver the competitiveness and sustainability of green manufacturing, climate resilient agro-industry and fisheries, as well as tourism destinations.

MITI as the lead is responsible to ensure Malaysia's projects under TIFC's Working Groups such as Customs, Immigration, Quarantine and Security Working Group, SME Development Working Group and Statistics and Database Working Group at the national level, are making progress and subsequently delivered.

Indonesia-Malaysia-Thailand Growth Triangle Working Group of Trade and Investment

Established in 1993, the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) provides a regional framework for accelerating economic cooperation and integration of the member states and provinces in the three (3) countries. The IMT-GT promotes private-sector led economic growth and facilitates the development of the sub-region as a whole by exploiting the underlying complementarities and comparative advantages of the member countries. The IMT-GT envisions a seamless, progressive, prosperous and peaceful subregion with improved quality of life.

IMT-GT through its Implementation Blueprint 2017-2021 as the guiding principle, develops and implements programmes/projects that serve to connect the right economics agents in and outside the corridors, in order to achieve its vision. IMT-GT has seven (7) strategic pillars which have been identified as key focus areas that could produce the most significant economic and social impact on the subregion. These projects cover:

(i) Agriculture and Agro-based industry (lead);
(ii) Tourism (lead);
(iii) Halal Products and Services (lead);
(iv) Transport and Information and Communications Technology Connectivity (enabler);
(v) Trade and Investment Facilitation (enabler);
(vi) Environment (enabler); and
(vii) Human Resource Development, Education and Culture (enabler).

Lead focus areas are economic sectors/sub-sectors/ industries that produce goods and services, while enablers comprise of central Governments, line Ministries, state Governments and local authorities. Both are critical actors actively involved in the debottlenecking of administrative hurdles, including technical and regulatory barriers that impede cross-border flow of goods, services, investment, people, and vehicles. WGs serve as the implementing arms in their respective focus areas to ensure that top-down and bottom-up approaches in developing and implementing programmes and projects are based on the key focus areas.

The Working Group of Trade and Investment (WGTI) aims to make IMT-GT a trade- and investment-friendly subregion by 2021. In this regard, it has identified three (3) priority strategies which are to:

(i) Simplify technical, administrative and regulatory barriers to trade in goods and services, and investment;
(ii) Improve logistics services along supply value chains; and
(iii) Increase trade and investment promotion activities.

As the current Chair (2020-2022) of the WGTI, MITI is responsible to ensure that the projects under WGTI's Sub-Working Groups are making progress and subsequently delivered. These projects involve the Customs, Immigration and Quarantine Sub-Working Group, and the IMT-GT Trade, Investment and Tourism Database Sub-Working Group.

MAJOR NATIONAL INITIATIVES UNDERTAKEN BY MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

InvestMalaysia Portal is Live

The InvestMalaysia Portal, launched in March 2021, is a single gateway for investors to submit and manage applications online. The portal optimises processes through automation and is a core element of MIDA's ongoing digital transformation initiative, which includes seamless data capturing and analysis.

The portal transforms MIDA's core business functions with improved efficiency and productivity through an integrated technology system stepping up the application and approval process and allowing companies to speed-up project implementation. All modules offered for online application submissions may be accessed at https://investmalaysia.mida.gov.my.

These include applications for e-ML, exemption letter from ML, e-Incentive, expatriate posts and Representative Offices/Regional Offices status, Import Duty/Sales Tax Exemption, MIDA confirmation letter, grants and Domestic Sales incentives.

The InvestMalaysia portal is among MIDA's many initiatives to re-engineer its business processes to raise the efficiency of various functions of the organisations and adapt to the agile ways of working by providing more online services for a broad spectrum of investors.

As of December 2021, a total of RM39.2 billion worth of potential investments (352 projects) were actively evaluated. Once approved, these projects are slated to be implemented within the 2022-2023 period. In addition, a total of 298 investment lead projects were identified, including Fortune 500 companies in the manufacturing and services sectors, with a combined potential investment value of RM77.1 billion. These included high value-added and high-growth sectors such as E&E, non-metallic mineral products, transport equipment, information and communications and renewable energy, creating more than 19,000 new job opportunities for the *rakyat*.

RM39.2 billion
worth of potential investments
(352 projects)
were actively evaluated

BOX ARTICLE 3.1

NEW INVESTMENT AGENDA BASED ON NATIONAL INVESTMENT ASPIRATIONS

Malaysia has taken concrete steps towards reconfiguring and enhancing the investment ecosystem, against the backdrop of current and emerging trends across the world, as well as the challenges presented by the ongoing pandemic.

The Government, through the Ministry of International Trade and Industry of Malaysia (MITI), is spearheading a forward-looking growth framework that will form the basis for comprehensive reforms in Malaysia's New Investment Agenda Based on the New Investment Aspiration (NIA) which was approved by the Cabinet on 21 April 2021.

Underlying the significance of revitalising our investment regime to remain as a competitive nation and a magnet of strategic and high-value investments in the region, Malaysia's new investment policy is premised on the following five (5) aspirations that will boost the country's competitiveness as a regional investment hub:

(i) Increase economic complexity through the development of sophisticated products and services with high local research and development and innovation intensity;
(ii) Create high-value jobs with high skills and incomes;
(iii) Extend domestic linkages by using domestic inputs and expand domestic supply chain;
(iv) Develop new and existing economic clusters through the development of high productivity sectors, and development of local products and services; and
(v) Improve inclusivity across areas and communities.

To achieve these aspirations, MITI is partnering with multiple stakeholders through various engagements and lab sessions throughout 2021 to put in place comprehensive reforms and enabling policies to strengthen our offerings to investors. This is guided by the following five (5) NIA principles:

(i) Enhancing our focus towards sectors with significant economic potential and sustainable long-term advantage;
(ii) Ensuring a greater emphasis on environmental, social and governance (ESG) and the broader green sustainability agenda;
(iii) Revisiting our incentive frameworks to ensure they reflect the needs for Malaysia's future economy;
(iv) Reviewing and streamlining our business policies and processes; and
(v) Facilitating initiatives that are targeted at empowering our human capital.

Malaysia's new investment strategies and sectors will intensify high-technology and innovation which balance economic and environmental sustainability and reduce dependence on foreign labour consistent with global benchmarks in ESG. Subsequently, NIA is integrated into all national development strategies, especially in the New Industrial Master Plan and aligning with the 12th Malaysia Plan and Shared Prosperity Vision 2030.

Culminating from the inputs and exchanges from a series of labs and targeted engagements with key stakeholders, a policy document on NIA that outlines specific priorities and action plans will be announced by the Government in the second half of 2022.

This monumental reform will position Malaysia as the preferred and resilient investment destination in the region, as it undertakes international commitments under the United Nations Sustainable Development Goals and the Climate Change agenda, Responsible Business Conduct under the APEC Putrajaya Vision 2040, as well as the ASEAN Sustainable Development Goals, among others, which will eventually benefit the well-being of the *rakyat* across all segments.

Digital Investment Office

The growing role of digital technology has shown the potential to significantly transform the global economic landscape. Malaysia has been very consistent and strategic in its effort to embrace rapid digitalisation, which is envisioned to transform the country into a digitally enabled and technology-driven high-income nation, as well as becoming a regional leader in the digital economy.

To streamline these efforts, the Digital Investment Office (DIO) was established on 22 April 2021, endorsed by the National Council of Digital Economy and Fourth Industrial Revolution. The evolution of the global investment landscape towards digitalisation and Industry 4.0 is creating unique and interesting value propositions for digital projects. This initiative will further solidify Malaysia's aim to reinvigorate the national agenda to enhance competitiveness as formulated in the National Investment Aspirations (NIA), which focuses on coherence and cohesiveness across all national policy initiatives relating to investment.

DIO also serves as a single cohesive platform to streamline and coordinate all foreign and domestic digital investments in the country, while providing end-to-end facilitation to investors in the digital space. The DIO will also put forward future-ready policies and guides on talent requirements and digital infrastructure networks, as well as address operational issues faced by businesses during the current pandemic and beyond.

This essentially provides structured governance on investment promotion and facilitation, which supports promotional activities and processes that enable and strengthen the digital ecosystem. The office is committed to play its role in meeting the targets under the MyDIGITAL initiative; namely to attract digital investments worth RM70 billion while increasing the digital economy's share of Malaysia's Gross Domestic Product to 22.6% by 2025. By unifying various investment strategies among the respective stakeholders, DIO offers a unique value proposition for all upcoming digital investments. The collaborative effort will cater to the rapidly-growing digital industries' needs, further enhancing Malaysia's capabilities and the nation's competitiveness as an ideal business location for companies operating in the digital ecosystem.

Digital Ecosystem Acceleration Scheme

DESAC was introduced in the 2022 Budget to support the comprehensive development of the national digital ecosystem. The incentive, effective from 30 October 2021 to 31 December 2025, offers an income tax rate of 0% to 10% for up to ten (10) years for new digital technology providers and an income tax rate of 10% for up to ten (10) years for existing digital technology providers undertaking diversification of new services/ new segments. An investment tax allowance of 100% on capital expenditure for qualifying activities for up to ten (10) years is offered to digital infrastructure providers, whereby allowance can be offset over statutory income.

income tax rate of 0% to 10% for up to ten (10) years for new digital technology providers

Extension of Tax Incentive for Shipbuilding and Ship Repair and Principal Hub

The extension of tax incentives for SBSR and PH under the 2021 Budget is effective until 31 December 2022 to enable continuous investment for the sub-sectors and generate significant spillovers for the country.

Relocation Incentives for Services

The special tax incentive under PENJANA is extended under the 2022 Budget until 31 December 2022 to cover selected services sectors with significant spillover effects by granting a 0% to 10% special tax rate for ten (10) years. Non-resident individuals holding the key post in these companies could also consider a special income tax exemption at the rate of 15% for five (5) years.

Introduction of the Global Trading Centre Incentive

The incentive for GTC was incepted to encourage multinational corporations (MNCs) and local companies to venture into procurement, distribution and trade activities to further support their global supply chains.

Expansion of Scope for Green Technology Tax Incentive – Rain Harvesting System

The scope of these incentives was expanded to include RHS projects with an Investment Tax Allowance of 100% for qualifying capital expenditure for green technology activities/purchase of green assets for a period of three (3) years. This allowance can be deducted up to 70% of the statutory income and is effective from 1 January 2022 to 31 December 2023.

Formulation of the National Investment Aspirations and the New Industrial Master Plan

The NIA is an overarching framework forming the basis of Malaysia's investment policies and initiatives to support the country's investment landscape. The Government's value propositions such as fiscal and non-fiscal incentives, talent development initiatives, licensing and regulatory framework improvement and business facilitation will be directed towards attracting investments in diversified, complex and higher value-added sectors and activities. The NIA was also developed in response to the global economic agenda, emerging megatrends and business needs of investors.

On the other hand, the New Industrial Master Plan (NIMP), an industrial masterplan framework to share the next phase of economic growth for the period of 2021-2030, replaces the Third Industrial Master Plan that ended in 2020. The NIMP has also placed greater emphasis on the services sector, focusing on sub-sectors with relatively high value-added activities that are tradeable, have high knowledge intensity and linkages with the rest of the economy, and the potential to generate high-income jobs.

Greater Kuala Lumpur

Greater Kuala Lumpur (GKL) today is well on its way to becoming a global and dynamic smart city. Known for attracting world-leading corporations since 2011, Invest KL Corporation (InvestKL) continues to champion the Government's effort to elevate GKL as the business location of choice for global multinationals (MNC) and fast-growing companies conducting cutting-edge and high-value regional activities.

These investments of focus align strongly with the NIA, NIMP and Shared Prosperity Vision 2030 for sustainable and innovation-lead services and production activities in GKL. They provide immense benefits to the country such as the creation of high-skilled executive jobs, broadening the ecosystem and ensuring greater economic spillover for ancillary and supporting services throughout Malaysia.

In 2021, InvestKL attracted 13 global multinationals and fast-growing companies with committed investments of RM2.46 billion, a 30% increase in investments compared to 2020, and created 2,281 executive jobs. These companies are a mix of countries from regions across the Americas, Europe, and Asia in varied sectors ranging from financial services, technology, engineering, automotive, data and software solutions.

InvestKL has secured a total of **RM18.275 billion in committed investments** and created **16,392 executive jobs**

Overall, since its inception, InvestKL has secured a total of RM18.275 billion in committed investments and created 16,392 executive jobs. RM13.238 billion, or 72% of the investments, have been realised while 11,491, or 74% of executive jobs, are already hired, with an average salary of over RM10,000.

Strengthening GKL as an innovation and ideation smart city is the GKL Live Lab. The programme was developed as a city concept to use GKL as a testbed where foreign investors conducting knowledge-intensive and innovation activities can bring their ideas to life while collaborating with local players. It aims to create high-value and future-ready jobs, as well as deepen the local ecosystem with more sophisticated and complex activities. Since its launch in April 2021, GKL Live Lab has secured five (5) projects covering EduTech, Healthtech, Data Solutions and Artificial Intelligence.

Another significant addition was Fit4Work, an executive talent upskilling program in collaboration with the PENJANA initiative that complements the nation's ambition of producing a competitive and future-ready talent pool. By the end of 2021, 76% of the programme graduates were already employed by leading corporations. InvestKL works closely with industry players and leading public and private universities such as Universiti Malaya, Universiti Putra Malaysia, Monash University and University of Nottingham Malaysia. Moving forward, Malaysia's economic recovery is expected to be among the strongest in Asia. Companies in GKL are well placed to leverage on the country's growth and resilience to strengthen their business operations in Asia. InvestKL will continue to spearhead efforts to ensure that GKL remains the foremost location for companies looking to expand their business presence in Asia while ensuring already established companies can continue to grow and expand regionally through its personalised handholding and facilitation services.

InvestKL attracts and facilitates global MNCs in establishing their regional hubs in GKL.

(i) The main target group comprises MNC, unicorns, fast-growing and hidden champion types of companies engaged in high-value and high-impact services.
(ii) These companies range from sectors such as consumer technology, smart technology, healthcare, industrial automation, engineering services, as well as oil, gas, and energy.

InvestKL assists investors by facilitating the setting up of regional hubs by providing insights into industries in this part of the world. It:

(i) Acts as a facilitator to MNCs on pertinent policies and incentives, while also liaising between MNCs and a wide network of government agencies that can assist them with immigration, taxation, regulations as well as legal and financial matters.
(ii) Links investors to a wide business network that includes foreign embassies, trade commissioners and various chambers of commerce, as well as talent pipelines via universities and recruitment agencies.
(iii) Supports MNCs' plans to move up the value chain by creating long-term partnerships between existing investors, Malaysian companies, and local academia, creating an integrated and holistic ecosystem.
(iv) Assists MNCs with requirements involving project implementations and post-investment services, branding and media engagement activities.

BOX ARTICLE 3.2

GREATER KUALA LUMPUR LIVE LAB AND FIT4WORK

Greater Kuala Lumpur Live Lab: Your Innovation and Ideation Smart City

Greater Kuala Lumpur (GKL) Live Lab positions GKL as an innovation and ideation smart city, acting as a testbed where foreign companies experimenting with new and disruptive ways to solve the most challenging problems in the world today can bring their ideas to life while collaborating with local players. The initiative aims to create high-value and future-ready jobs, as well as deepen our local ecosystem with more sophisticated and complex activities. GKL Live Lab focuses on driving innovation, accelerating digital adoption, and deepening the local ecosystem. It provides a platform for multinational companies to have productive business relationships with local academia and Malaysian companies, creating an integrated and holistic ecosystem. Key industry sectors for local and multinational collaborations are technology products and services; medical technology, autonomous vehicles; future mobility; pharmaceutical or medical testing and clinical trials; research and development, design, and development; deep and emerging technology; and environmental, social and governance.

Fit4Work: A Competitive Talent Pool for Industries of the Future

Fit4Work is a talent training programme to increase the quality and competitiveness of Malaysian graduates required for the Global Services Industry, with potential job placements with multinational companies, government-linked companies, and large corporations. The programme aims to nurture a quality, innovative and knowledgeable workforce to drive the country's economic growth to a higher level while creating highly skilled employment opportunities. Participants are equipped with essential skill sets which include leadership skills, global knowledge, and exposure to new industries such as Industrial Revolution 4.0, digitalisation and automation.

BOX ARTICLE 3.3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE-DRIVEN INVESTMENTS IN MALAYSIA

The National Investment Aspiration (NIA) is in line with the national agenda and will provide the necessary impetus to pursue high-technology and sustainable investments as well as to intensify innovation, striking a balance between economic and environmental sustainability while reducing dependency on foreign labour, in line with global benchmarks in environmental, social and governance (ESG). New investments that are anchored upon these elements will propel growth in the technologically-sophisticated sectors, as well as strengthen forward and backward linkages.

This will also provide a pathway for investors to access new market opportunities, particularly in developed countries that mainstream sustainability throughout their value chain. In this context, the NIA takes into account global interest surrounding carbon-neutrality, including the use of technology to help reduce carbon footprint.

The following are among the transforming strategic sectors that have been identified based on the latest ESG-based practices:

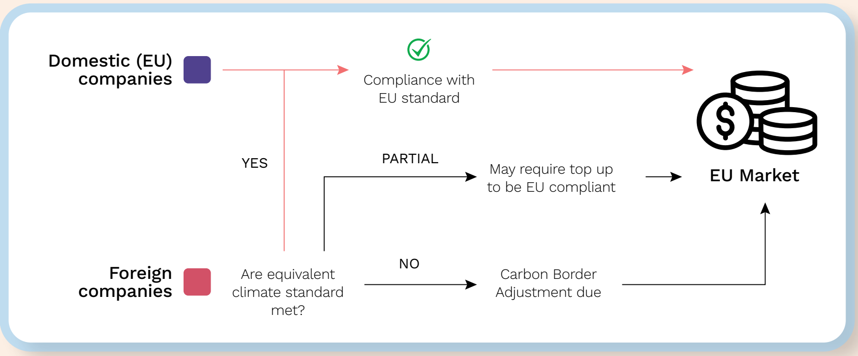
Manufacturing – Transformation to drive increased manufacturing of sustainable products such as Electric Vehicles and adoption of ESG practices such as social responsibility

Services Sector – Incorporation of the latest ESG practices into services such as corporate governance standards and sustainable investing

High-Tech Sectors – Integration of advanced technologies with the latest ESG trends such as green data centres

Energy and Power – Accelerated transition of energy and utility industries towards renewable sources

The ESG agenda is becoming more prevalent and predominant in the future. Market observers believe the current trend adopting ESG standards would make good business sense as it leads to sustainable development growth. Access to renewable energy is a key factor in influencing Foreign Direct Investment and deciding between manufacturing locations. More than 68% of Malaysia's trade exports are to economies (Singapore, People's Republic of China, United States of America, Japan, Hong Kong Special Administrative Region, Thailand, Republic of Korea, Thailand and Viet Nam) which are actively considering a price on carbon. With European Union carbon border tax slated to be implemented by 2023, Malaysian companies will need to consider its implications on businesses.



The government has to emphasise and strengthen the ESG-based approach in line with the sustainable and green growth agenda to ensure that our industries adopt and embrace ESG, otherwise Malaysia will lose its trade as well as investment competitiveness in the global market.

TRADE FACILITATION

Facilitating Cross-Border Trading Issues Faced by the Industry during the COVID-19 Pandemic Period

In the area of national Trade Facilitation, MITI conducts stakeholder consultations primarily through the following working groups – The Trade Facilitation Cluster Working Group (TFCWG) and Technical Working Group on Trading Across Borders (TWGTAB). Issue-based consultations with the relevant parties, Government and industry are undertaken whenever necessary.

The TFCWG, established in 2015 under the National Logistics Task Force, is the National Trade Facilitation Committee of Malaysia. The Working Group was initially established under the National Logistics and Trade Facilitation Master Plan (2015-2020). The WG, coordinated by MITI, is co-chaired by MITI and the Royal Malaysian Customs Department (RMCD) and comprises members from both the Government and private sectors.

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Various efforts have been undertaken by the TFCWG to strengthen Malaysia's position as a preferred regional logistics hub in line with the emergence of digital trade and the maritime ports sector as important growth drivers. The initiatives proposed under the Masterplan have also been incorporated in the Eleventh Malaysia Plan (11MP) to ensure certainty of implementation. Commencing in 2021, TFCWG is also overseeing the implementation of Trade Facilitation strategies under the National Trade Blueprint 2021-2025 as well as 12MP.

One of the key functions of the TFCWG is monitoring Malaysia's implementation of commitments under the World Trade Organisation Trade Facilitation Agreement (WTO TFA) which stands at 100% as of 9 August 2021.

The TWGTAB is co-chaired by MITI and the Federation of Malaysian Manufacturers (FMM). The TWGTAB Meeting is held virtually every two (2) months and discusses various border formalities and trade related issues such as:

(i) Simplification of procedures related to import and export;
(ii) Interpretation or implementation of regulations;
(iii) Unclear or inconsistent SOPs by the authorities;
(iv) Charges imposed in border trade; and
(v) Unregulated areas or activities related to trade across borders which are beyond the purview of any authorities.

MITI's role as co-chair is to facilitate and mediate the deliberation of the issues between the industry and the relevant authority. Persistent matters that could not be resolved within a reasonable period of time will be escalated to a higher-level committee i.e. the Special Task Force to Facilitate Business (PEMUDAH) or even other decision-making platforms, such as the Economic Action Council.

