

MALAYSIA'S TRADE AND INVESTMENT MISSION TO EUROPE CONTINUES IN AMSTERDAM AND BRUSSELS, 19-20 OCTOBER 2017

Innovation and services sectors among key areas targeted for future growth

The trade and investment mission to Europe led by International Trade and Industry Minister, YB Dato' Sri Mustapa Mohamad moved on to Amsterdam and Brussels on 19-20 October 2017 with seminars and a number of one-to-one engagements with leading companies and potential investors. "As at 2016, 249 projects with participation of Dutch companies valued at RM21.6 billion have been implemented in Malaysia, making Netherlands our second largest investor from the EU, behind Germany. These investments are in key sectors such as electronics & electrical, food manufacturing and scientific equipment. There are about 150 Dutch companies operating in Malaysia which include Shell, Dutch Lady, Vopak and NXP Semiconductor", said Dato' Sri Mustapa.

Besides the RM2.6 billion Global Business Services Centre established by Shell in Kuala Lumpur which employs over 1,700 people, a number of Dutch companies have chosen Malaysia to set up their regional establishments including Benchmark Electronics, Mylaps BV and Kraton Polymers. There is strong interest in the Malaysian economy within the Dutch business community and many are leveraging on Malaysia's strategic position as their gateway to ASEAN. During the seminar, two Dutch SMEs namely BE Semiconductor Industries (BESI) and Enza Zaden also shared their overall positive experiences investing in Malaysia as well as their own perspective on the human capital capacity in Malaysia. Among others, both companies noted the high quality human capital available in Malaysia especially in the area of technology and mechanisation and the strong work culture among Malaysians. They were happy with the facilitation by MIDA and other IPAs.

BESI based in Shah Alam with 430 employees is involved in the production of semiconductor related machinery & equipment and has continued making Malaysia as its regional base to serve the Asia Pacific market. Enza Zaden, a Dutch SME producing agricultural seeds has chosen Perak for its R&D centre and highland breeding centre which has been accorded Bio Nexus status. The services sector has always



played an important role in driving the Dutch economic growth. Netherlands also has a strong standing in the area of renewable energy, in line with its aspiration to have a sustainable and affordable energy system. As Netherlands continues to position itself as a global knowledge economy, there are abundant opportunities for Malaysia to attract new investments from the country especially in new areas of economy such as renewables, biomass, start-ups and IOT. "Malaysia is currently in an exciting phase of development with major initiatives in areas such as digital economy. This development presents new business opportunities for Dutch companies especially in innovative-driven and service-based sectors", added Dato' Sri Mustapa.

For example, the Dutch Palmares consortium that consists of several companies in the field of renewable energy, such as Energy Transformers and DMT Technology are looking into opportunities in Malaysia in the field of treatment of palm oil waste (residue). In addition, a scale-up Dutch company called Saleduck is in the field of e-commerce (E-couponing) in Malaysia whilst scale-ups such as Poet Farmer and Lizard Apps are in the area of App development in Malaysia. Leading SMEs such as KMWE producing precision systems and components for the semiconductor industry have also thrived in Malaysia growing from 11 employees in 2009 to 200 people in 2017. KMWE has plans to further expand its operations in Malaysia including in the aerospace sector.

The Minister also took the opportunity to visit Brainport Industries Campus in Eindhoven which is a High Tech centre in the Netherlands with more than 140 companies and institutes, and some 10,000 researchers, developers and entrepreneurs working on developing future technologies and products. Brainport Eindhoven is one of the world's leading technology regions, with 42% of patented innovations in Netherlands produced here. It also contributes about 25% of exports from

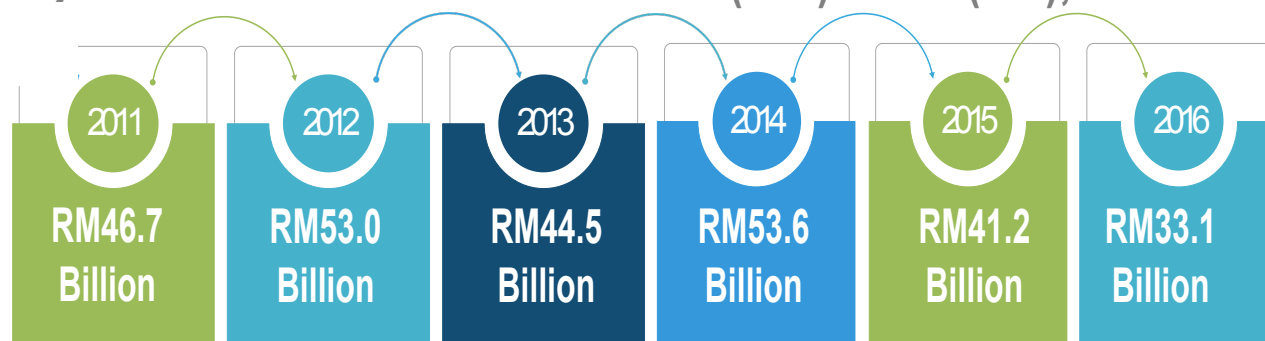
Netherlands. The High Tech centre is built upon a Triple Helix framework which focuses on collaboration between the Government, private sector and educational institutions. Brainport Eindhoven was supported by leading anchor companies, include PHILLIPS, ASML, NXP, DAF and VDL. These original equipment manufacturers (OEMs) are well supported by first, second and third tier SMEs resulting in a very strong ecosystem. The High Tech centre has been at the forefront of new areas of research including Integrated Photonics, Artificial Intelligence and Virtual Intelligence. MITI will organise a seminar in Malaysia with the support of Brainport High Tech Campus early 2018 to create awareness of how the Triple Helix framework has been successful in ensuring the competitiveness of Dutch industries.

The mission continued with a roundtable meeting involving 