The TWGTAB has been a useful platform for the private sector such as manufacturers, logistics service providers, and port operators to escalate issues that are encountered on the ground. Some of the issues that have been deliberated at length and are at various stages of being resolved and implemented include:

(i) SOPs on container detention, inspection, seizure and release and appeal for the release of containers including the issue of abandoned containers in the ports;
(ii) Issues related to permit requirement and inspection charges imposed by permit issuance agencies such as Malaysian Quarantine and Inspection Services;
(iii) Removal of import permit requirement for transhipment activities at federal ports by MOT;
(iv) Enhancement to the Electronic Preferential Certificate of Origin system to allow real time approval for Preferential Certificate of Origin by MITI; and
(v) Southern Thailand Cargoes Cross Border via Penang Port: Issues and Opportunities by MPC.

Amid an increasing number of unregulated issues being raised by the industry, TWGTAB is also working with MPC to encourage the establishment of constructive Business to Business (B2B) engagements, apart from the current efforts to strengthen Business to Government (B2G) and Government to Government (G2G) engagements to find more effective solutions.

On the regional front, MITI is an active participant of the ASEAN Trade Facilitation Joint Consultative Committee (ATFJCC). The ATFJCC is participated in by Government officials of all AMS including the private sector represented by the Joint Business Councils. Beginning mid-2021, the focus of ATFJCC is to streamline the Non-Tariff Measures (NTMs) of all AMS through various mechanisms such as follows:

(i) The Expansion of the List of Essential Goods in the Memorandum of Understanding of the Implementation of the NTMs on Essential Goods under the Hanoi Plan of Action;
(ii) The NTMs Cost-Effectiveness Toolkit;
(iii) Monitoring the Implementation of the WTO TFA; and
(iv) Resolution of outstanding cases under the Matrix of Actual Cases on NTMs.

ASEAN Single Window

Malaysia and other ASEAN member states (AMS) have launched a regional trade facilitation initiative called the ASEAN Single Window (ASW) aimed as a one-stop electronic clearance platform for trade across the regional bloc. To realise the ASW, AMS have collaborated closely to enable the exchange of trade-related documents electronically in an environment where AMS' respective National Single Windows are interconnected and interoperable to enable the process.

In line with this aspiration to accelerate digitalisation of the intra-ASEAN trade process which could help expedite seamless and faster movement of goods across borders, AMS have endeavoured to utilise the ASW in the issuance and acceptance of ATIGA electronic Certificate of Origin (ATIGA e-Form D). Beginning December 2019, Malaysia started utilising the ATIGA e-Form D to enjoy preferential tariff treatment for goods produced and traded within ASEAN. The digitisation of this document has allowed for a swifter preferential tariff treatment by doing away with the hassles and waiting times of processing and producing hard copy documents required when dealing with issuing authorities and customs authorities of the importing countries.

The COVID-19 pandemic catalysed the fast adoption of e-ATIGA Form D amongst AMS, where the contactless nature of document handling is seen as an appropriate measure to curb the spread of the COVID-19 virus.

In this regard, Malaysia was the first AMS to announce the issuance of 100% e-ATIGA Form D in order to encourage faster and contactless service delivery in facilitating intra-ASEAN trade and businesses. All Malaysian ports and entry points are linked to the ASW environment and are thus able to accept electronic documents from other AMS's Certificate Issuance Agencies.

By the end of 2020, the second trade related document, namely the ASEAN Customs Declaration Documents (ACDD), began to be exchanged by AMS via the ASW. Malaysia has successfully rolled out ACDD Live Operation from 31 March 2021. The ACDD is an exchange of export declaration information between exchange-ready AMS which could potentially provide pre-arrival information useful in risk assessment by RMCD.

Plans are in the pipeline to expand the ASW to facilitate the exchange of electronic Sanitary and Phytosanitary Certificates between AMS as follows:

(i) Electronic Phytosanitary (e-Phyto) certificates to support trade in plants and plant products;
(ii) Electronic Animal Health (e-AH) certificates to support trade in animals and animal products; and
(iii) Electronic Food Safety (e-FS) certificates to support trade in prepared food.

Since the inclusion of e-Phyto as trade documents that will be digitised and exchanged within the ASW environment, the Department of Agriculture (DOA), Ministry of Agriculture and Food Industries, which is also a member of Malaysia's ASW Delegates to ASW Technical WG, has initiated the groundwork necessary to enable the exchange of e-Phyto certificates to facilitate the cross-border movement of agricultural goods.

Further to the endorsement of new ATIGA Operational Certification Procedure and revised Form D as well as its overleaf note by the ASEAN Free Trade Area Council in September 2021, Malaysia is committed to ensuring that its National Single Window's back-end systems can cater to the new requirement in accommodating multiple reference documents for back-to-back proof of origin for consolidated shipments in 2022.

The e-Animal Health has been identified as the next e-document to be exchanged through ASW after the e-Phyto certificate. The groundwork for AMS to prepare for the exchange of e-Animal Health is contingent on a readiness survey which will be conducted by relevant sector bodies. The outcome of the survey would serve as an input for developing the work plan in 2022.

Cognisant of ASW as a progressive regional trade facilitation platform which significantly lessens trade paperwork, promotes trade transparency as well as reduces costs associated with cross-border trade, several Dialogue Partners namely United States of America (USA), the PRC, ROK and Japan have respectively expressed interest to exchange trade documents with AMS through the platform. Realising the potential benefits which could be reaped through trade documents exchange with Dialogue Partners, Malaysia and other AMS are at the initial stage of engaging the interested parties to identify mechanisms and requirements that need to be in place to materialise the exchange. In 2022, Malaysia alongside other AMS will undertake work on establishing a legal framework to enable the exchange of e-documents with Dialogue Partners.

Facilitating Trade in a Secure Trading Environment

Strategic Trade Act 2010 Anniversary Celebration and Conference

The year 2021 marks a decade of Malaysia's efforts in implementing the Strategic Trade Act (STA) 2010, a comprehensive legislation to prevent the proliferation of weapons of mass destruction and their delivery systems as mandated under United Nations Security Council Resolution 1540. On 9 April 2021, YB Datuk Lim Ban Hong, Deputy Minister of International Trade and Industry officiated the 10th Anniversary Celebration of STA 2010 held at MITI Tower. The programme conducted in a hybrid mode commenced with a conference on 8 April 2021 with a total of 1,243 attendees including those from like-minded economies, namely Belgium, Cambodia, Hong Kong SAR, Indonesia, Japan, Philippines, Singapore, Thailand and US.

The highlight of the programme was the award-giving ceremony with Avago Technologies (Malaysia) Sdn. Bhd., Keysight Technologies Malaysia Sdn. Bhd. and Petronas Chemicals Group Bhd. receiving the STA 2010 Compliance Award. The companies were assessed based on their unwavering commitment in implementing a robust internal compliance programme (ICP) to ensure adherence to STA 2010 as well as the companies' involvement in export control programmes organised by MITI. STA 2010 facilitates the trade of strategic goods through ICP where companies are encouraged to put in place a set of internal policies and procedures for compliance with national laws and regulations. ICP companies have access to bulk and multiple use permits under the STA 2010, in addition to the normal single permit. A total of 67 companies hold an ICP status as of 31 December 2021.

The Deputy Minister of International Trade and Industry, YB Datuk Lim Ban Hong has also announced the establishment of the Malaysia Strategic Trade Control Community (MYSTCC). MYSTCC aims to provide a platform for networking, learning best practices and understanding current and future developments in managing strategic trade goods. It will also pool expertise from the public and private sector, academia and research institutions, who will play a supporting role to export control administrators or managers from various industry sectors on compliance to the domestic and foreign countries' export control legislation. The symbiotic relationship is to ensure that stakeholders in the community can prosper in a secure trading environment while staying resilient in managing global supply chain challenges.

Authorised Economic Operator – Internal Compliance Programme Pilot

The Government on 11 December 2020 agreed to implement the National Authorised Economic Operator (AEO) Programme spearheaded by the RMCD through the commencement of the AEO-ICP pilot project. The National AEO by RMCD is based on the World Customs Organisation SAFE Framework of Standards referring to operators handling the movement of goods in the domestic and international supply chain that comply with global security standards with added value, incorporating domestic regulatory standards and requirements. The AEO's significant benefits, among others, are fast clearance, minimal documentation, deferred duty payment, simplified drawback claims and post-clearance audit. The ICP, having many similarities with the AEO trusted partner programme, is onboard in the pilot project. The AEO National status accorded to companies with ICP status will allow them to enjoy several benefits from the importation of raw materials to exporting goods which is end-to-end trade facilitation.

The AEO System Integration with the National Single Window platform embedded with blockchain technology serves as an OSC that will enhance efficiency and effectiveness of the government delivery system, increase synergies between public and private sectors, enhancing national productivity as a whole.

Permit Application

Year 2021 presented challenging times, with the extension of the MCO throughout Malaysia and lockdowns in other countries impacting all sectors. The total STA permit issued recorded a 10.4% decline compared to 2020.

As at 31 December 2021, 3,101 ePermit STA were issued. The total of ePermit STA approved for 2016-2021 can be seen in the table below:

Year	2016	2017	2018	2019	2020	2021
No. of Permit Issued	**2,470**	**2,899**	**2,852**	**3,096**	**3,459**	**3,101**

While many businesses were affected, sectors such as E&E, medical devices and automotive continue to advance rapidly. Such development provides an opportunity for Malaysia to attract new investments and new economic opportunities pursuing R&D in aerospace and electronic clusters operating within a safe and secure environment.

ECONOMIC OUTLOOK 2022

Despite the global challenges and increasingly competitive landscape, the Government of Malaysia continues to champion the forward-looking growth framework called 'Malaysia's New Investment Agenda Based on NIA' which was announced on 21 April 2021. The new agenda will drive high-technology and innovative investments, balancing economic and environmental sustainability, as well as reducing dependence on foreign labour, consistent with global benchmarks in ESG.

Malaysia remains a competitive nation in attracting strategic and high-value investments in key economic areas in the primary, manufacturing and services sector. Investors have placed high confidence towards Malaysia in setting up their operations, as well as expanding their existing investments and making Malaysia as their regional hub in ASEAN. In 2021, Malaysia successfully attracted a total of RM177.8 billion approved investments in the manufacturing, services and primary sectors, involving 3,037 projects from January to September. This represents a 51.5% increase compared to the same period last year, which demonstrated Malaysia's competitiveness in attracting high-quality technology and innovative investments.

In recent years, a holistic approach in transforming Malaysia's investment ecosystem has been undertaken which consisted of the ongoing works of MITI and the Ministry of Finance's joint effort in reforming Malaysia's key investment legislations, including the Promotion of Investments Act 1986 and the Income Tax Act 1967. In addition, the Government of Malaysia had also implemented a series of targeted economic stimulus in improving various economic activities, as well as balancing the livelihood of the rakyat. Malaysia recognises that these reforms are needed for an inclusive and sustainable post-COVID-19 future, including equitable opportunities for the *rakyat*.

As Malaysia continues to further liberalise and expand its market access in the world, its bold approach in participating actively in various regional and international fora in the ASEAN, APEC and WTO, as well as mega free trade agreements such as the Regional Comprehensive Economic Partnership and the Comprehensive and Progressive Trans-Pacific Partnership, will catapult Malaysia into a competitive nation by 2030, as aspired for in the 12MP. Notably, Malaysia will also announce the NIMP 2021-2030 this year which would be aligned with our key national policies. In addition, Malaysia will conduct trade and investment missions to strategic economies which will boost investors' confidence towards the country as their key investment destination in the region.

Without doubt, Malaysia is on the right track to attract foreign and domestic investments of high-quality projects based on favourable projections of economic growth of around 5.5% in 2022. Coupled with continued policy support and resumption of economic activities, Bank Negara Malaysia also reported that in 2022, the domestic economy is expected to remain on a recovery path, supported by the continued expansion in global demand and higher private sector expenditure, as well as the positive outlook in major domestic and foreign investment projects.


MIT

Chapter

DIGITAL ECONOMY, PRODUCTIVITY AND COMPETITIVENESS

4

OVERVIEW

The COVID-19 pandemic has moved digitalisation into overdrive across the world, including in Malaysia. The value of digital economy activities recorded an exponential growth, amid the pandemic and the Movement Control Order (MCO) restrictions. According to the latest Report of Information and Communications Technology Satellite Account 2020[1], the Information and Communications Technology (ICT) sector was valued at RM320 billion in 2020, an increase of 10.4% as compared to 2019 (7.3%). It contributed 22.6% to Malaysia's Gross Domestic Product (GDP), which comprises the gross value added (GVA) of the ICT industry (GVAICT) of 14.2%, and e-commerce of other industries, of 8.4%.

With the momentum of digitalisation moving at such an unprecedented pace, the Government of Malaysia realises that there should be no let-up in efforts to further exploit the advantages and benefits of digitalisation, which in turn, will be a boon for economic recovery and reform. In this regard, digital economy has been identified as one of the Key Economic Growth Areas to realise the Shared Prosperity Vision (SPV) 2030, leading Malaysia towards sustainable development, with fair and equitable economic distribution, as well as inclusive growth.

In supporting SPV 2030 and leveraging on the opportunities brought about by the COVID-19 pandemic, the Government of Malaysia undertook numerous initiatives in 2021, streamlining many key policies and efforts that led to the ultimate development of the digital economy in Malaysia, namely via the MyDIGITAL agenda. The establishment of a high-level authority, namely the National Council of Digital Economy and the Fourth Industrial Revolution (MED4IRN), also underscored the commitment of the Government towards providing clear and coherent policy leadership in our digital transformation agenda.

THE DEVELOPMENT OF POLICY DIRECTION ON DIGITAL ECONOMY

The Policy – MyDIGITAL Agenda

Under the Twelfth Malaysia Plan (12MP) 2021-2025, Malaysia is primed to make a technological leap towards becoming a regional leader in the digital economy, while achieving inclusive, responsible, and sustainable socioeconomic development. The MyDIGITAL agenda was launched by YAB Prime Minister on 19 February 2021, signifying the Government's aspirations in transforming Malaysia into a digitally-driven, and a high-income nation by 2030. Along with the MyDIGITAL agenda, the Government also developed two (2) guiding documents, namely the Malaysia Digital Economy Blueprint (MDEB), and the National Fourth Industrial Revolution Policy (National 4IR Policy).

The MDEB comprises strategies for industry players in Malaysia to become creators of innovative business models, harnessing human capital, to nurture and allow to thrive, an integrated ecosystem that allows society to embrace the digital economy. The MDEB outlines 22 strategies, supported by 48 national, and 28 sectoral initiatives. These will be implemented over ten (10) years, from 2021, across three (3) phases. The first phase, from 2021 to 2022, involves reinforcing the foundations and accelerating digitalisation. The second phase, from 2023 to 2025, will focus on driving inclusive digital transformation. In the final phase, from 2026 to 2030, Malaysia is envisioned to become a regional market for digital products, and digital solutions providers.

1 Published by the Department of Statistics Malaysia on 15 October 2021

Meanwhile, the National 4IR Policy, which was launched on 1 July 2021, serves as an overarching national policy to drive coherence towards the nation's 4IR agenda, and to manage emerging risks from the 4IR. The National 4IR Policy outlines 16 strategies, with 32 national, and 60 sectoral initiatives. The National 4IR Policy focuses on ten (10) key sectors, along with six (6) supporting sectors, which were selected based on their contributions to the GDP, as well as their role in influencing the growth of other sectors.

Among main targets of the MyDIGITAL agenda set to be realised in 2025 and 2030 in both MDEB and National 4IR Policy include:

MDEB	National 4IR Policy
To achieve by year 2025: - **Investment in digitalisation**: RM70 billion. - **Micro, Small and Medium Enterprises** (MSME) adopting e-commerce: 875,000. - Number of **start-ups**: up to 5,000. - Number of **unicorn** status company: at least two (2) be based in Malaysia. - **Job opportunities** in digital economy: more than 500,000.	To achieve by year 2030: - Transform **20% of semi- and low-skilled labour** to highly **skilled labour**. - More **home-grown 4IR technology providers**. - **3.5% gross expenditure on research and development (R&D) (GERD)**, including for 4IR related R&D. - **Top 20 in Global Innovation Index**. - **80%** of **online government services** are **integrated** and supported by **4IR technology application**. - All **teachers** are **trained** to use **4IR technology**.
- Contribute 25.5% to the GDP of Malaysia, starting in 2025 (Baseline of 19.1% in 2019). - 30% increase in productivity across all sectors by 2030.	

The Governance – The National Council of Digital Economy and the Fourth Industrial Revolution

The implementation of MyDIGITAL is steered by MED4IRN, under the stewardship of YAB Prime Minister. The Council is supported by six (6) clusters to focus on key developments in the following areas:

(i) **Economic Competitiveness:** spearheaded by the Senior Minister and Minister of International Trade and Industry;
(ii) **Data and Digital Infrastructure:** headed by the Minister of Communications and Multimedia;
(iii) **Emerging Technology:** chaired by the Minister of Science, Technology, and Innovation;
(iv) **Digital Talent:** chaired by the Minister of Human Resources;
(v) **Society Cluster:** chaired by the Women, Family and Community Development Minister; and
(vi) **The Government Cluster:** led by the Chief Secretary to the Government.

Under the governance structure of MED4IRN, the Ministry of International Trade and Industry (MITI) is leading the whole-of-nation efforts to boost economic competitiveness through digitalisation, namely via the Economy Cluster chaired by YB Senior Minister and Minister of MITI. In this regard, the Economy Cluster has several roles, including:

(i) Overseeing the implementation of initiatives under the MDEB and the National 4IR Policy, corresponding to the scope of the Economy Cluster;
(ii) Addressing issues related to the digital economy and 4IR within the scope of this Cluster; and
(iii) Facilitating and strengthening the cooperation and coordination between Ministries, Agencies, and industry, through the Cluster's Initiative Working Groups (IWGs), to ensure the effective implementation of programmes and projects at the national, and sectoral levels.

Besides being the lead in the Economy Cluster, MITI is also the IWG Lead for two (2) initiatives, focusing on the areas of digital industry cluster development, and internationalisation.

The Economy Cluster of MED4IRN monitors the implementation of nine (9) national, and four (4) sectoral initiatives under the MDEB. In general, the areas of focus under this Cluster are:

(i) **Entrepreneurship:** Digital-based business model for businesses (MSMEs, Start-ups, Unicorns);
(ii) **Investment:** Strategic and quality investment in digitalisation;
(iii) **International Trade:** Digital integration actions at the regional level, to facilitate cross-border trade and investment, and lower the operating barriers for businesses; and
(iv) **Regulatory Approach:** Agile regulations for digital economy activities.

As it is, the Economy Cluster has set the pace for digitalisation in entrepreneurship and investment. Two (2) flagship initiatives endorsed by the MED4IRN on 22 April 2021 are the Second National e-Commerce Strategic Roadmap (NESR), 2021-2025, and the formation of the Digital Investment Office (DIO).

The Second National e-Commerce Strategic Roadmap, 2021-2025

As NESR 2016–2020 drew to its conclusion in 2020, the Government continued the momentum of developing the next phase of the e-commerce ecosystem in Malaysia by launching NESR 2.0, set to be operational from 2021 through 2025. Serving as an action plan under the MDEB, NESR 2.0 contains strategic interventions towards making e-commerce an engine for catalytic growth for businesses in Malaysia. NESR 2.0's primary targets to be realised by 2025 include empowering 875,000 businesses in adopting e-commerce; 84,000 entrepreneurs venturing into the export market; and Average Revenue Per User in Malaysia to be increased to RM9,500, from a baseline of RM3,500 in 2019. NESR 2.0 will further solidify the industry, by implementing 17 dedicated programmes, moulded by the principles of e-commerce adoption and market access, integrated ecosystem, and agile regulations.

Being anchored by Malaysia Digital Economy Corporation (MDEC) and MITI, NESR 2.0 is being implemented by 15 Ministries and Agencies, in close collaboration with the private sector. Of the 17 strategic programmes, MITI agencies – namely the Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA), Department of Standards Malaysia (DSM) and SIRIM – are leading five (5) main initiatives in export potentials, e-commerce fulfilment capabilities, standardisation of data exchange in delivery of goods, as well as sellers' competitiveness and consumer trust.

BOX ARTICLE 4.1

NESR 2.0 - ENHANCING SELLER COMPETITIVENESS AND IMPROVING CONSUMER TRUST THROUGH THE SIRIM TRUSTED MARK SCHEME

SIRIM QAS International Sdn. Bhd. is an internationally recognised Conformity Assessment Body with years of experience in providing testing, inspection and certification services for local and international customers. On 25 November 2021, SIRIM QAS International officially launched a new scheme called SIRIM Trusted Mark Scheme (STMS), a voluntary certification scheme awarded to Trusted Online Sellers/Trusted Companies on e-commerce platforms for communication, electrical and hybrid products.

The steady growth of the e-commerce industry, as well as the increasing usage of smartphone in the country have inspired the creation of STMS. This scheme is designed with the aim to foster healthy competition among online sellers and improve customer trust and confidence when making their purchases through the e-commerce platform. Indirectly, STMS facilitates online sellers in demonstrating compliance to the related acts and regulations through best practices while improving their selling processes and operational procedures.

The convenience of online shopping may not always end in the consumers' favour, as they are unable to ascertain the certification status of the product beforehand. With a wide range of products sold at competitive prices, consumers are at risk of unknowingly purchasing counterfeit or substandard products, which could compromise their safety and health. Through STMS, consumers will have enough information to make an informed decision before making their purchase from any online stores available on the e-commerce platforms.

On the other hand, STMS serves as an effective marketing tool for participating companies, which can result in higher traffic and sales. In order to be awarded with the STMS, online sellers are required to fulfil the necessary pre-requisite criteria as outlined in the following table:

Criteria 1	**Product Reliability and Safety** Ensure products sold fully comply with regulatory requirements
Criteria 2	**Product Authenticity** Ensure traceability and transparency of product supply chain
Criteria 3	**Genuine Seller** Ensure legal entity and premise/authorised sellers
Criteria 4	**Consumer-Centric** Ensure consumer protection and rights

By fulfilling the above-mentioned criteria, participating online sellers are deemed trustworthy, and thus recognised and granted the use of designated STMS logo (as depicted below).

TRUSTED
SIRIM
STXY21ZZZZZ

Digital Investment Office

On 22 April 2021, the MED4IRN endorsed the establishment of the DIO, as a flagship under the MITI-led Economy Cluster in an effort to attract RM70 billion digital investments into Malaysia, by 2025. The DIO is a fully-digital collaboration platform between MIDA and MDEC. DIO functions as a single window to coordinate and facilitate all foreign and domestic digital investments in the country, including leads from all other Investment Promotion Agencies in promoting and attracting new investments in this fast-evolving segment.

Besides supporting the economic agenda of SPV 2030 and the 12MP, DIO complements the value proposition embedded in the National Investment Aspirations, in particular, by attracting quality investments driven by innovation, high-technology, green economy, and a greater inclusion of domestic supply chains.

As it is, DIO assumes a pivotal role in positioning Malaysia as the preferred Digital Hub, and firmly establishing Malaysia as the Heart of Digital ASEAN.

On 2 August 2021, the Malaysia, Heart of Digital ASEAN (MHODA) portal was launched as a single platform to attract and facilitate digital investments into Malaysia. Through MHODA, investors will be able to submit their digital investment interest via a single-entry point. The portal enables quick facilitation of quality digital investments into the country.

The DIO reflects the Government's commitment in facilitating investors, enhancing efficiency, and improving the ease of doing business. As the country's principal investment promotion and development agency under MITI, MIDA will work closely with MDEC to accelerate the growth of digital investments, which will indirectly develop more highly skilled local professionals and groom digital global champions. In the long run, this will enhance Malaysia's competitive advantage, offering undeniable pull factors for investors, both foreign and local, alike.

International Engagement

Buoyed by the momentum of unrelenting growth in digital trade amid the COVID-19 pandemic, Malaysia leveraged on the aspirations imbued in the MyDIGITAL agenda in 2021 throughout all our high-level international engagements. In the ASEAN sphere, Malaysia actively participated in the ASEAN Coordinating Committee on Electronic Commerce (ACCEC), which in that same year, marked the implementation of the ASEAN Agreement on Electronic Commerce (ECA), after all ASEAN Member States (AMS) completed their respective ratification processes.

On 8 to 9 September 2021, the 53rd ASEAN Economic Ministers' Meeting endorsed the ASEAN Work Plan to implement the ECA. The ECA Work Plan is expected to not only boost the development of the e-commerce sector in the region, but will also boost the growth of other sectors in ASEAN that leverage on digital technology. It will, in turn, strengthen the regulatory base to drive ASEAN's transformation into a leading digital economy.

The ACCEC had also diligently worked towards the endorsement of the Bandar Seri Begawan Roadmap (BSBR): An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economy Integration. The BSBR was officially endorsed by the 20th ASEAN Economic Community Council on 18 October 2021. The BSBR affirms ASEAN's collective commitment to a robust five (5) year agenda towards the development of an integrated ASEAN Digital Economy, culminating in negotiations for an ASEAN Digital Economy Framework Agreement by 2025.

After the success of the first ASEAN Online Sale Day (AOSD) in 2020, the ACCEC continued its flagship initiative; AOSD 2021. It is typically held in August to coincide with ASEAN Day; this time, it was held from 8 to 10 August 2021. With participation from 54 local e-commerce platforms, Malaysian businesses recorded a Gross Merchandise Value of RM82.5 million with an export value of RM13.8 million. The event attracted the participation of 63,434 small- and medium-sized enterprises, with 873,329 transactions recorded. The Malaysian campaign was led by MITI and co-organised by MDEC and MATRADE.

Within the ASEAN economic framework, MITI is also involved in the ASEAN Digital Trade Standards and Conformance Working Group (DTSCWG). MITI continued to represent Malaysia in the working group, which was tasked with harmonising digital trade standards, with the aim of facilitating cross-border digital trade. ASEAN recognises the importance of developing and coordinating digital trade standards, which is a key growth driver if ASEAN is to continue as a cohesive trading bloc. In the second year of its establishment, the DTSCWG continued its important work under the DTSCWG Work Programme to ensure that all aspects of digital economy and e-commerce did not hinder the seamless, cross-border trade in, and throughout ASEAN, consistent with Malaysia's national interests.

The DTSCWG, alongside the US-ASEAN Business Council (US-ABC) successfully organised the Virtual Workshop on Digital Trade Standards and Conformance on 7 to 8 December 2021. A total of 170 US-ABC member networks participated in the event. The Workshop was part of efforts to enhance discourse amongst AMS and the business community, in the context of reducing technical barriers to trade. Among others, the workshop emphasised on the sharing of knowledge and best practices from the global experiences of the private sector, as well as capacity building in standards that could potentially be harmonised in e-commerce transactions. Malaysia also participated by providing briefings on governance and regulatory practices.

In the Asia-Pacific Economic Cooperation (APEC) arena, Malaysia has continued its commitment in implementing the APEC Internet and Digital Economy Roadmap (AIDER) that was endorsed in 2017, a prime initiative of the APEC Digital Economy Steering Group (DESG). APEC economies have pledged to work together in 11 key focus

areas within the Roadmap, to facilitate technological and policy exchanges, promote innovative, inclusive, and sustainable growth, as well as to bridge the digital divide in the APEC region.

In 2021, Malaysia and 20 other APEC economies, through the DESG, undertook substantive revisions to the AIDER implementation plan, as well as contributing to the finalisation of the draft Implementation Plan of APEC Putrajaya Vision 2040, in the areas of digital economy, in the region.

As a member of the APEC DESG Data Privacy Sub-group (DPS), MITI has also contributed to the DPS Statement on COVID-19, which highlighted the need for an accessible, open, interoperable, reliable, and secure environment for the use of ICTs as an essential foundation for economic growth and prosperity. In addition, Malaysia has also notified our openness in considering to ascend to the APEC Cross Border Privacy Rules.

In supporting New Zealand's hosting of APEC 2021, Malaysia embraced wholeheartedly the theme – Join, Work, Grow. Together (Haumi ē, Hui ē, Taiki ē in Maori) – in strengthening communication and the spirit of cooperation with other economies in the APEC region. These connections, comprising multiple areas in the digital economy, will drive further progress in the years to come for the benefit of the people of Malaysia and the Asia-Pacific region.

E-COMMERCE DEVELOPMENT

eTRADE

The eTRADE Programme was designed to facilitate Malaysian small- and medium-sized enterprises (SMEs) in accelerating their exports by listing their products and services on international e-Commerce platforms. The eTRADE Programme 2.0 is a continuation from the previous eTRADE Programme implemented by MATRADE under the 11MP. The objective of this programme is to assist Malaysian MSMEs to accelerate their exports through participation in cross-border e-commerce platforms, as well as to enhance their online presence through digital marketing and e-commerce training activities.

Under the eTRADE Programme 2.0, there are two (2) financial schemes for Malaysian MSMEs to enjoy; namely the Onboarding Scheme, and the Digital Marketing and Training (DMT) Scheme. Through the Onboarding Scheme, companies can enjoy up to RM5,000 to cover part of the onboarding costs to join cross-border e-commerce platforms. Through the DMT Scheme, companies can use up to RM20,000 to undertake digital marketing activities and training programmes for the purpose of export.

Through our market intelligence, MATRADE realised that importers from Malaysia's main trading partners were increasingly using e-commerce for their business activities. As such, MATRADE subsequently took the necessary steps to improve and enhance the e-commerce programmes to aid Malaysian exporters, in line with global trends.

Awareness and Outreach Activities

In 2021, a total of 39 awareness and outreach activities were conducted, mostly through webinars, which consisted of briefing sessions and eTRADE Consultation Days. A total of 2,100 companies and 6,664 participants joined these programmes.

Outcome of eTRADE Programme 2.0

In 2021, 280 applications were received for eTRADE Programme 2.0, which began in March 2021. A total of 108 applications were approved. Of the 280 applications, 156 applications were for the Onboarding Scheme, and 124 applications were for the DMT Scheme.

E-Commerce

The NESR 2.0 is a five (5) year plan (2021-2025) under the National Digital Economy and 4IR Council (MED4IR), under the Ministry of Communications and Multimedia with MDEC as the Project Management Office. NESR 2.0 aims to enhance and further accelerate Malaysia's e-commerce industry growth and innovation via six (6) Strategic Thrusts (ST).

MITI through MATRADE is leading Strategic Thrust 2 – Capitalised Export Potential to drive achievements of two (2) programmes with four (4) key performance indicators (KPIs). In 2021, a total of 10,469 businesses were assisted in exporting via e-commerce, generating sales of RM17.26 million.

EXHIBIT 4.1

NATIONAL E-COMMERCE STRATEGIC ROADMAP NESR 2.0: ST2 – CAPITALISED EXPORT POTENTIAL

Programme	KPI	Cumulative Target by 2025	2021 Achievement
1. Develop and implement a national brand for Malaysian products based on a data-driven e-commerce export strategy.	1. Cumulative e-commerce export sales generated from national brand campaigns.	RM250 million	RM17.26 million
	2. Average increase in e-commerce export sales (at national level).	2.7% or above	Data will be based on the outcome of the Department of Statistic Malaysia's (DOSM) National Economic Survey scheduled for 2023.
2. Facilitate market access and generate demand for Malaysian products abroad.	1. Increase in businesses exporting via e-commerce.	64,000	10,469*
	2. Average increase in e-commerce export sales for businesses supported by the end of NESR 2.0 (in 2025).	30% or above	Data will be based on the eTrade Programme annual survey outcome in the second quarter of 2022.

Note: * figure as at 21 January 2021
Source: Malaysia External Trade Development Corporation (MATRADE)

ASEAN Coordinating Committee on Electronic Commerce

The AOSD 2021, one of the flagship initiatives under the ASEAN Coordinating Committee on Electronic Commerce (ACCEC), was to celebrate ASEAN Day and showcase the regional e-commerce market potential. Through AOSD, AMS collectively conducted an online shopping event through a dedicated portal, in which each Member State featured their participating businesses in a 'country pavilion' to consumers across AMS and beyond.

Started in 2020, the first AOSD 2020 was acknowledged in the ASEAN Economic Ministers' meeting and during the ASEAN Summit 2020, for being a great starting point to further enhance ASEAN-to-ASEAN cross-border marketability of ASEAN's goods and services offered online. During AOSD 2021, Malaysian businesses joining the Business-to-Consumer (B2C) campaign saw 873,329 transactions completed involving the sales and promotion of 8,036 brands from various categories, such as household products, fashion and accessories, and food and beverage (F&B). The campaign generated sales which amounted to RM82.5 million Gross Merchandise Volume (GMV) with RM13.8 million GMV worth of cross-border sales throughout the three (3) day event.

For AOSD 2021, MATRADE introduced, for the first time, the Business-to-Business (B2B) matching programme, which links various industry players and stakeholders in the e-commerce ecosystem from Malaysia with potential partners from ASEAN states. A total of 25 business meetings were arranged for 23 Malaysian companies, which generated potential sales of RM3.4 million from

Indonesia, Thailand, the Philippines, Singapore, and Viet Nam for the F&B, medical devices, and lifestyle sectors in Malaysia.

Malaysia-Taiwan Economic Cooperation Committee

Under the Malaysia-Taiwan Economic Cooperation Committee (MTECC), MATRADE, together with MDEC and the Taiwan Commerce Development Research Institute, organised the Malaysian Select 2021 sales campaign. The objective of the campaign was to help SMEs sell and promote their homegrown brands and products in Malaysia and Taiwan. The ten (10) day campaign (from 1 to 10 October) was managed by EasyStore, with targeted products such as auto parts, baby and children's fashion products, fashion, F&B, and health and beauty.

A total of 330 Malaysian merchants were recruited for the campaign, which recorded 40,362 visitors with more than 2.9 million "campaign awareness". The campaign saw a total of 200 orders, which generated RM67,782 in potential sales for F&B, health and beauty, and fashion.

EXHIBIT 4.2
MALAYSIA SELECT (2021) – OUTCOME

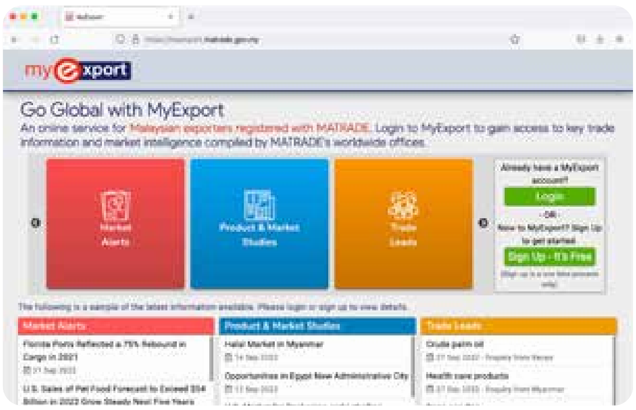
Number of Recruited Malaysian Merchants	**330**
Number of Visitors	**40,362** **Taiwan: 56% Malaysia: 44%**
Total Campaign Awareness	**2,882,367**
Total Potential Sales	**RM67,782**
Sectors	**F&B** **Health and Beauty** **Fashion**
Estimated Orders	**200**
Marketing Expenses by Collaboration Partner	**Ads: RM10,000** **with 33,078 Traffic** **Ambassador: RM20,000**

Source: Malaysia External Trade Development Corporation (MATRADE)

MyExport

MyExport is a digital platform which allows Malaysian exporters to access real-time key trade information and market intelligence. In 2021, MyExport continued to serve Malaysian companies in disseminating trade information to Malaysian Exporters, attracting 2,300 companies to be new subscribers. A total of 3,256 trade leads were published from enquiries received from 42 countries. Among top products sought after were prepared F&B; agricultural produce; building, construction materials and hardware; and chemicals, minerals and alloys.

Among the main countries that were interested in Malaysian products and services were the People's Republic of China (PRC), the United States of America (US), Brazil, South Africa, Thailand, and Viet Nam. There were also 820 Market Alerts and 125 Product Market Studies disseminated through MyExport. These market intelligence and trade opportunities were provided by MATRADE's 46 trade offices overseas, as well as from MATRADE's internal application systems.



Electronic Business Linkage

EXHIBIT 4.3

STRATEGIC PROGRAMMES TO EMPOWER THE PEOPLE AND ECONOMY

Source: Malaysia External Trade Development Corporation (MATRADE)

The Electronic Business Linkage Programme (eBizLink) is a new high-impact initiative introduced by the Malaysian Government under the Strategic Programme to Empower the People and Economy (PEMERKASA) through MATRADE, which aims to intensify the promotion of Malaysia's exports, leveraging on digital and hybrid platforms, focusing on digital marketing. The eBizLink initiative is supported by MATRADE's 46 overseas offices worldwide through strategic collaborations with local and international stakeholders, including relevant governmental agencies, businesses, and industry players. A RM6 million budget was approved by PEMERKASA for MATRADE to implement the eBizLink programme for one (1) year, beginning July 2021 until June 2022.

The programme aims to provide cost-effective and sustainable solutions for MSMEs and Mid-Tier Companies to seize new business opportunities in the global marketplace due to the challenges and prolonged uncertainties brought on by the COVID-19 pandemic. eBizLink focused on Online to Offline, with emphasis on digital marketing, including Key Opinion Leaders. Marketing focused on B2B and business-to-consumer (B2C) online platforms and in-store promotions, integrated with social media channels to leverage on international or regional online sales campaigns that promote Malaysian products and brands globally.

MATRADE aims to conduct more than 40 eBusiness Global Campaigns, underpinned by MATRADE's Trade Offices globally, for the initiative. To date, nine (9) eBizLink programmes have been completed, including the "JD618 Shopping Festival Digital Expo" in the PRC, the "AOSD" in Myanmar, Viet Nam, Singapore, Indonesia, and Thailand, the "Choose Malaysia Promotion Programme" in Cambodia, "Malaysia Promotion Programmes" in conjunction with the China-ASEAN Expo 2021 in the PRC, "Flavours of Malaysia" in the Netherlands, "Asian Grocery & eMarket Place" in Australia, "Malaysia Festival" in Hong Kong Special Administrative Region (SAR), "Online Campaign with e-commerce Platform" in Pakistan, and "Online Campaign with Health & Glow" in India. Another nine (9) programmes are still on-going in the Philippines, Myanmar, Japan, the PRC, Republic of Korea (ROK), the US, Turkiye and Uzbekistan.

EXHIBIT 4.4

ELECTRONIC BUSINESS LINKAGE PROGRAMME (EBIZLINK)

Source: Malaysia External Trade Development Corporation (MATRADE)

At the end 2021, eBizLink programmes generated RM40 million export sales (66.7% of the targeted KPI) benefitting more than 350 Malaysian exporters. The F&B sector contributed RM17.47 million, or 44% from the total sales, followed by personal care products (22.2%), and manufacturing (12.6%). Other products and services sourced from Malaysia under eBizLink programmes are fast-moving consumer goods, health products, and e-commerce services.

For the year 2022, more than 20 eBusiness Global Campaigns have been scheduled to achieve eBizLink's KPI target of 600 companies assisted through focused campaigns, including business-matching with importers in new potential markets, and RM60 million in export sales generated through wider market access. Key markets targeted include North and South America, Europe, West Asia, Africa, and South East Asia.

Malaysia Ayatha Programme in Yangon, Myanmar, from 3 to 26 December 2021

Malaysia Fest in Collaboration with Robinsons Supermarket and Gorobinsons Online in Manila from 30 October Until 31 December 2021

eBizMatch

MATRADE's core service is export promotion, which will assist Malaysian companies in exporting, establishing their presence overseas, and raising their profiles in the foreign markets through various promotional activities, such as participation in trade missions, export acceleration missions, and international trade fairs. With the challenges presented by the COVID-19 pandemic that negatively impacted the world economy since the year 2020, and restrictions on international travel due to the closure of international borders in most countries, organising a physical business matching programme would be impossible.

MATRADE introduced an alternative way of conducting business meetings that would normally take place physically, between foreign buyers and Malaysian suppliers, in order to ensure that MATRADE continued to carry out its mandate of positioning Malaysia as a competitive trading nation on the international stage, with the goal of sustaining export growth by assisting Malaysian companies to continue export-related activities throughout the COVID-19 pandemic. eBizMatch, the online business-matching programme developed in partnership with MATRADE's 46 overseas trade offices and five (5) state branches in Malaysia, provided local companies with the international visibility they needed in promoting Malaysian products and services.

In 2021, a total of 1,673 business meetings were held through the eBizMatch programme, with 1,190 Malaysian exporters and 978 overseas buyers successfully matched, resulting in a total of RM4.54 billion in export sales. Oil and gas products and services, F&B, medical and pharmaceuticals, green technology, and services (information and communications technology, franchise and business services) were among the top products and services sourced by foreign buyers.

Malaysia International Halal Showcase 2021

The 17th Malaysia International Halal Showcase (MIHAS) took place from 9 September to 31 December 2021 under the theme of "Empowering Halal, Tomorrow, Together". The opening ceremony was officiated virtually by the Senior Minister and Minister of International Trade and Industry on 9 September 2021.

The event's first virtual edition spearheaded the digitalisation agenda for the Halal industry, and featured a virtual exhibition, Artificial Intelligence – assisted business matching sessions, virtual network lounge, industry specific sessions and live conferences. As a key component of the Global Halal Summit, this annual event was hosted by MITI and organised by MATRADE.

MIHAS 2021 marked a continuation of the event taking centre stage in the global halal trade after an absence of over two (2) years since April 2019. The event was instrumental in supporting the nation's economic recovery phase by creating market opportunities for Halal players in Malaysia, especially for SMEs. The event highlighted 12 key clusters, namely F&B, food technology, e-commerce, cosmetics and personal care, pharmaceuticals, modest fashion, education, Islamic finance, franchise, services and enablers, Muslim-friendly travel, and media and recreation. Three (3) major components of MIHAS 2021 were: showcase of halal products and services, International Sourcing Programme (INSP)/eBizMatch, and knowledge hub sessions.

MIHAS 2021 generated total sales of RM2.13 billion, contributed by sales reported by virtual exhibitors, which amounted to RM1.38 billion, and RM749.1 million from INSP. The total number of visitors to the virtual platform was 16,512.

The virtual showcase recorded the participation of 549 exhibitors from 43 countries, including Malaysia, with the top five (5) foreign countries (by number of exhibitors) being: Indonesia, the PRC, the Philippines, ROK and Thailand. For the first time, the number of international exhibitors exceeded local exhibitors, which signalled the growing confidence by international Halal players in MIHAS as being the best platform to drive the global Halal industry. This edition also witnessed the participation of new entrants from countries such as Argentina, Chile, Mexico, Guatemala, Colombia, and Trinidad and Tobago, which bodes well for MIHAS' internationalisation agenda.

In conjunction with MIHAS 2021, INSP, which matches foreign buyers with

MIHAS 2021 generated total sales of **RM2.13 billion,** contributed by sales reported by **virtual exhibitors,** which amounted to **RM1.38 billion,** and **RM749.1 million from INSP**

Malaysian sellers, was held virtually (eBizMatch) for five (5) months from 1 April to 1 September 2021. A total of 390 Malaysian sellers and 333 foreign buyers from 61 countries benefited from the programme, with 610 business meeting (eBizMatch) sessions successfully arranged.

Separately, 17 Knowledge Hub sessions were organised by MATRADE, comprising four (4) Preview Week sessions and 13 Plenary sessions. A total of 1,808 participants attended these sessions, comprising 814 participants for the Preview Week sessions, and 994 participants for the Plenary sessions.

In partnership with strategic collaborative partners, the Preview Week run-up sessions were held from 11 August until 1 September 2021 to provide audiences with brief insights into the relevance of Halal to SMEs, exports, technology adoption and sustainability. Subsequently, 13 plenary sessions were held from 10 to 12 September, covering perspectives on market trends and opportunities, with the involvement of selected Trade Commissioners, as well as contemporary industry trend topics, with a Halal focus.

MIHAS 2021 was well featured and reported on domestically and internationally, using traditional and non-traditional channels, including multiple digital platforms. The campaign "MIHAS 2021: Halal – Empowered and Redefined" was awarded a Gold Award under the Best Pandemic Pivot or COVID-19 Communications Campaign category by the Public Relations and Communications Association.

The 18th edition of MIHAS is scheduled to take place in a hybrid format from 7 to 10 September 2022, where the Malaysia International Trade and Exhibition Centre will host the physical showcase. MIHAS 2022 with the physical and virtual components serves as an ideal platform to widen the reach to more Halal players worldwide, which would further strengthen the stature of MIHAS as the world's largest Halal trade fair.

PRODUCTIVITY PROMOTES PROSPERITY

12MP has identified boosting productivity growth as one of the key priority areas as the way forward to strengthen macroeconomic fundamentals and restore the country's growth momentum as Malaysia rises from the aftermath of the COVID-19 pandemic. In the 12MP period, the domestic and international economy is expected to recover and sustain growth after going through several years of economic downturn and low productivity levels due to the measures and restrictions to contain the spread of the virus.

The prominence of productivity growth in the 12MP to drive Malaysia's economy indicates its significance towards the country's medium- and long-term targets in achieving the high-income nation status and shared prosperity. More goods and services that citizens can produce from a given set of inputs means greater prosperity for the nation, reflected in a higher standard of living and a better quality of life. On the reverse side, weak productivity levels will hinder the country's growth. It impacts nation-building with larger budget deficits, higher rates of unemployment, fewer job opportunities, lower employees' compensation, and greater economic and social inequality, which subsequently will curb prosperity.

Malaysia's productivity growth and performance must improve for the country to prosper. Effective talent development, rapid digital technology adoption, and quality regulations are the main drivers for boosting Malaysia's productivity growth.

Productivity Performance

The projected growth in labour productivity in the 12MP is 3.6% per annum between 2021 and 2025. The target is set against the weak productivity growth in 2020 due to the impact of the pandemic.

In 2021, Malaysia fared better, marking the beginning of the country's economic revival and recovery. Malaysia's productivity recorded a significant increase of 6.0% as the country's GDP registered growth of 3.1%, after a significant decline by 5.6% in 2020.

The data denoted the effectiveness of the Government's efforts in mitigating the impact of the crisis on the economy through various stimulus packages, agile policies, and the strategic national recovery plan. The improvement was evident in the productivity performance of the major economic sectors (Exhibit 4.5), which are the major contributors to the national labour productivity. All five (5) main economic sectors registered improvement in 2021. Malaysia is bouncing back.

EXHIBIT 4.5

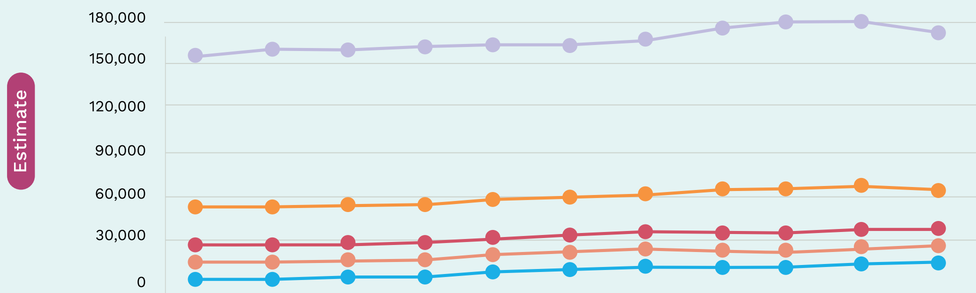
MALAYSIA'S PRODUCTIVITY GROWTH BY MAJOR ECONOMIC SECTORS

Economic Activity	2016	2017	2018	2019	2020	2021
Agriculture	1.8%	2.2%	-0.1%	0.3%	-1.8%	-0.6%
Mining	5.9%	-4.8%	4.0%	-0.2%	-8.5%	-0.9%
Manufacturing	3.8%	3.9%	2.4%	1.7%	-2.6%	6.8%
Construction	8.8%	6.8%	3.4%	3.6%	-15.7%	-4.8%
Services	2.0%	4.3%	3.5%	2.9%	-6.0%	0.5%

*Data 2021: Ministry of Finance (MOF)
Source: Department of Statistics Malaysia (DOSM) and Ministry of Finance (MOF)

EXHIBIT 4.6

PRODUCTIVITY PERFORMANCE OF ASEAN-5 COUNTRIES, 2010-2020



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Malaysia	51,127	51,891	52,671	52,528	54,629	56,564	58,298	60,509	61,880	63,195	59,782
Singapore	137,276	140,818	141,483	142,481	142,710	143,884	147,184	154,128	158,394	158,000	152,678
Thailand	26,830	26,754	28,342	29,128	30,056	31,048	32,390	33,955	34,997	36,030	33,777
Philippines	16,270	16,380	17,320	18,238	19,409	20,087	20,549	22,335	23,276	24,225	23,343
Viet Nam	11,555	11,950	12,666	13,172	13,871	14,871	15,749	16,733	17,730	18,850	19,850

Notes: Labour productivity per person employed in 2020 international dollars, converted using Purchasing Power Parities (PPP).
Source: The Conference Board Total Economy Database™ (Updated in August 2021)

Malaysia was the second most productive country (Exhibit 4.6), based on the overall trend between 2010 and 2020. While this implies Malaysia's strength in the region, a considerable gap exists with Singapore, which is the most productive ASEAN country. Meanwhile, Thailand is closing in as its productivity growth trend approximates that of Malaysia's.

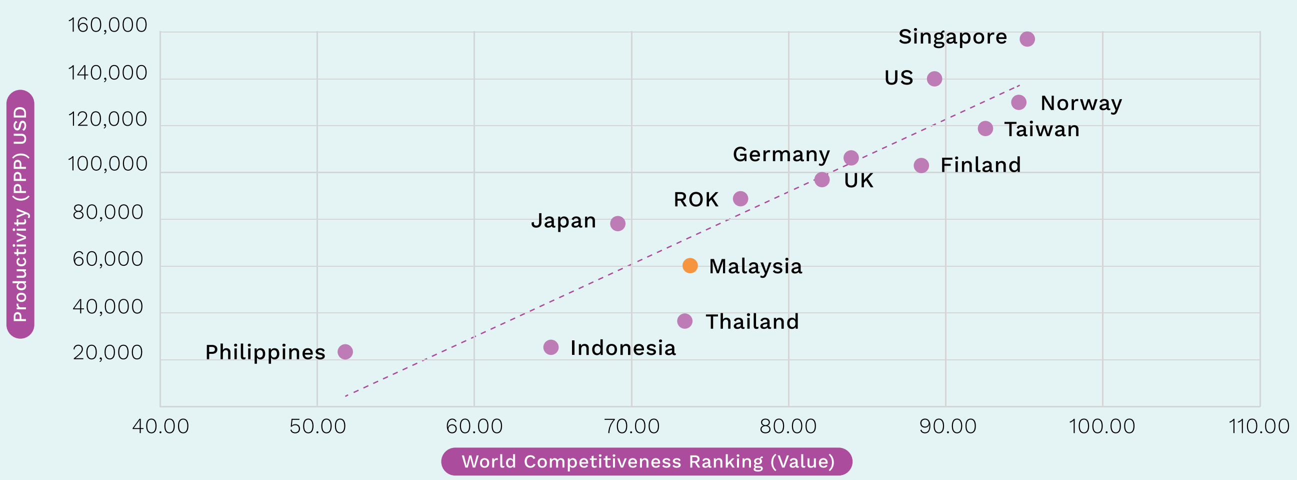
Productivity and Competitiveness

Data presented in the World Competitiveness Yearbook (WCY) 2021 by the Institute of Management Development (IMD) illustrates a strong correlation between a country's productivity performance and its global competitiveness. The top-performing economies in global competitiveness registered higher productivity growth (Exhibit 4.7). As productivity grows, the country's competitiveness increases.

A country's global competitiveness matters as it projects its overall standing internationally as a preferred destination for trade, investment, and business, based on WCY's criteria in Economic Performance, Business Efficiency, Government Efficiency, and Infrastructure.

EXHIBIT 4.7

SELECTED COUNTRIES' GLOBAL COMPETITIVENESS RANKING (VALUE) AND PRODUCTIVITY GROWTH (PURCHASING POWER PARITIES), 2021



Source: Institute of Management Development (IMD) World Competitiveness Yearbook (WCY) 2021

At 72.5 points, Malaysia ranked 25th among 64 economies in global competitiveness in 2021, an improvement from 27th place in 2020. Malaysia was the second most competitive economy within the ASEAN region, behind Singapore, which holds the topmost position. The data in Exhibit 4.7 correlates with Exhibit 4.6, which indicates the inter-dependency between a country's productivity and competitiveness.

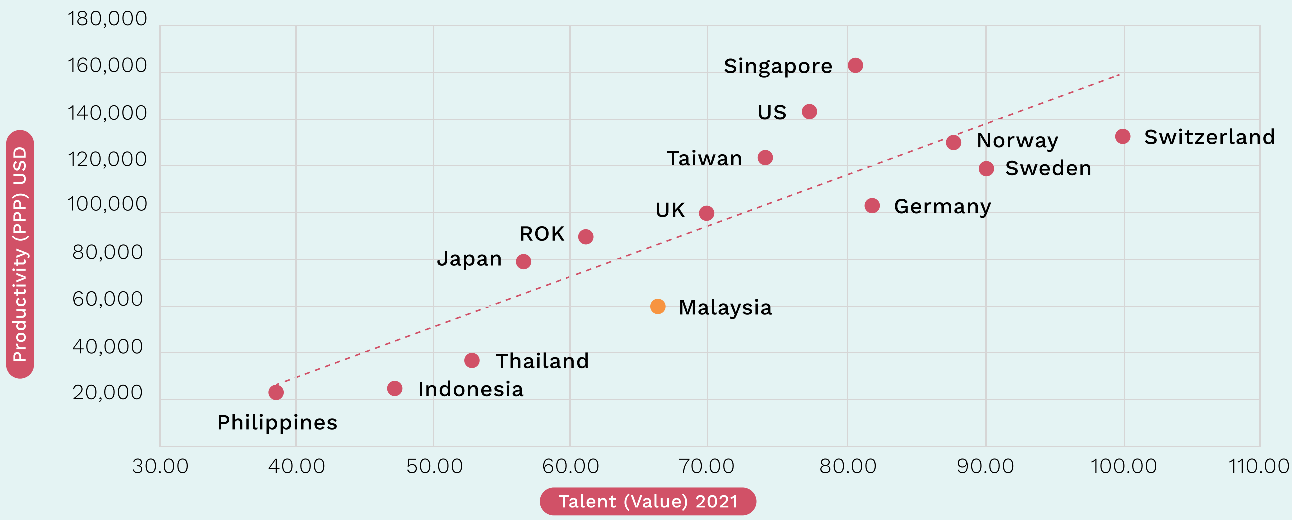
The close association between productivity and competitiveness calls for Malaysia to improve its productivity performance to enhance competitiveness. Improving productivity means robust and quality growth. Hence, key productivity drivers, namely talent development, digital technology, and regulatory ecosystems, should work within these parameters.

Talent Development

Talents are a crucial asset for productivity growth. Malaysia Productivity Corporation (MPC)'s talent development initiative aims to build a productive and ready workforce for the future by reallocating resources from low productivity to high productivity growth. Based on the IMD World Talent Ranking 2021 and IMD WCY 2021 (Exhibit 4.8), economies with high productivity growth recorded commendable positions in the global talent ranking, denoting the significant human resource contribution to productivity performance.

EXHIBIT 4.8

TALENT RANKING (VALUE) CORRELATES WITH PRODUCTIVITY GROWTH (PURCHASING POWER PARITIES, USD), SELECTED COUNTRIES, 2021

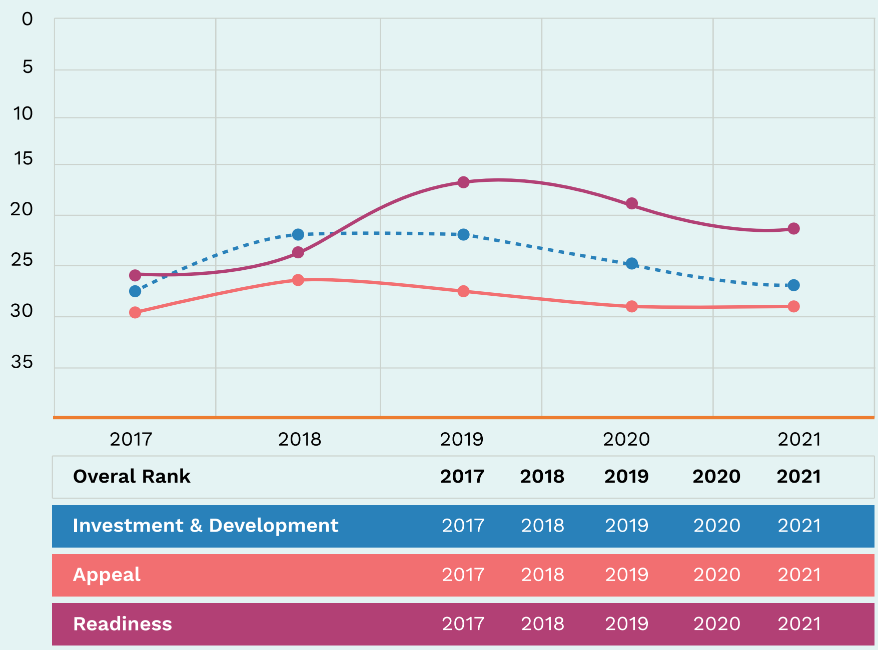


Source: Institute of Management Development (IMD) World Talent Ranking 2021 and IMD World Competitiveness Yearbook (WCY) 2021

Malaysia's performance in the World Talent Ranking declined from 25th position in 2020 to 28th position in 2021 (Exhibit 4.9). According to the IMD, Investment and Development in talent recorded a significant drop in the last five (5) years, from 19th position in 2017, to 33rd position in 2021. This calls for initiatives to improve performance.

EXHIBIT 4.9

MALAYSIA'S PERFORMANCE IN INSTITUTE OF MANAGEMENT DEVELOPMENT WORLD TALENT RANKING 2021 (OVERALL AND FACTORS)



Source: Institute of Management Development (IMD) World Talent Ranking 2021

The Organisation for Economic Co-operation and Development (OECD) Productivity Working Papers published in December 2021 on "The Human Side of Productivity: Uncovering the Role of Skills and Diversity for Firm Productivity" supports MPC's talent development programme. The OECD findings indicated various public policy areas that can enhance productivity growth, emphasising on the human side. The report highlighted that successful policy was based on three (3) aspects of Supply Upgrading Matching (SUM): increasing skills Supply, reinforcing Upgrading, and helping better Matching jobs for employees. The OECD added that the education system is the key to sustaining the quality and supply of higher skills, including quality talent.

In this regard, MPC's talent development initiative addresses the shortage of workers and low performance in the national education attainment performance. It seeks to build a productive workforce of the future. The effort is also expected to contribute to the recognition of non-formal education, as set by the UNESCO Institute of Statistics (UIS) in determining a country's educational achievement.

In creating a pipeline of skilled workers to cater to the manufacturing sector's demands, especially the electrical and electronics (E&E) industry, MPC is currently working with relevant authorities, business associations, and industry players to establish the Academy in Factory (AiF). The innovation serves as a two-pronged solution to provide consistent talent supply for the manufacturing industry's growth and improve Malaysia's education performance through work-based education. The AiF targets 15,000 enrolments by the end of 2022, and 300,000 by 2025.

The AiF is expected to manage issues such as the increasing mismatch in specific skills, like digital skills, difficulty in finding talents with socio-emotional skills, and inadequacy in compensation schemes and wages. The intervention creates academic, technical, and vocational streams within the education system that is more responsive to labour market demands.

The initial establishment of the AiF caters to the increasing demand in the semiconductor industry. World Semiconductor Trade Statistics predicted that the worldwide semiconductor market is projected to grow by 8.8% in 2022, to USD601 billion. Malaysia's E&E players have the potential to fulfil the increasing global demands, given the country's position as the world's foremost semiconductor manufacturer. According to the Malaysia Semiconductor Industry Association (MSIA), Malaysia's E&E subsector requires nearly 20,000 workers at various levels. Inability to build the workforce needed is an opportunity lost for the E&E industry players and Malaysia. The AiF is a viable solution to the problem.

On a larger scale, MPC's talent development initiative will improve Malaysia's education attainment performance through mean years of schooling and school life expectancy indicators. According to the International Standard Classification of Education (ISCED) and findings by UIS 2018, 72.1% of the Malaysian population have a secondary level education, and only 22.1% of Malaysians have higher level education, while 5.8% are categorised as being out of the school system. MPC aims to contribute towards 52% of the population in Malaysia achieving a higher education level in 2026.

The effort to elevate Malaysia's education attainment performance comprises improving data collection by including non-formal education; benchmarking ISCED 2011 in the Labour Force Survey in determining national educational attainment; recognising non-formal education, strengthening MPC's role as the recognition authority for non-formal education; applying Behavioural Insights (BI) approach to promote learning in tertiary education; and mainstreaming technical and vocational education and training (TVET). These initiatives are aligned with the 12MP and aim to improve the TVET ecosystem to produce future-ready talent and workforce.

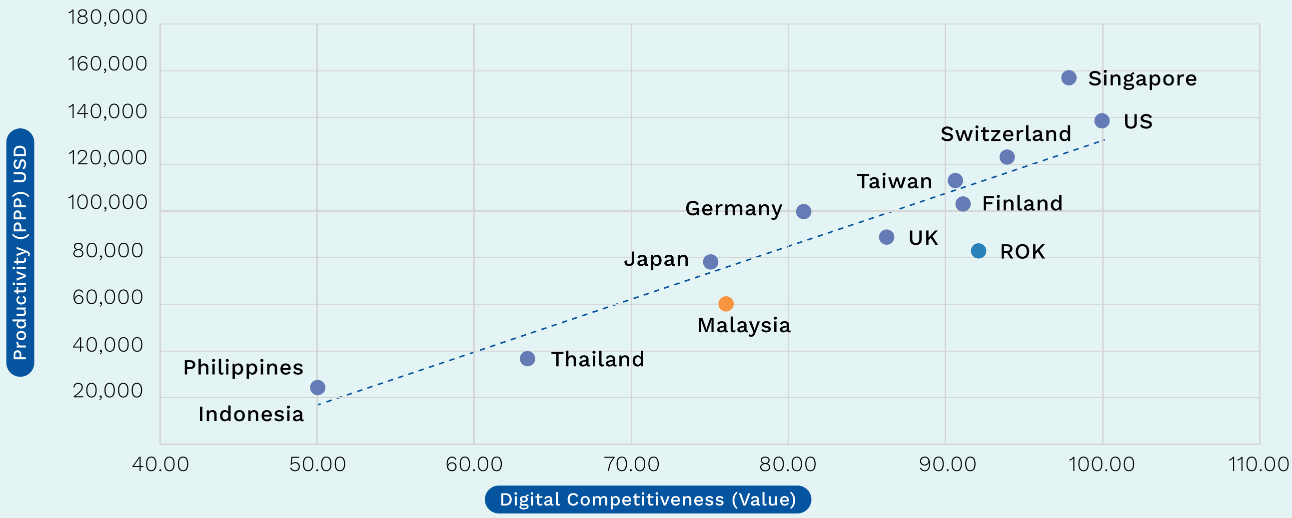
Digital Technology

In the age of digital disruption, technology is at the core of business and societal transformation. The pandemic has provided numerous wake-up calls since the first MCO in 2020, indicating that changes through greater application of digital technology is essential in moving forward.

Based on the international data from the competitiveness reports (Exhibit 4.10), there is a strong correlation between technology and productivity. Top performing countries in productivity performance scored high in the Digital Competitiveness ranking. Productivity enables businesses to prosper, creates more jobs and provides higher wages.

EXHIBIT 4.10

DIGITAL COMPETITIVENESS RANKING (VALUE) CORRELATES WITH PRODUCTIVITY GROWTH (PURCHASING POWER PARITIES, USD), SELECTED COUNTRIES, 2020

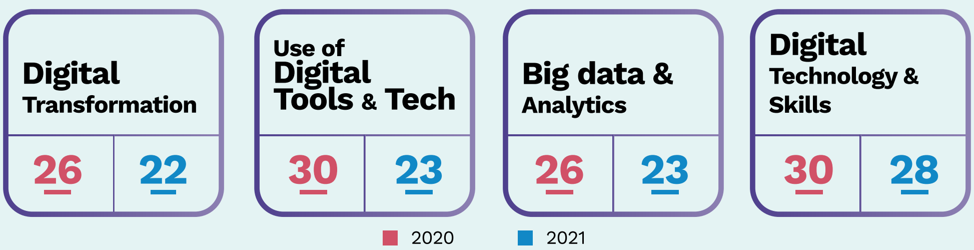


Source: Institute of Management Development (IMD) World Talent Ranking 2021 and IMD World Competitiveness Yearbook (WCY) 2021

Malaysia's performance in digital competitiveness fluctuated but improved in the last two (2) years. In recent years, the country recorded improvements based on several international technology-related indicators, such as digital transformation, digital tools and technology, and big data and analytics (Exhibit 4.11). This demonstrated that technology-related government initiatives and policy actions were effective. However, there remains vast room for improvement as Malaysia has yet to break into the top 20 positions.

EXHIBIT 4.11

MALAYSIA'S PERFORMANCE IN DIGITAL TECHNOLOGY ADOPTION 2020 AND 2021



Source: Institute of Management Development (IMD) World Competitiveness Yearbook (WCY)*

Based on two (2) MPC flagship digitalisation programmes, namely Productivity1010 and Industry4WRD Readiness Assessment (RA), 80% of Malaysian companies are still at Level 1 and Level 2 of Technology Adoption (Exhibit 4.12). Level 1 and Level 2 refer to the most basic level in technology adoption, which is equivalent to Beginner and Observer in Productivity1010, and Newcomer and Conventional in Industry4WRD RA (Exhibit 4.12, 4.13 and 4.14).

EXHIBIT 4.12

80% OF MALAYSIAN COMPANIES ARE AT LEVEL 1 AND 2 IN TECHNOLOGY ADOPTION

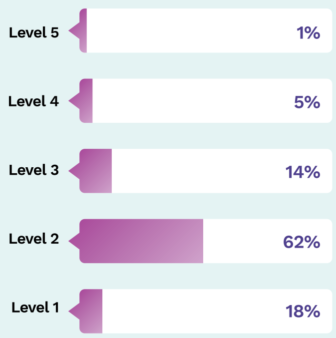


EXHIBIT 4.13

69% OF MALAYSIAN COMPANIES ARE AT BEGINNER AND OBSERVER LEVEL (P1010)

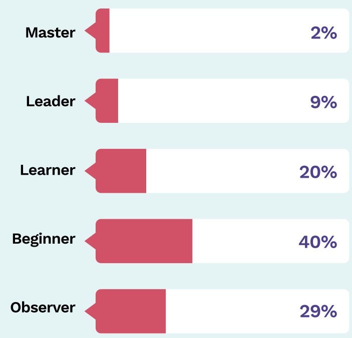
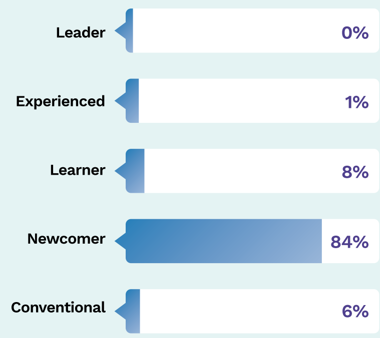


EXHIBIT 4.14

90% OF MALAYSIAN COMPANIES ARE AT THE BASIC LEVEL OF INDUSTRY4WRD READINESS ASSESSMENT



Source: Malaysia Productivity Corporation (MPC)'s analysis based on Productivity1010 and Industry4WRD Readiness Assessment (RA) database, December 2021

Thus, the Government is committed to accelerating technology adoption among Malaysian companies. With the establishment of the Malaysia Digital Economy and the Fourth Industrial Revolution Council, the Government is providing a clear and coherent policy on digitalisation and technology to scale up capabilities in technological advancements and power the growth of the digital economy. The aspiration is to be among the Top 10 in all international technology-related indicators and achieve 50% of technology adoption at Level 3 to 5, by 2025.

In supporting the Government's plan, MPC's 'Go B.I.G. with Digital' focuses on catalysing productivity growth through technology adoption. Businesses are expected to increase productivity growth incrementally from 10X to 100X through the initiative. 'Go B.I.G. with Digital' advocates the need for mindset transformation among leaders to unleash the industry's potential. Strong leadership paves the way into knowing precisely what needs to be done when businesses digitalise. The initiative emphasises three (3) key strategies to promote and boost the adoption of digital technology: Nudging the Chief Executive Officer, Advisory Programme, and Experiential Learning.

In addition to the flagship 'Go B.I.G. with Digital' initiative, MPC is strengthening the Industry4WRD RA, a comprehensive programme for enterprises to assess their capacities, potential, and competencies to adopt Industry 4.0. Government funding and intervention of up to RM500,000 and tax deduction incentives are available to firms participating in Industry4WRD RA.

REGULATORY REFORMS

Regulatory Quality

The 12MP emphasises the role of the private sector in driving Malaysia's economic growth. A conducive business environment is imperative to support business growth for the industry to operate smoothly. Quality regulations are among the essential external factors that enhance the ease of doing business and create a supportive business ecosystem. Hence, the critical role of the Government is to ensure quality business regulations. A supportive regulatory ecosystem minimises, if not eliminates, unnecessary regulatory burdens, reduces compliance costs, and optimises the use of resources. Quality regulations are inclusive, agile, and responsive to the economic situation and the industry's needs.

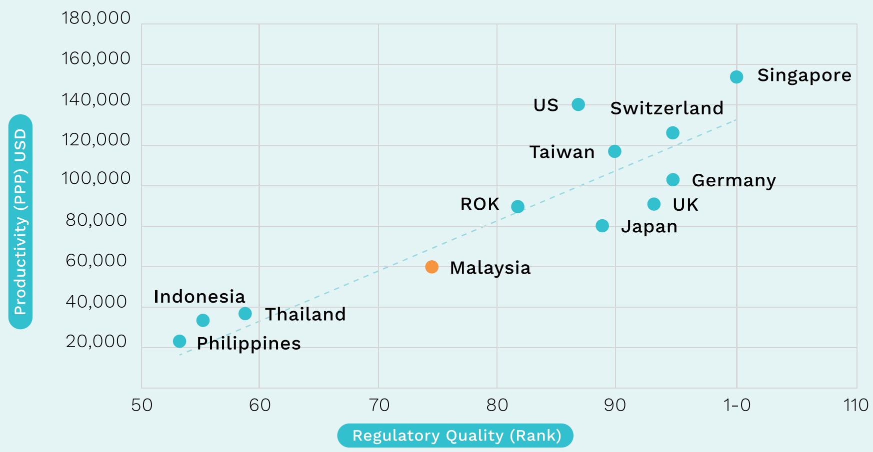
Quality business regulations create a competitive and supportive business ecosystem, leading firms, industry, and the economy to be productive and competitive. Data from the Worldwide Governance Indicators (WGI) by the World Bank shows the dependence between regulatory quality and productivity growth. WGI Regulatory Quality reflects the perception of a government's ability to formulate and implement sound policies and regulations that enable and promote private sector development. WGI Regulatory Quality Ranking indicates the percentile rank value among all countries, in which zero (0) indicates the lowest, and 100 at the highest rank value.

Exhibit 4.15 shows the correlation between WGI ranking in Regulatory Quality and productivity growth. Highly productive countries such as Singapore, Switzerland, and the US were ranked higher in regulatory quality.

Thus, the Government is committed to accelerating technology adoption among Malaysian companies. The Government is committed to reducing the unnecessary regulatory burdens on business and the people by 25% per annum. MPC, in its role as the overseeing body for the implementation of the National Policy on Good Regulatory Practice (GRP); application of BI in policymaking; and the establishment of the #MyMudah Unit nationwide, is committed to planning, implementing and evaluating regulatory initiatives to ensure that regulations are best in quality, comprehensive, agile, responsive, and can boost Malaysia's productivity and competitiveness. MPC's regulatory reform initiatives are based on public-private solid partnerships, primarily through the Special Taskforce to Facilitate Business (PEMUDAH), of which MPC serves as the Secretariat. MPC also leverages on international networks, such as the OECD and the ASEAN GRP Network to benchmark best regulatory practices.

EXHIBIT 4.15

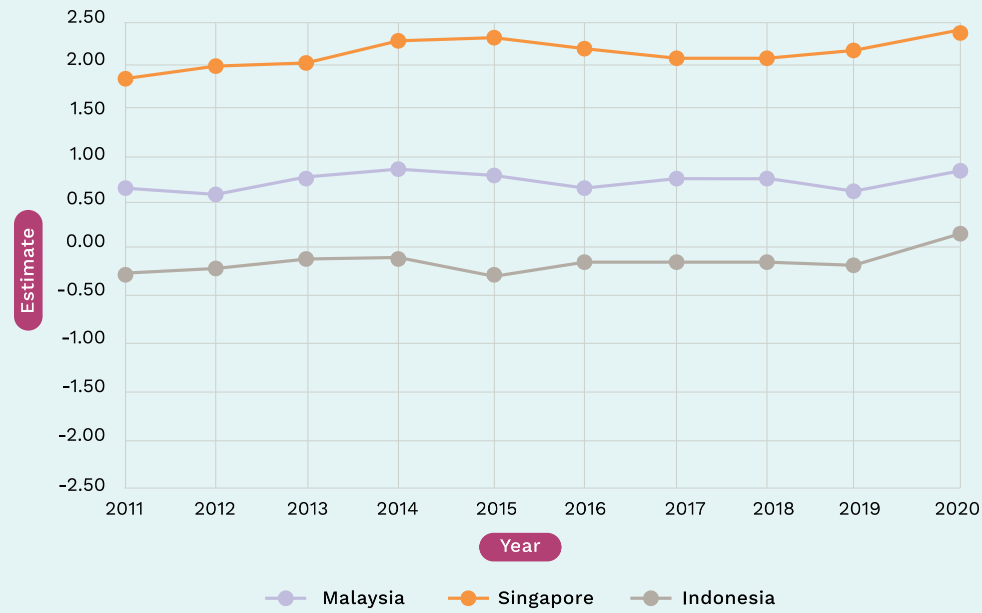
REGULATORY QUALITY (RANK VALUE) CORRELATES WITH PRODUCTIVITY GROWTH (PURCHASING POWER PARITIES, USD), SELECTED COUNTRIES, 2021



Source: The Worldwide Governance Indicators (2021 Update) by The World Bank and Institute of Management Development (IMD) World Competitiveness Yearbook 2021

EXHIBIT 4.16

MALAYSIA'S PERFORMANCE IN REGULATORY QUALITY (ESTIMATE OF GOVERNANCE), 2011 - 2020



Note: Estimate of Governance ranges from approximately -2.5 as weak to 2.5 as strong
Source: The Worldwide Governance Indicators (2021 Update)

Malaysia's performance in regulatory quality registered consistent improvements between 2011 and 2020 (Exhibit 4.16), evidence of the effectiveness of the Government's regulatory reform initiatives. Nevertheless, Malaysia is still performing below average, and requires the strengthening of regulatory reforms. Malaysia fared better within the region, though there was a massive gap in the estimate of governance of regulatory quality with Singapore, which has the highest level of governance.

MPC's regulatory reforms apply the systematic and evidence-based regulatory tools in leading and facilitating the formulation of new, and the review of existing regulations, besides designing the most appropriate solutions or interventions to regulatory issues. The application of an evidence-based approach aligns with the 12MP, in which the approach must be used to ensure quality regulations. GRP, BI, Regulatory Impact Analysis, agile regulations, and regulatory experimentations are among the means towards ensuring quality regulations.

Recent regulatory reforms by MPC focus on trade facilitation and digital technology for efficient and effective regulatory delivery. Dealing with construction permits, getting electricity, starting, and operating a business, paying taxes, immigration matters, trading across borders, and employing workers, have been the constant features and continuous work in MPC's regulatory reform initiatives. The impact of the pandemic on the movement of goods and people calls for more efficient trade and business operations, hence the recent focus on these areas.

In facilitating trade, border-related regulations lead to an increase in the cost of a product, which is passed on to the product price. The product is deemed not competitive due to its high price and has difficulty competing in the marketplace. Ineffective and inefficient implementation of border-related regulations impacts marketplace speed, a feature that traders look for to secure better market penetration and first control. Efficient management of border-related regulations will enable traders to avoid costly mistakes and reduce the cost of doing business. The increased cost of doing business can impact trade competitiveness and the nation's economy in general.

On a broader scale, problems rooted in border-related regulations may snowball into more serious consequences in productivity growth, investment, innovation, and job creation. For developing economies, prospects for growth can be stunted, and integration into

global and regional markets will be delayed. Regulatory reform initiatives should be introduced to affect efficient trade procedures across borders. Developing a central and dependable trade-related system will provide the industry with the necessary knowledge and information to manage trade activities. Data sharing on supply chain information is currently not comprehensive and inclusive enough. Thus, a central platform to collate supply chain information electronically is an apt move for informed decision-making. Digitisation and streamlining border processes should be implemented as trade facilitation measures to shorten process time and minimise in-person transactions.

In trade facilitation, the symbiotic partnership between the authorities and industry players in regulatory reform, facilitates border activities and enables efficient public service delivery. MPC is working closely with MSIA and the Royal Malaysian Customs Department (RMCD) to apply agile regulations using digital technologies for a more effective, efficient, and productive regulatory compliance in the movement of goods. The project aims to improve RMCD's supervision through real-time and continuous compliance monitoring. The intervention is expected to boost the productivity of Licensed Manufacturing Warehouse (LMW) operators. On average, LMW operators submit more than 20,000 applications manually to Customs every year. Implementing agile regulations will save LMW operators RM139 million per year in compliance costs, in dealing with the movement of goods. Currently, LMW operators' processing and waiting time is three (3) days. Regulatory intervention facilitated by MPC will lead to real-time processing for low-risk applications.

In reducing the unnecessary regulatory burdens on businesses, the Government has agreed to establish the Malaysia Mudah or #MyMudah Unit nationwide. The Economic Action Council (EAC) Meeting chaired by YAB Prime Minister on 24 November 2021 agreed that the unit would be set up at all Ministries, Government Agencies, State governments, local authorities, and business associations. The Unit functions as a public-private collaborative platform to collect and analyse regulatory issues, and determine challenges faced by businesses. From the beginning of 2022, MPC and PEMUDAH assisted in establishing the #MyMudah Unit.

With #MyMudah, businesses report regulatory issues through the Unified Public Consultation (UPC) portal. MPC validates the issues received with industry through online engagements to ensure that the cases are valid and of public interest. Once the problem is validated, MPC facilitates engagements and consultations with the relevant stakeholders and regulators to design and propose implementable recommendations and solutions to resolve issues. The relevant regulator implements the intervention, and its progress is escalated to PEMUDAH and EAC. In 2021, #MyMudah received 523 issues through the UPC portal. The percentage of registered issues can be categorised according to sectors: services (55.9%), manufacturing (5%), agriculture (9.8%), construction (29.1%), and mining and quarrying (0.2%).

Through the #MyMudah platform, the issue concerning the requirements in registering new trade names for pesticide products was solved when the Pesticides Board published the *Garis Panduan Nama Dagangan Produk Racun Makhluk Perosak* (*Pindaan* 2021) to guide businesses on registering new products involving trade name changes and labelling.

One of the high impact projects via #MyMudah was the facilitation, by MPC, of Project E10: Express Construction Permit, which was driven by the Kulim Municipal Council. The regulatory experiment through E10 shortened the construction and business permit time from 24, to ten (10) months, which yielded about RM600 million in cost savings for the investors.

Participation in Development of National Policies

DSM continues to advocate the importance of standards and accreditation by ensuring incorporation of these elements through participation in the development of national policies as follows:

(i) Blueprint for the Malaysian Digital Economy
(ii) Global Innovation Index Competitiveness Monitoring
(iii) Collaborative Action for Single-Use Plastic Prevention in Southeast Asia
(iv) High Tech Nation Council
(v) National Trade Blueprint (NTBp)
(vi) Emerging Technology Cluster
(vii) Virtual Water and Water Footprint
(viii) National Circular Economy Council
(ix) Hydrogen Economy Roadmap
(x) Electric Vehicle Roadmap
(xi) Intelligent Transport System Blueprint
(xii) New Industrial Master Plan
(xiii) National e-Commerce Strategic Roadmap
(xiv) Supply Chain for Personal Protective Equipment, Medical Devices and Pharmaceutical
(xv) Recreational Vehicle Industry Development
(xvi) Iron and Steel Industry Foresight Research

Development of Strategic Plan 2022-2025 for the Department of Standards Malaysia

The Strategic Plan 2022-2025 for the DSM is the key document to set the vision, mission, long term goals, priorities, strategies, objectives, and the related action plans for the next four (4) years. The document is aligned to 12MP, The Shared Prosperity Vision 2030, United Nation Sustainable Development Goals, and other relevant national policies, such as the National Strategy on Industry 4.0, Digital Economy Blueprint and NTBp. The document also refers to the recommendations set in the impact study on the usage of standards to the Malaysian Economy 2020.

The strategies were designed to provide focus on the visibility of the DSM as the leading agency to promote National Quality Infrastructure (NQI). This is an integral strategic move to strengthen the awareness on NQI as the key enabler to facilitate domestic and international trade, increase safety, health, and quality of living for the *rakyat* and sustainable development goals. The document also gives focus to strengthen the core services delivery to enhance the performance-driven culture in the DSM.

Branding and promotion form a strategic thrust on its own to emphasise efforts on effective promotional activities in focus sectors identified in the 12MP, such as E&E, the halal sector, tourism, and healthcare. This is to enhance general awareness on standards and conformance, and to inculcate quality culture among Malaysians in all walks of life. Talent development has always been an important agenda for the DSM. Strategies to enhance knowledge and technical competencies among officers remain an important agenda in the document. This is to ensure DSM will remain robust and agile, with current development, and new emerging technologies.

Standardisation

DSM has developed 4,850 Malaysian Standards (MS) covering 25 sectors (Exhibit 4.17), while Exhibit 4.18 shows that 403 MS development comprises of six (6) main activities.

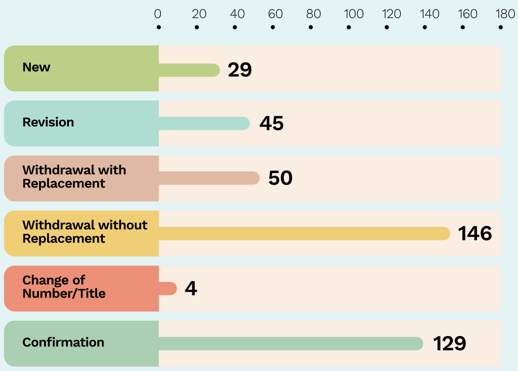
EXHIBIT 4.17

NUMBER OF MS DEVELOPED AS OF 31 DECEMBER 2021

National Safety Code (NSC)	Description	Cumulative MS Developed	Aligned MS		Indigenous/ Adapted	MS in Malay Language only	MS translated to Malay Language
			Identical	Modification			
A	Agriculture	168	2	0	166	2	22
B	Chemicals and Materials	565	222	42	301	0	0
C	Consumer Interests	3	0	0	3	0	0
D	Buildings, Construction and Civil Engineering	387	49	1	337	0	0
E	Power Generation, Transmission and Distribution of Energy	442	232	39	171	0	0
F	Mechanical Engineering	222	75	7	140	0	0
G	Information Technology, Communications and Multimedia	193	156	0	37	0	2
H	Petroleum and Gas	208	30	6	172	0	0
I	Halal Standards	35	0	0	35	0	12
J	Plastics and plastic Products	393	179	25	189	0	0
K	Packaging and Logistics	82	4	0	78	0	0
L	Transport	216	117	5	94	0	0
M	Fire Safety	101	22	3	76	0	0
N	Rubber and Rubber Products	160	104	8	48	0	0
P	Metallic Materials and Semi-Finished Products	251	123	12	116	0	0
Q	Textiles and Apparels	34	13	2	19	0	5
R	Medical Devices and Facilities for Healthcare	278	226	3	49	0	0
S	E&E Equipments and Accessories	368	207	28	133	0	0
T	Tourism, Exhibition and Hospitality Services	14	10	2	2	0	0
U	Food and Food Products	326	35	12	279	6	0
V	Timber, Timber Products and Timber Structure	86	2	12	72	0	0
W	Occupational Safety and Health	126	88	4	34	0	0
X	Oil Palm and Its Products	4	0	0	4	0	0
Y	Quality and Organisational Management	94	90	0	4	0	3
Z	Environmental Management	94	66	0	28	0	0
	TOTAL OF MS	**4,850**	**2,052**	**211**	**2,587**	**8**	**44**
	% OF ALIGNMENT TO INTERNATIONAL STANDARDS			**46.66%**			
	% IDENTICAL TO INTERNATIONAL STANDARDS			**42.31%**			

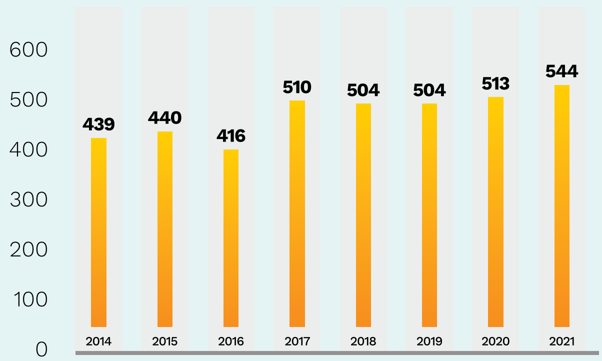
Source: Department of Standards Malaysia (DSM)

EXHIBIT 4.18
MS DEVELOPMENT MAIN ACTIVITIES



Source: Department of Standards Malaysia (DSM)

EXHIBIT 4.19
NUMBER OF MANDATORY STANDARDS



Source: Department of Standards Malaysia (DSM)

MS on Primary Healthcare Laboratories

MS 2702: 2020 – Primary Healthcare Laboratories: Malaysian Standard (Indigenous) is a requirement for quality competence approved by YB Dato' Seri Mohamed Azmin Ali, Senior Minister of International Trade and Industry on 14 October 2020. It is the main reference document for the Primary Healthcare Laboratories Accreditation Scheme (PHLAS) which was launched on 1 February 2021.

An online Awareness Workshop for MS 2702 was held on 1 March 2021 and was attended by 210 participants comprising medical officers, science officers and medical laboratory technologists throughout Malaysia. The speaker for the workshop was Madam Fariza Wan Abdullah from the Accreditation Division, DSM. The objective of this workshop was to provide initial exposure to the requirements stated in MS 2702 and the implementation of the PHLAS scheme.

Launching of MS2714: 2021 Kenaf Fiber – Classification and MS2715: 2021 – Kenaf Fiber – Test Methods for Physical Properties

MS on Kenaf fiber was developed by the WG on Kenaf Fiber (NSC V/TC 3/WG 3). This WG consisted of representatives from the National Kenaf and Tobacco Board (NKTB), Malaysian Timber Industry Board, Universiti Putra Malaysia, Universiti Sains Malaysia, Forest Research Institute Malaysia, and representatives of the kenaf industry. MS 2714 1714: 2021 and MS 2715: 2021 have been approved by YB Senior Minister of International Trade and Industry on 15 June 2021.

The introduction of this MS is important as a standard reference in developing and strengthening the kenaf industry. Mr. Shaharul Sadri bin Alwi, the Director-General, DSM, presented the MS document to Tn. Hj. Idris Mohd Salleh, Director-General of the National Kenaf and Tobacco Board (NKTB) on 3 October 2021 at the NKTB Headquarters. It was witnessed by YB Datuk Zuraida Kamaruddin, Minister of Plantation Industries and Commodities.

Accreditation

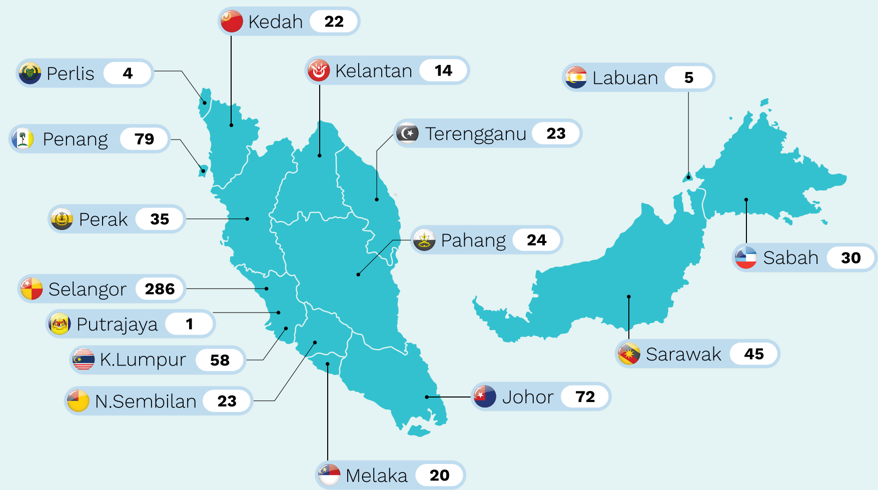
1,000th Accredited Laboratories

The event on 18 February marks another milestone for SAMM since its establishment on 1 July 1987. Public Works Department Northern Regional Laboratory in Miri, Sarawak is the 1,000th lab accredited under this scheme.

Another achievement unlocked in conjunction with the celebration of the 25th Anniversary of the Department of Standards Malaysia.

EXHIBIT 4.20

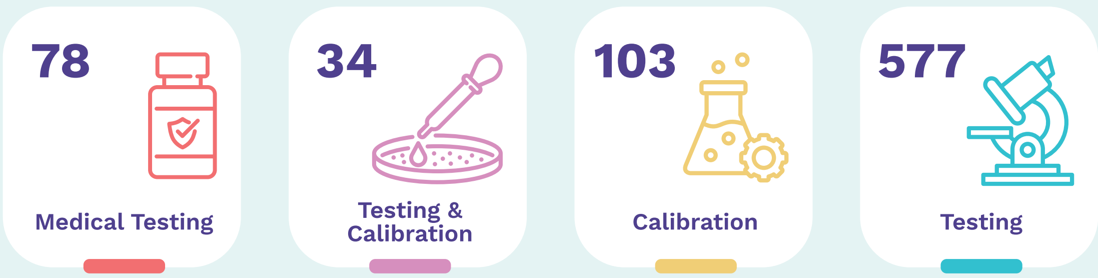
ACCREDITED LABORATORIES UNDER LABORATORY ACCREDITATION SCHEME OF MALAYSIA BASED ON STATES



Source: Department of Standards Malaysia (DSM)

EXHIBIT 4.21

NUMBER OF ACCREDITED LABORATORIES BY FIELD



Source: Department of Standards Malaysia (DSM)

Halal Tour 2021

The MS Halal 2021 Tour Programme was held in collaboration with the Islamic Religious Department of Johor, Sarawak, Kedah, and Selangor in October and November. In conjunction with this programme, several seminars were also held. They included Seminars on Halal Food Products and Premises, as well as Halal Cosmetics. This programme was also done with the cooperation of the Department of Islamic Development Malaysia, Food Safety and Quality Division, Ministry of Health Malaysia, and the National Pharmaceutical Regulatory Division.

The MS Halal 2021 Tour Programme was to assist the halal food products and premises industry in the four (4) states to meet the requirements of MS 1500: 2019 and MS 2634: 2019 which came into effect together with two (2) other halal certification reference documents, namely the Malaysian Halal Certification Procedure Manual and the Malaysian Halal Management System. Apart from that, participants were also exposed to the connection between halal and food safety and cosmetics. About 1,300 participants took part in this tour.

MALAYSIA AUTOMOTIVE ROBOTICS AND IoT INSTITUTE PROGRAMMES TO ENHANCE DIGITALISATION WITHIN BUSINESSES

MARii Enterprise Resource Planning

In line with the Industry4WRD policy announced by the Government in 2019, the Malaysia Automotive Robotics and IoT Institute (MARii) introduced the Enterprise Resource Planning (ERP) System to facilitate the transformation of value chains in the industry to embrace Fourth Industrial Revolution (IR4.0) technologies. It is the starting point of the Digital Transformation journey for any organisation as it provides the basic building blocks for the organisation to work together and collaborate using the same data sets, providing the foundation towards incorporating other technologies such as the Internet of Things (IoT), Artificial Intelligence, and Machine Learning into the organisation.

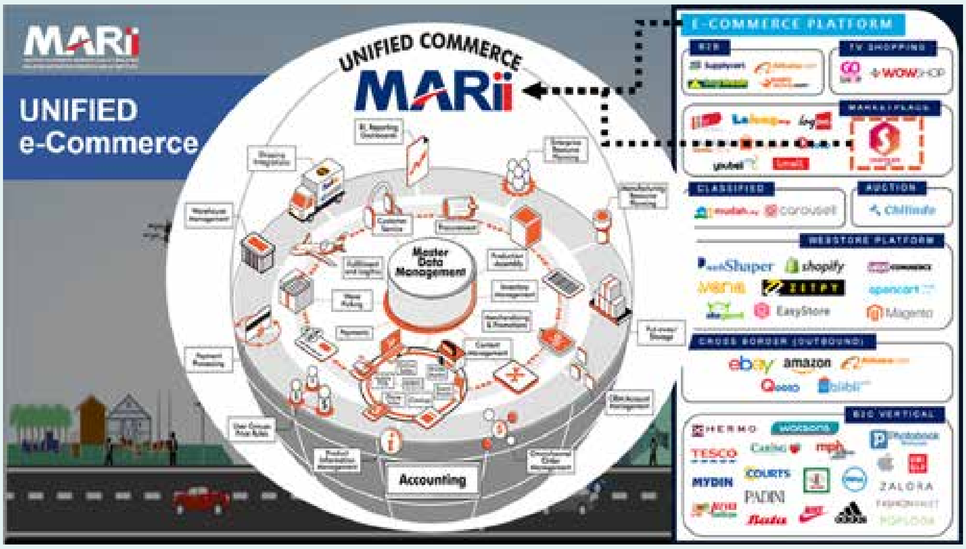
ERP comprises of five (5) main modules and one (1) dashboard that helps the organisation integrate activities within the organisation: sales and logistics, procurement, inventory, manufacturing, and accounting. The ERP monitors daily operational activities and assists in enabling quick decision-making, which is essential for an organisation to become more agile and robust.

MARii introduced the Enterprise Resource Planning (ERP) System to facilitate the transformation of value chains in the industry to embrace **Fourth Industrial Revolution (IR4.0)** technologies.

MARii Unified E-Commerce and Marketplace

The MARii Unified E-Commerce and E-Commerce Marketplace assists entrepreneurs within the e-commerce ecosystem to take advantage of opportunities for market expansion, locally and internationally. The Unified E-Commerce initiative enables the development of various aspects of e-commerce based on the unified commerce strategy. At the same time, the E-Commerce Marketplace is integrated with the Unified E-Commerce initiative that focuses on the automotive and mobility sectors in Mobility as a Service (MaaS). These initiatives will serve as a stepping stone for new business models to bridge business-to-business and business-to-consumer networks, thus expanding their markets to the right audience. The Unified E-Commerce initiative places back-end commerce elements such as procurement, accounting, payment gateways, logistics, and inventory under one system using the MARii Cloud Web Services.

EXHIBIT 4.22
UNIFIED E-COMMERCE AND MARKETPLACE



Source: Malaysia Automotive Robotics and IoT Institute (MARii)

MARii Additive Manufacturing Technology Centre

The MARii Additive Manufacturing Technology Centre (MAMTEC) is the first online 3D Printing Service Bureau in Malaysia spearheaded by the Government for industry. It is a new state-of-the-art Centre of Excellence for additive manufacturing developed by MARii to enhance the capability of local automotive suppliers in research and development (R&D) of new parts and components for Next Generation Vehicles as stipulated in the National Automotive Policy 2020.

MAMTEC is a comprehensive end-to-end online service platform for automotive suppliers and the public to access a wide range of additive manufacturing services from design optimisation, simulation and validation, 3D scanning, reverse engineering, and post-processing. MAMTEC can print any 3D design size and shape through an easy, fast, and secure platform without any manufacturing limitations. Clients can access Malaysia's first online additive manufacturing platform via www.mamtec.com.my. Clients can upload or drag and drop any 3D model files format such as computer-aided design (CAD) or STL, then customise the printing parameters to obtain the desired printing results and receive instant quotations right from the dashboard. Our specialist in MAMTEC will then further process the 3D model using Finite Element Analysis to simulate the behaviour of a part or assembly under given conditions so that only high-quality products will be 3D-printed to meet the design requirement.

Digital Design Smart Collaborative Platform

The Digital Design Smart Collaborative Platform (DDSCOP) is a collaboration between Itramas Corporation Sdn. Bhd. (Prai, Penang) as the anchor company with three (3) suppliers, namely Flexkey (Damansara, Selangor), PebbleReka (Subang, Selangor) and R3KA Resources (Kuala Kedah, Kedah). The aim of the platform is to increase supplier competitiveness with the assistance of the anchor company by leveraging Industry4WRD elements of Cloud Computing, Augmented Reality (AR) Technology, 3D Simulation and Additive Manufacturing.

Smart Predictive Management Data System

The Smart Predictive Management Data System (SPMDS) project is an IoT software and hardware utilisation on the manufacturing value chain co-developed between MARii and Serba Dinamik Holdings Berhad. Management of the project will be jointly led by personnel from both organisations. SPMDS will be utilised by Serba Dinamik Holdings Berhad and high innovative vendors.

EXHIBIT 4.23
SMART PREDICTIVE MANAGEMENT DATA SYSTEM: FEATURE AND KEY BENEFITS

Features:
- Communication channels/protocols
- Intuitive dashboards
- Device management system with real-time, event-based rules
- Digital twin gateway
- Smart device and data management
- AI and machine learning
- Historical real-time
- Predictive data

Key Benefits:
- Understand the situation of the manufacturing process equipment/machinery
- Complete information of the equipment/machine state of health and its production performance
- Predict and improve equipment availability condition
- Descriptive/diagnostic analytics improvement of the machine
- Quick decision-making during downtimes
- Increase productivity

Source: Malaysia Automotive Robotics and IoT Institute (MARii)

MARii Simulation and Analysis Centre Collaboration with Proton

The MARii Simulation and Analysis Centre (MARSAC) aims to accelerate high-value design, cost optimisation and talent development among automotive and mobility component manufacturers. MARSAC was developed in collaboration with Proton and is a standalone facility within MARii's headquarters in Cyberjaya, equipped with 15 high-performance workstations. The facility is powered by MARii's High-Performance Computing servers, enabling real-time data analysis and cloud-based operations. This allows engineers to perform digital simulations and digital twinning during the validation phase of automotive and mobility-based parts, components, systems, and processes to simulate vehicle crashes and identify failure thresholds of components, tooling wear, fluid flow pattern in vehicles, engines or moulds.

Automotive Electronic Vehicles and Green Mobility Week in Expo 2020 Dubai

Nine (9) Memorandum of Understanding (MoUs) and 52 Memoranda of Cooperation between 20 Malaysian companies and foreign counterparts were signed throughout the ninth week of Malaysia's participation at Expo 2020 Dubai, generating more than RM1.135 billion in business potential. This was in conjunction with the Automotive Electronic Vehicles/Energy Efficient Vehicles (EEV) and Green mobility-themed week at the Malaysia pavilion at the Dubai Expo from 27 November to 3 December 2021, attended by 56,850 visitors. MARii led the proceedings of the automotive-themed exhibition that featured various mobility and technology-related companies from Malaysia.

The collaborations established by Malaysian companies at the expo included partnerships with companies from Germany, India, France, Saudi Arabia, UK, United Arab Emirates, and the US. The areas of collaboration included:

(i) Intelligent Mobility;
(ii) Developing Business Management System, Data Visualisation, Micro Financing, and e-Commerce Solutions;
(iii) Middle East market expansion of SERV's digital ecosystem;
(iv) Developing Advanced Driver Assistance System Technology and Deep Learning for Transport System;
(v) Expanding business and collaboration into ASEAN countries;
(vi) Developing predictive maintenance solutions for railways using IoT and Machine Learning Technologies; and
(vii) Developing the world's first MaaS SuperApp.

ECONOMIC OUTLOOK 2022

MITI has taken various efforts to bring continuous improvement in the digital economy, productivity, and competitiveness sectors, which is vital for business improvement and economy growth, and to overcome the impact caused by the pandemic since last two (2) years. Therefore, MITI is committed towards providing clear and coherent policy leadership in achieving MITI's vision. The rolling out of several key initiatives by MITI, MATRADE, and other ancillary agencies, will spur Malaysia's economic recovery in the coming years and put it firmly on track to becoming a high-income, digital economy. Underpinning this is the multi-pronged approach adopted by both MITI and MATRADE to aggressively promote Malaysian products and expertise to the international stage.

Adopting new ideas, concepts, and approaches is another area in which MITI believes will enhance Malaysia's competitiveness globally. As such, the Ministry is aggressively looking at fully embracing digitalisation and the digital economy in year 2022 and beyond.

To this end, the Government introduced the MyDIGITAL Agenda, under the 12MP (2021-2025), in which Malaysia will make the technological leap towards becoming a regional leader in the digital economy. The aim is to transform Malaysia into a digitally-driven, and a high-income nation by 2030, by harnessing human capital development and embracing the Fourth Industrial Revolution (4IR).

Part of this ecosystem is the development of e-Commerce. At the forefront of this initiative is the eTRADE Programme 2.0, designed to accelerate the exports of Malaysian SMEs by listing their products and services on international e-commerce platforms.

While all this is going on, MITI and its agencies will implement a number of initiatives to improve efficiency, while introducing regulatory reforms to enhance quality, productivity, and connectivity between Malaysian businesses and its international customers. The Government's commitment to reduce the unnecessary regulatory burdens on businesses and the people by 25% per year will ensure that the regulations are robust, are of sound quality, comprehensive, agile, responsive, and will contribute towards Malaysia's overall productivity and global competitiveness.

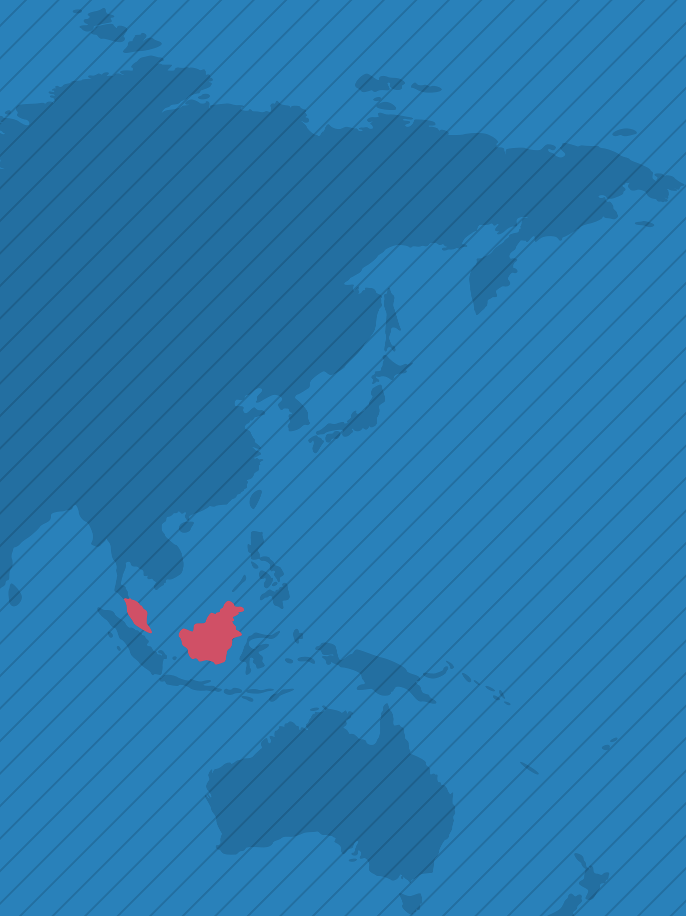
Government is committed to accelerating technology adoption among Malaysian companies. Thus, MITI will continue to play a significant role in reinforcing the foundations and accelerating digitalisation, which is increasingly important as the country moves into the endemic phase. In this matter, MITI will strengthen cooperation with industry players in order to increase productivity and competitiveness. For example, for the year 2022, more than 20 eBusiness Global Campaigns have been scheduled to achieve eBizLink's KPI target of 600 companies assisted through focused campaigns, including business-matching with importers in new potential markets.

MATRADE also believes that the eBizMatch online business meeting programme is an important digital platform for Malaysian exporters to communicate with overseas importers in an efficient and cost-effective manner. As a result, MATRADE will continue to run the eBizMatch programme in 2022, especially as physical events/meetings in several countries are still impractical. Despite these difficult circumstances, MATRADE will continue to work to promote the country's economic progress. The efforts by MATRADE's 46 global offices to expand branding and promotional activities have undoubtedly reinforced the relationship, and increased foreign buyers' confidence in continuing to do business with Malaysian entities.

On the other hand, as the future seems promising for robust productivity growth, MPC is driving the nation's productivity growth towards enhancing the country's global competitiveness and shared prosperity, positioning Malaysia as the preferred destination for trade, investment, and business. Talent, digital technology, and regulations are the key drivers in boosting productivity. MPC is taking steps to ensure quality delivery of initiatives in the three (3) areas, reaching the target of 3.6% annual productivity growth during the 12MP. Implementation of productivity initiatives is realized through public-private collaborative innovation and regulatory experimentation.

The establishment of the #MyMudah Unit at all Ministries, Government Agencies, state and local governments and business associations eases the management of regulatory issues and challenges. Guided by the Malaysia Productivity Blueprint and 12MP, MPC looks forward to delivering productivity initiatives for a competitive and prosperous Malaysia.

Chapter



ECONOMIC PROSPECTS 2023

5

OVERVIEW

In an increasingly competitive environment, Malaysia's strong business ecosystem has placed the country on a sound footing as a preferred investment destination. Simultaneously, Malaysia has accelerated efforts to forge new global trade links to bolster economic growth.

After facing the most bitter, unprecedented tests and challenges for around two (2) years since the COVID-19 pandemic hit, the Ministry of International Trade and Industry (MITI) remains optimistic that all areas of growth under the ministry's supervision will be further enhanced and strengthened, although new issues are arising beyond Malaysia's control. Based on the ministry's observation, several new growth trends and new norms of trade and industry have begun to emerge and are being adopted by many countries. Malaysia must be nimble and ready to adjust to these new developments, which will certainly benefit our country directly or indirectly.

GLOBAL

Global Economy to Stay on Expansionary Path

Like other countries, the performance of the global economy will have a bearing on Malaysia's economic growth. The future looks brighter as most economic projections for the post-pandemic era have so far painted a robust picture ahead.

The World Bank in its Global Economic Prospects published in January 2022 forecast the world economy to rise by 3.2% in 2023. While this post-pandemic growth can be described as moderate, it is higher than 2019's expansion rate of 2.6%. The world economy was hammered in 2020 when countries closed their borders and severely restricted movements domestically to contain the spread of COVID-19. The virus and its mutations, including the Delta and Omicron variants, wrought havoc across the world. Vaccination rollouts began in 2021 and the first phase of the post-pandemic economic growth expansion commenced in 2022. While vaccine inequity has led to spikes and the reimposition of coronavirus measures in some countries, the world economy is nevertheless expected to experience a steady and stable post-pandemic era.

The World Bank in its **Global Economic Prospects** published in January 2022 forecast the **world economy to rise by 3.2% in 2023**

emerging and developing economies are forecast to **grow by 4.4%** in **2023,** according to the **IMF**

COVID-19 May Be Treated Like Normal Flu by 2023

Many countries have already had their citizens fully vaccinated, including with booster jabs, giving them better protection against the virus. In addition, scientists are developing new medical treatment for COVID-19 which may be rolled out by 2023.

As such, lockdowns may no longer be the preferred policy measure to contain the virus going forward as countries learn to live with COVID-19. In time, COVID-19 will just be treated like a normal flu.

Emerging and Developing Economies to Grow By 4.4% in 2023

The People's Republic of China (PRC), the world's second biggest economy and a key driver for Asian growth, is projected to expand by 5.3% in 2023 from the previous year. With tourism activity picking-up steadily, neighbouring Thailand is among the countries expected to recover from economic reopening and is forecast to grow by 4.3% in 2023, compared to a projected 3.9% in 2022. For advanced economies, the three (3) major players – the United States (US), Europe and Japan are expected to stay on an expansionary path due to their strong economic fundamentals. Overall, emerging and developing economies are forecast to grow by 4.4% in 2023, according to the International Monetary Fund.

Global Supply Chain Constraints Expected to Ease

Pent-up demand and tight supplies have pushed global inflation higher in 2020 and 2021. The reopening of economies and a rise in commodity prices are among the key factors squeezing global supply chains. The Baltic Dry Index, which measures the average transport cost of dry bulk materials across more than 20 shipping routes, reached a 13-year high at 5,199 points in October 2021, but started to fall the following month. The decline hints of easing global supply chain constraints and is a positive trend for trade activities. Moving into 2023, the global supply chain is expected to normalise, especially with improvements in supply-side activities as well as a projected stabilisation of commodity prices.

Commodity Prices to Normalise, Brent Crude Price Projected at USD60-70pbd

After a strong pick-up in 2021, commodity prices are expected to slide down slightly as key oil producers raise their output. Brent crude oil price is projected to range between USD75-80 a barrel in 2022, easing to between USD60-70 per barrel in 2023. Even at the lower range, the price levels are still supportive of commodity-based sectors as well as beneficial for commodity-importing countries. Hence, the World Bank forecasts commodity-exporting Emerging Markets and Developing Economies (EMDEs) to grow by 3.1% while commodity-importing EMDEs to expand by 5% in 2023.

Monetary Policy Tightening Shifts to Higher Gear

Interest rates are expected to rise following sharp cuts made in 2020. Based on the latest projection by the Federal Reserve, the US central bank, the Fed Funds Rate is expected to be raised by three (3) or four (4) times the long-running 25 basis points each in 2022, two (2) times in 2023 and two (2) times in 2024. Since the Fed is taking a hawkish stance, other economies are very likely to follow suit. With economic growth expected to remain in positive territory, interest rates are set to rise worldwide to avoid stoking inflation after years of easy borrowing costs.

EXHIBIT 5.1
WORLD REAL GDP GROWTH (%)

	2019	2020	2021[e]	2022[f]	2023[f]
World	**2.6**	**(3.4)**	**5.5**	**4.1**	**3.2**
Advanced economies	**1.7**	**(4.6)**	**5.0**	**3.8**	**2.3**
US	2.3	(3.4)	5.6	3.7	2.6
Euro area	1.6	(6.4)	5.2	4.2	2.1
Japan	(0.2)	(4.5)	1.7	2.9	1.2
Emerging market and developing economies	**3.8**	**(1.7)**	**6.3**	**4.6**	**4.4**
Europe and Central Asia	2.7	(2.0)	5.8	3.0	2.9
Latin America and the Caribbean	0.8	(6.4)	6.7	2.6	2.7
Middle East and North Africa	0.9	(4.0)	3.1	4.4	3.4
South Asia	4.4	(5.2)	7.0	7.6	6.0
Sub-Saharan Africa	2.5	(2.2)	3.5	3.6	3.8
East Asia and Pacific	5.8	1.2	7.1	5.1	5.2
PRC	6.0	2.2	8.0	5.1	5.3
Indonesia	5.0	(2.1)	3.7	5.2	5.1
Thailand	2.3	(6.1)	1.0	3.9	4.3
Malaysia	4.4	(5.6)	3.3	5.8	4.5
Philippines	6.1	(9.6)	5.3	5.9	5.7
Viet Nam	7.0	2.9	2.6	5.5	6.5
High-income countries	1.7	(4.6)	5.0	3.8	2.4
Developing countries	4.0	(1.4)	6.5	4.6	4.5
EMDEs excluding PRC	2.5	(4.2)	5.2	4.2	3.8
Commodity-exporting EMDEs	1.8	(3.9)	4.5	3.3	3.1
Commodity-importing EMDEs	4.9	(0.5)	7.2	5.2	5.0
Commodity-importing EMDEs excluding PRC	3.3	(4.5)	6.1	5.3	4.6
Low-income countries	4.6	1.3	3.3	4.9	5.9
World trade volume	**1.1**	**(8.2)**	**9.5**	**5.8**	**4.7**
Commodity prices					
Oil price	(10.2)	(32.8)	67.2	7.2	(12.2)
Non-energy commodity price index	(4.2)	3.0	31.9	(2.0)	(4.0)

Note: e - estimated; f - forecast
Source: World Bank; Malaysian Industrial Development Finance Research (MIDFR)

MALAYSIA

Growth Domestic Product Within Target Range of 4.5% to 5.5% in 2023

In the post-pandemic era, Malaysia's economy is predicted to expand by 4.6% in 2023, according to the government's forecast. The World Bank projects a slightly slower growth of 4.5% due to an expected moderate decline in exports and the effects of tighter monetary policy. Both forecasts, however, are within the mid-term target range laid-out in the Twelfth Malaysia Plan (12MP) which is 4.5% to 5.5% per annum for the period 2021-2025.

Mask-off

As COVID-19 will be treated like normal flu, it will no longer have a major impact on the economy going forward. High vaccination rates among Malaysia's 32.7 million people, including booster shots, have further strengthened the population's ability to fight the virus. With the global vaccine inequity being addressed, Malaysia's international borders are set to reopen fully by 2023.

Domestic Demand as the Backbone of the Economy

Private consumption, government spending and total investments are projected to rise firmly in 2023. There might be a slight moderation in private expenditures due to tighter monetary policy – hence higher interest rates and less fiscal support as the pandemic eases. Fundamentally, a lower unemployment rate and stable inflation are seen as two (2) key contributing factors supporting growth in domestic demand in 2023. On the fiscal side, government spending is expected to remain on an expansionary mode amid better revenue due to strong economic growth and elevated commodity prices after 2020.

External Trade Performance to Stay on the Upside

Global demand is expected to stay afloat in 2023 as trade volumes are predicted to grow by 4.7%, according to the World Bank. Despite a forecast correction, commodity price levels will remain supportive of mining and agriculture exports. Real exports of goods are projected to expand by 2.1% while services exports, mainly driven by the tourism industry, are expected to grow by 5.1% as international borders fully reopen in 2023.

EXHIBIT 5.2
MALAYSIA'S REAL GDP FORECAST FIGURES (%)

	2019	2020	2021	2022[f]	2023[f]
Real GDP	**4.4**	**(5.6)**	**3.1**	**6.0**	**4.6**
Expenditure-side					
Private consumption	7.7	(4.3)	1.9	6.0	5.8
Public consumption	1.8	3.9	6.6	2.2	2.4
Total investments	(2.1)	(14.5)	(0.9)	16.0	3.5
Public investment	(10.7)	(21.3)	(11.4)	13.7	1.5
Private investment	1.6	(11.9)	2.6	16.6	4.1
Balance of goods & services	11.2	(13.0)	(5.8)	(6.7)	4.0
Exports of goods & services	(1.0)	(8.9)	(15.9)	2.6	2.3
Goods	(1.6)	(1.1)	18.5	2.2	2.1
Services	2.0	(48.0)	(9.4)	7.0	5.1
Imports of goods & services	(2.4)	(8.4)	(18.5)	3.4	2.2
Goods	(2.3)	(4.2)	21.4	2.8	2.4
Services	(2.7)	(25.3)	3.3	7.3	0.5
Supply-side					
Agriculture, forestry & fishing	2.0	(2.2)	(0.2)	3.6	2.2
Mining & quarrying	(0.6)	(10.6)	0.7	5.6	3.2
Manufacturing	3.8	(2.6)	9.5	2.1	3.9
Construction	0.4	(19.4)	(5.2)	16.8	4.7
Services	6.2	(5.5)	1.9	7.3	5.2

Note: e - estimated; f - forecast
Source: World Bank; Malaysian Industrial Development Finance Research (MIDFR)

Industrial Production Index Growth Forecast at 3.3% in 2023

As commodity prices are forecast to remain high, domestic exports are expected to grow by 3.6% while re-exports should expand by 6.9%. Industrial production is likely to increase further on the back of growth in domestic and external demand. Mining and manufacturing are expected to benefit the most from stronger exports. Electricity output is expected to rise, driven by higher industrial production.

Labor Market Improvement to Push Down Jobless Rate to Near Pre-Pandemic Levels

Before the pandemic, Malaysia's unemployment rate was at 3.4% on average. For 2023, the jobless rate is projected to decline to 3.7% from 4.0% in 2022 to reach near pre-pandemic levels. The decline is mainly due to a 5.2% contraction in the number of unemployed persons, coupled with employment growth of 1.6%. Digitalisation and automation could be among the factors limiting Malaysia's unemployment rate from returning to pre-pandemic levels.

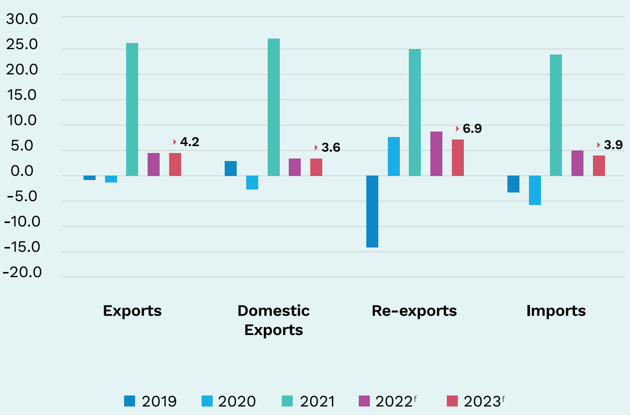
For 2023, the **jobless rate** is projected to **decline to 3.7% from 4.0%** in 2022

Stable Inflationary Pressures

Easing constraints in the global supply chain, a normalisation of commodity prices and tighter monetary policy are expected to keep inflationary pressures at bay. Malaysia's headline inflation is projected to moderate from 2.1% in 2022 to 1.7% in 2023. Non-food inflation is projected to record lower growth at 1.4% amid stable transport and utility costs. Food inflation, however, is seen to grow by 2.4%, higher than non-food and headline inflation. This is largely due to a widening food trade deficit as Malaysia imports more food than it exports. As of November 2021, Malaysia's food trade deficit stood at RM25 billion, the largest deficit ever recorded.

EXHIBIT 5.3

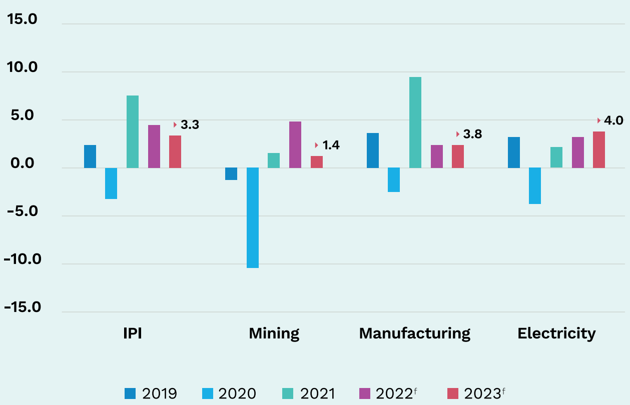
EXTERNAL TRADE PERFORMANCES (YoY%)



Note: f - forecast
Source: World Bank; Malaysian Industrial Development Finance Research (MIDFR)

EXHIBIT 5.4

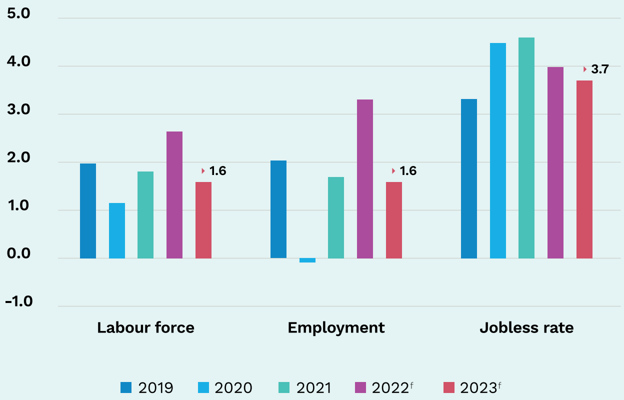
INDUSTRIAL PRODUCTION INDEX (YoY%)



Note: f - forecast
Source: World Bank; Malaysian Industrial Development Finance Research (MIDFR)

EXHIBIT 5.5

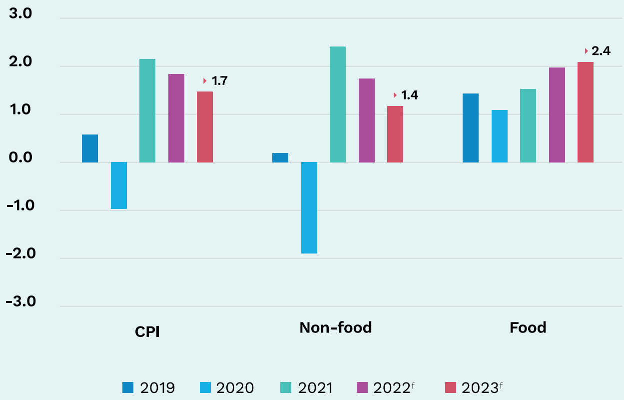
LABOUR MARKET (YoY%)



Note: f - forecast
Source: World Bank; Malaysian Industrial Development Finance Research (MIDFR)

EXHIBIT 5.6

INFLATIONARY PRESSURE (YoY%)



Note: f - forecast
Source: World Bank; Malaysian Industrial Development Finance Research (MIDFR)

APPENDICES

APPENDIX 1

ANNUAL TRADE, 2005-2021

PERIOD	TOTAL TRADE	EXPORTS	IMPORTS	BALANCE OF TRADE
	(RM million)			
2005	969,104.5	536,233.7	432,870.8	103,362.9
2006	1,067,388.3	589,240.3	478,147.9	111,092.4
2007	1,106,344.3	604,299.6	502,044.6	102,255.0
2008	1,182,817.8	663,013.5	519,804.3	143,209.2
2009	987,187.9	552,518.1	434,669.8	117,848.3
2010	1,167,650.7	638,822.5	528,828.2	109,994.3
2011	1,271,488.3	697,861.9	573,626.3	124,235.6
2012	1,309,318.2	702,641.2	606,676.9	95,964.3
2013	1,368,687.3	719,992.4	648,694.9	71,297.5
2014	1,448,354.0	765,416.9	682,937.1	82,479.7
2015	1,463,133.5	777,355.1	685,778.4	91,576.6
2016	1,485,782.8	786,964.2	698,818.7	88,145.5
2017	1,771,349.0	934,926.8	836,422.2	98,504.6
2018	1,883,390.9	1,003,586.9	879,804.0	123,782.9
2019	1,844,482.7	995,071.9	849,410.8	145,661.1
2020	1,784,308.1	983,826.8	800,481.3	183,345.4
2021	2,227,045.6	1,239,801.6	987,244.0	252,557.6

Source: Department of Statistics Malaysia (DOSM)

APPENDIX 2

TRADE WITH THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN), 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
ASEAN	**343,617.0**	**27.7**	**25.9**	**272,979.3**	**27.7**	**232,821.5**	**23.6**	**33.1**	**174,864.2**	**21.8**	**110,795.6**	**98,115.1**	**576,438.5**	**447,843.5**
Singapore	173,386.5	14.0	22.0	142,145.6	14.4	93,722.3	9.5	27.2	73,678.1	9.2	79,664.2	68,467.5	267,108.8	215,823.7
Thailand	52,396.7	4.2	15.6	45,339.5	4.6	45,575.0	4.6	32.9	34,300.1	4.3	6,821.7	11,039.4	97,971.6	79,639.6
Indonesia	39,216.9	3.2	32.5	29,588.8	3.0	55,884.6	5.7	52.3	36,694.3	4.6	-16,667.7	-7,105.6	95,101.5	66,283.1
Viet Nam	45,502.1	3.7	47.2	30,904.6	3.1	23,763.4	2.4	31.9	18,012.0	2.3	21,738.7	12,892.6	69,265.5	48,916.6
Philippines	22,621.7	1.8	28.5	17,606.7	1.8	9,907.6	1.0	12.8	8,780.5	1.1	12,714.1	8,826.2	32,529.2	26,387.2
Brunei Darussalam	5,776.2	0.5	108.1	2,776.2	0.3	2,256.7	0.2	16.5	1,936.9	0.2	3,519.5	839.3	8,033.0	4,713.0
Myanmar	2,709.7	0.2	-11.6	3,066.5	0.3	1,168.8	0.1	24.8	936.7	0.1	1,540.9	2,129.9	3,878.6	4,003.2
Cambodia	1,893.9	0.2	26.7	1,495.2	0.2	453.8	0.0	-5.1	478.1	0.1	1,440.1	1,017.1	2,347.7	1,973.3
Lao PDR	113.3	0.0	101.4	56.2	0.0	89.2	0.0	87.5	47.6	0.0	24.0	8.6	202.5	103.8

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

APPENDIX 3

TOP TEN TRADE PARTNERS IN THE EUROPEAN UNION (EU), 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
EU	**103,595.3**	**8.4**	**22.8**	**84,355.0**	**8.6**	**76,636.9**	**7.8**	**30.1**	**58,904.6**	**7.4**	**26,958.5**	**25,450.3**	**180,232.2**	**143,259.6**
Germany	28,457.0	2.3	15.2	24,693.7	2.5	25,490.1	2.6	9.7	23,228.3	2.9	2,966.9	1,465.5	53,947.0	47,922.0
Netherlands	31,175.5	2.5	32.7	23,488.0	2.4	4,837.6	0.5	10.8	4,365.1	0.5	26,338.0	19,122.9	36,013.1	27,853.0
Italy	7,143.9	0.6	30.6	5,471.0	0.6	7,668.1	0.8	14.5	6,695.3	0.8	-524.1	-1,224.3	14,812.0	12,166.3
Ireland	1,084.4	0.1	-10.8	1,216.0	0.1	12,594.2	1.3	410.9	2,465.3	0.3	-11,509.9	-1,249.2	13,678.6	3,681.3
France	5,133.4	0.4	-0.2	5,141.3	0.5	6,949.4	0.7	11.0	6,260.2	0.8	-1,816.0	-1,118.9	12,082.9	11,401.5
Belgium	6,405.4	0.5	41.9	4,513.6	0.5	4,250.5	0.4	46.4	2,902.6	0.4	2,154.9	1,610.9	10,655.8	7,416.2
Spain	4,698.4	0.4	14.0	4,122.3	0.4	2,250.4	0.2	-0.6	2,264.2	0.3	2,448.0	1,858.1	6,948.8	6,386.5
Czech Republic	3,289.1	0.3	36.7	2,406.5	0.2	1,215.9	0.1	16.9	1,040.4	0.1	2,073.1	1,366.1	4,505.0	3,446.8
Poland	3,076.7	0.2	28.2	2,399.3	0.2	1,113.8	0.1	32.0	843.9	0.1	1,963.0	1,555.4	4,190.5	3,243.2
Sweden	1,937.6	0.2	30.4	1,486.3	0.2	2,218.7	0.2	27.0	1,747.2	0.2	-281.0	-260.9	4,156.3	3,233.5

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

APPENDIX 4

TOP TEN TRADE PARTNERS IN THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC), 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
APEC	**967,782.9**	**78.1**	**23.8**	**781,955.0**	**79.5**	**790,046.5**	**80.0**	**25.9**	**627,730.2**	**78.4**	**177,736.3**	**154,224.8**	**1,757,829.4**	**1,409,685.1**
PRC	192,049.0	15.5	20.6	159,223.0	16.2	229,018.5	23.2	33.0	172,216.5	21.5	-36,969.5	-12,993.5	421,067.5	331,439.5
Singapore	173,386.5	14.0	22.0	142,145.6	14.4	93,722.3	9.5	27.2	73,678.1	9.2	79,664.2	68,467.5	267,108.8	215,823.7
US	142,237.9	11.5	30.4	109,080.3	11.1	74,866.6	7.6	7.4	69,704.7	8.7	67,371.3	39,375.7	217,104.5	178,785.0
Japan	75,270.1	6.1	20.3	62,561.4	6.4	73,712.0	7.5	19.7	61,580.9	7.7	1,558.2	980.5	148,982.1	124,142.3
Chinese Taipei	40,538.9	3.3	19.7	33,873.5	3.4	75,202.9	7.6	29.6	58,033.2	7.2	-34,663.9	-24,159.7	115,741.8	91,906.7
Thailand	52,396.7	4.2	15.6	45,339.5	4.6	45,575.0	4.6	32.9	34,300.1	4.3	6,821.7	11,039.4	97,971.6	79,639.6
Indonesia	39,216.9	3.2	32.5	29,588.8	3.0	55,884.6	5.7	52.3	36,694.3	4.6	-16,667.7	-7,105.6	95,101.5	66,283.1
Hong Kong SAR	76,626.3	6.2	12.4	68,166.8	6.9	17,631.9	1.8	24.2	14,195.9	1.8	58,994.4	53,970.9	94,258.2	82,362.8
ROK	37,651.4	3.0	8.5	34,713.8	3.5	50,080.7	5.1	8.6	46,112.7	5.8	-12,429.3	-11,398.8	87,732.1	80,826.5
Viet Nam	45,502.1	3.7	47.2	30,904.6	3.1	23,763.4	2.4	31.9	18,012.0	2.3	21,738.7	12,892.6	69,265.5	48,916.6

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

APPENDIX 5

TRADE WITH THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA), 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
NAFTA	**160,184.4**	**12.9**	**31.9**	**121,464.2**	**12.3**	**80,737.6**	**8.2**	**8.5**	**74,445.0**	**9.3**	**79,446.8**	**47,019.2**	**240,921.9**	**195,909.2**
US	142,237.9	11.5	30.4	109,080.3	11.1	74,866.6	7.6	7.4	69,704.7	8.7	67,371.3	39,375.7	217,104.5	178,785.0
Mexico	11,589.5	0.9	37.9	8,405.8	0.9	2,304.0	0.2	35.9	1,695.3	0.2	9,285.6	6,710.5	13,893.5	10,101.1
Canada	6,356.9	0.5	59.8	3,978.0	0.4	3,567.0	0.4	17.1	3,045.0	0.4	2,789.9	933.0	9,923.8	7,023.0

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

APPENDIX 6

TRADE WITH EUROPEAN FREE TRADE ASSOCIATION (EFTA), 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
EFTA	**2,977.8**	**0.2**	**-8.3**	**3,248.9**	**0.3**	**8,482.0**	**0.9**	**22.1**	**6,946.0**	**0.9**	**-5,504.2**	**-3,697.1**	**11,459.8**	**10,195.0**
Switzerland	1,954.3	0.2	-27.5	2,693.7	0.3	7,704.9	0.8	26.5	6,092.0	0.8	-5,750.6	-3,398.2	9,659.2	8,785.7
Norway	789.3	0.1	44.6	546.0	0.1	751.6	0.1	-10.6	840.8	0.1	37.7	-294.8	1,541.0	1,386.9
Iceland	231.1	0.0	3,683.7	6.1	0.0	6.1	0.0	276.1	1.6	0.0	225.1	4.5	237.2	7.7
Liechtenstein	3.1	0.0	-0.7	3.1	0.0	19.4	0.0	67.2	11.6	0.0	-16.4	-8.5	22.5	14.7

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

APPENDIX 7

TOP TEN TRADE PARTNERS IN THE ORGANIZATION OF ISLAMIC COOPERATION (OIC), 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
OIC	**117,525.0**	**9.5**	**45.0**	**81,056.8**	**8.2**	**107,396.2**	**10.9**	**22.4**	**87,742.4**	**11.0**	**10,128.7**	**-6,685.6**	**224,921.2**	**168,799.2**
Indonesia	39,216.9	3.2	32.5	29,588.8	3.0	55,884.6	5.7	52.3	36,694.3	4.6	-16,667.7	-7,105.6	95,101.5	66,283.1
UAE	10,587.2	0.9	24.7	8,491.9	0.9	11,706.4	1.2	-3.7	12,161.5	1.5	-1,119.2	-3,669.6	22,293.6	20,653.4
Saudi Arabia	5,056.4	0.4	22.2	4,138.6	0.4	12,502.7	1.3	-22.6	16,158.2	2.0	-7,446.3	-12,019.6	17,559.1	20,296.8
Turkiye	14,125.0	1.1	82.6	7,737.0	0.8	2,844.9	0.3	42.0	2,003.7	0.3	11,280.0	5,733.3	16,969.9	9,740.8
Bangladesh	9,358.3	0.8	81.3	5,162.7	0.5	1,300.0	0.1	49.1	872.1	0.1	8,058.3	4,290.6	10,658.4	6,034.8
Brunei Darussalam	5,776.2	0.5	108.1	2,776.2	0.3	2,256.7	0.2	16.5	1,936.9	0.2	3,519.5	839.3	8,033.0	4,713.0
Pakistan	5,994.1	0.5	25.9	4,761.3	0.5	1,899.5	0.2	73.2	1,096.6	0.1	4,094.6	3,664.7	7,893.6	5,857.8
Nigeria	3,767.2	0.3	40.3	2,685.7	0.3	1,512.1	0.2	75.4	861.9	0.1	2,255.1	1,823.8	5,279.2	3,547.7
Oman	1,204.3	0.1	58.4	760.3	0.1	3,247.4	0.3	18.5	2,739.4	0.3	-2,043.1	-1,979.2	4,451.6	3,499.7
Cote D'ivoire	501.2	0.0	4.2	480.9	0.0	3,662.2	0.4	10.4	3,315.9	0.4	-3,161.0	-2,835.0	4,163.4	3,796.7

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

APPENDIX 8

TOP TEN TRADE PARTNERS IN THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD), 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
OECD	**438,756.1**	**35.4**	**25.9**	**348,371.0**	**35.4**	**323,685.0**	**32.8**	**16.5**	**277,840.6**	**34.7**	**115,071.1**	**70,530.3**	**762,441.1**	**626,211.6**
US	142,237.9	11.5	30.4	109,080.3	11.1	74,866.6	7.6	7.4	69,704.7	8.7	67,371.3	39,375.7	217,104.5	178,785.0
Japan	75,270.1	6.1	20.3	62,561.4	6.4	73,712.0	7.5	19.7	61,580.9	7.7	1,558.2	980.5	148,982.1	124,142.3
ROK	37,651.4	3.0	8.5	34,713.8	3.5	50,080.7	5.1	8.6	46,112.7	5.8	-12,429.3	-11,398.8	87,732.1	80,826.5
Australia	35,144.9	2.8	44.3	24,358.9	2.5	22,562.1	2.3	14.6	19,686.8	2.5	12,582.8	4,672.0	57,707.0	44,045.7
Germany	28,457.0	2.3	15.2	24,693.7	2.5	25,490.1	2.6	9.7	23,228.3	2.9	2,966.9	1,465.5	53,947.0	47,922.0
Netherlands	31,175.5	2.5	32.7	23,488.0	2.4	4,837.6	0.5	10.8	4,365.1	0.5	26,338.0	19,122.9	36,013.1	27,853.0
UK	9,781.5	0.8	-2.0	9,985.5	1.0	7,394.7	0.7	10.3	6,706.2	0.8	2,386.8	3,279.3	17,176.1	16,691.8
Turkiye	14,125.0	1.1	82.6	7,737.0	0.8	2,844.9	0.3	42.0	2,003.7	0.3	11,280.0	5,733.3	16,969.9	9,740.8
Italy	7,143.9	0.6	30.6	5,471.0	0.6	7,668.1	0.8	14.5	6,695.3	0.8	-524.1	-1,224.3	14,812.0	12,166.3
Mexico	11,589.5	0.9	37.9	8,405.8	0.9	2,304.0	0.2	35.9	1,695.3	0.2	9,285.6	6,710.5	13,893.5	10,101.1

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

APPENDIX 9

MAJOR EXPORTS OF MANUFACTURED GOODS TO TOP FIVE DESTINATIONS, 2020-2021

PRODUCTS	COUNTRY	2021		2020	
		Share (%)	RM million	Share (%)	RM million
Total		**1,239,801.6**	**100.0**	**983,826.8**	**100.0**
Manufactured Goods		1,067,209.2	86.1	849,497.6	86.3
Electrical and Electronic Products	**Total**	**455,729.4**	**36.8**	**386,291.9**	**39.3**
	Hong Kong SAR	65,706.5	5.3	57,537.2	5.8
	PRC	59,608.6	4.8	53,901.1	5.5
	Singapore	85,867.0	6.9	69,831.7	7.1
	Taiwan	23,318.8	1.9	19,284.8	2.0
	US	66,480.9	5.4	52,856.6	5.4
Petroleum Products	**Total**	**95,657.9**	**7.7**	**61,888.8**	**6.3**
	Australia	9,192.4	0.7	4,087.2	0.4
	PRC	9,186.1	0.7	10,793.3	1.1
	Indonesia	14,088.6	1.1	5,475.9	0.6
	Singapore	22,508.9	1.8	19,711.0	2.0
	Viet Nam	5,722.9	0.5	4,012.3	0.4
Chemicals & Chemical Products	**Total**	**70,677.9**	**5.7**	**50,735.9**	**5.2**
	India	5,377.6	0.4	2,924.4	0.3
	PRC	17,936.3	1.4	14,276.7	1.5
	Indonesia	7,296.6	0.6	4,814.2	0.5
	Viet Nam	5,031.0	0.4	3,696.2	0.4
	Thailand	6,850.4	0.6	4,735.5	0.5
Rubber Products	**Total**	**64,607.0**	**5.2**	**44,301.8**	**4.5**
	Germany	3,753.2	0.3	2,455.5	0.2
	Japan	3,181.2	0.3	2,271.2	0.2
	PRC	5,031.9	0.4	5,158.3	0.5
	UK	2,465.5	0.2	2,281.7	0.2
	US	22,623.8	1.8	12,778.8	1.3
Manufactures of Metal	**Total**	**61,560.3**	**5.0**	**36,830.0**	**3.7**
	Japan	4,591.2	0.4	2,288.6	0.2
	PRC	17,373.0	1.4	11,556.0	1.2
	Singapore	5,534.4	0.4	3,827.0	0.4
	Turkiye	3,805.0	0.3	523.9	0.1
	US	4,330.9	0.3	2,433.7	0.2
Machinery, Equipment & Parts	**Total**	**49,590.4**	**4.0**	**39,445.7**	**4.0**
	PRC	4,199.8	0.3	3,017.0	0.3
	Indonesia	2,579.1	0.2	2,260.5	0.2
	Singapore	12,116.5	1.0	8,963.0	0.9
	Thailand	2,563.3	0.2	2,038.5	0.2
	US	6,963.3	0.6	5,321.0	0.5
Optical & Scientific Equipment	**Total**	**46,925.9**	**3.8**	**42,220.1**	**4.3**
	Japan	2,878.4	0.2	2,688.4	0.3
	PRC	7,681.5	0.6	6,765.4	0.7
	Singapore	6,076.5	0.5	5,530.4	0.6

PRODUCTS	COUNTRY	2021		2020	
		Share (%)	RM million	Share (%)	RM million
	Taiwan	4,232.2	0.3	4,114.1	0.4
	US	9,391.1	0.8	8,386.5	0.9
Palm Oil Based Manufactured Products	**Total**	**32,704.1**	**2.6**	**21,005.9**	**2.1**
	India	2,078.7	0.2	1,239.2	0.1
	Japan	1,867.8	0.2	1,124.4	0.1
	Netherlands	3,470.6	0.3	1,884.2	0.2
	PRC	5,434.1	0.4	2,980.7	0.3
	US	2,141.4	0.2	1,668.1	0.2
Iron & Steel Products	**Total**	**29,425.4**	**2.4**	**23,551.8**	**2.4**
	PRC	12,767.3	1.0	9,621.1	1.0
	Indonesia	1,734.3	0.1	1,475.2	0.1
	ROK	1,828.2	0.1	859.7	0.1
	Singapore	1,400.9	0.1	1,019.0	0.1
	Thailand	2,003.5	0.2	1,306.7	0.1
Processed Food	**Total**	**24,597.5**	**2.0**	**21,282.9**	**2.2**
	PRC	3,236.9	0.3	2,580.0	0.3
	Indonesia	1,498.2	0.1	1,171.3	0.1
	Singapore	3,179.2	0.3	2,876.9	0.3
	Viet Nam	1,349.2	0.1	912.9	0.1
	Thailand	1,411.9	0.1	1,122.9	0.1

Source: Department of Statistics Malaysia (DOSM)

APPENDIX 10

MAJOR IMPORTS OF MANUFACTURED GOODS TO TOP FIVE IMPORT SOURCES, 2020-2021

PRODUCTS	COUNTRY	2021		2020	
		Share (%)	RM million	Share (%)	RM million
Total		**987,244.0**	**100.0**	**800,481.3**	**100.0**
Manufactured Goods		848,838.5	86.0	687,695.0	85.9
Electrical and Electronic Products	**Total**	**314,353.3**	**31.8**	**252,999.6**	**31.6**
	Japan	25,856.2	2.6	22,489.6	2.8
	PRC	91,237.6	9.2	68,024.7	8.5
	Singapore	27,223.5	2.8	26,999.7	3.4
	Taiwan	51,814.9	5.2	42,648.9	5.3
	US	32,657.2	3.3	30,413.5	3.8
Chemicals & Chemical Products	**Total**	**96,517.6**	**9.8**	**74,295.7**	**9.3**
	Japan	6,665.4	0.7	5,276.9	0.7
	PRC	21,714.8	2.2	13,882.3	1.7
	ROK	5,559.2	0.6	4,502.0	0.6
	Singapore	8,971.1	0.9	6,704.6	0.8
	US	8,396.8	0.9	8,507.9	1.1
Petroleum Products	**Total**	**89,586.0**	**9.1**	**60,007.4**	**7.5**
	India	6,239.7	0.6	5,016.3	0.6
	PRC	12,400.2	1.3	7,643.0	1.0
	Indonesia	4,793.4	0.5	3,589.3	0.4
	ROK	11,180.7	1.1	6,157.3	0.8
	Singapore	26,848.2	2.7	17,453.3	2.2
Machinery, Equipment & Parts	**Total**	**68,551.6**	**6.9**	**60,128.9**	**7.5**
	Germany	4,506.3	0.5	4,412.2	0.6
	Japan	7,950.0	0.8	7,031.4	0.9
	PRC	23,944.7	2.4	19,126.3	2.4
	Singapore	5,457.5	0.6	4,527.9	0.6
	US	6,410.5	0.6	6,550.0	0.8
Manufactures of Metal	**Total**	**54,209.4**	**5.5**	**47,024.2**	**5.9**
	Australia	3,657.0	0.4	2,451.1	0.3
	Japan	7,254.8	0.7	5,197.5	0.6
	PRC	14,269.8	1.4	9,881.0	1.2
	Indonesia	4,037.0	0.4	1,681.6	0.2
	US	6,181.1	0.6	4,490.5	0.6
Transport Equipment	**Total**	**33,715.2**	**3.4**	**36,519.1**	**4.6**
	Germany	3,590.0	0.4	2,879.1	0.4
	Japan	5,430.2	0.6	4,430.5	0.6
	PRC	6,614.6	0.7	4,846.9	0.6
	Thailand	5,917.9	0.6	4,154.2	0.5
	US	3,700.5	0.4	3,005.7	0.4
Iron & Steel Products	**Total**	**33,458.0**	**3.4**	**24,648.3**	**3.1**
	Japan	5,688.8	0.6	5,144.9	0.6
	PRC	6,531.4	0.7	4,043.3	0.5
	Indonesia	3,430.1	0.3	1,826.8	0.2

PRODUCTS	COUNTRY	2021		2020	
		Share (%)	RM million	Share (%)	RM million
	ROK	3,464.9	0.4	3,182.0	0.4
	Taiwan	3,217.5	0.3	2,215.4	0.3
Optical & Scientific Equipment	**Total**	**26,804.8**	**2.7**	**23,246.6**	**2.9**
	Germany	2,150.8	0.2	1,800.0	0.2
	Japan	2,754.1	0.3	2,609.4	0.3
	PRC	6,139.0	0.6	4,341.0	0.5
	Singapore	3,359.3	0.3	3,104.8	0.4
	US	4,479.5	0.5	4,355.5	0.5
Processed Food	**Total**	**24,855.9**	**2.5**	**21,765.5**	**2.7**
	Brazil	2,834.1	0.3	1,954.6	0.2
	PRC	2,570.0	0.3	2,459.5	0.3
	Singapore	2,170.2	0.2	1,804.0	0.2
	Thailand	2,357.9	0.2	2,093.6	0.3
	US	2,364.1	0.2	2,038.9	0.3
Rubber Products	**Total**	**16,726.9**	**1.7**	**9,857.6**	**1.2**
	Japan	1,263.7	0.1	924.3	0.1
	PRC	3,047.9	0.3	1,759.6	0.2
	ROK	4,576.5	0.5	2,387.0	0.3
	Taiwan	2,364.5	0.2	1,128.6	0.1
	Thailand	2,087.1	0.2	1,455.5	0.2

Source: Department of Statistics Malaysia (DOSM)

APPENDIX 11

TOP TEN TRADE PARTNERS IN AFRICA, 2020-2021

COUNTRY	EXPORTS					IMPORTS					BALANCE OF TRADE		TOTAL TRADE	
	2021			2020		2021			2020		2021	2020	2021	2020
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million		RM million	
TOTAL	**1,239,801.6**	**100.0**	**26.0**	**983,826.8**	**100.0**	**987,244.0**	**100.0**	**23.3**	**800,481.3**	**100.0**	**252,557.6**	**183,345.4**	**2,227,045.6**	**1,784,308.1**
Africa	**30,378.5**	**2.5**	**54.5**	**19,663.5**	**2.0**	**15,799.8**	**1.6**	**35.3**	**11,674.2**	**1.5**	**14,578.6**	**7,989.3**	**46,178.3**	**31,337.8**
Algeria	481.5	0.0	31.0	367.7	0.0	880.1	0.1	21.1	726.5	0.1	-398.5	-358.8	1,361.6	1,094.2
Cote D'ivoire	501.2	0.0	4.2	480.9	0.0	3,662.2	0.4	10.4	3,315.9	0.4	-3,161.0	-2,835.0	4,163.4	3,796.7
Egypt	2,851.7	0.2	71.6	1,662.1	0.2	922.0	0.1	120.6	418.0	0.1	1,929.8	1,244.2	3,773.7	2,080.1
Ghana	2,362.5	0.2	87.8	1,258.0	0.1	1,928.8	0.2	118.2	883.9	0.1	433.7	374.1	4,291.3	2,141.9
Kenya	4,667.2	0.4	107.0	2,254.6	0.2	120.4	0.0	-66.5	359.7	0.0	4,546.8	1,894.9	4,787.5	2,614.4
Mozambique	1,998.1	0.2	94.6	1,027.0	0.1	243.8	0.0	183.9	85.9	0.0	1,754.3	941.1	2,242.0	1,112.9
Nigeria	3,767.2	0.3	40.3	2,685.7	0.3	1,512.1	0.2	75.4	861.9	0.1	2,255.1	1,823.8	5,279.2	3,547.7
South Africa	3,438.9	0.3	35.1	2,544.6	0.3	1,947.2	0.2	-10.1	2,166.5	0.3	1,491.7	378.1	5,386.1	4,711.1
Togo	1,365.6	0.1	102.9	672.9	0.1	36.0	0.0	-62.7	96.4	0.0	1,329.6	576.5	1,401.5	769.3
Tanzania	1,635.0	0.1	148.1	658.9	0.1	82.9	0.0	-72.5	301.5	0.0	1,552.0	357.4	1,717.9	960.5

*Note: Top countries are sorted according to Total Trade value for 2021
Source: Department of Statistics Malaysia (DOSM)

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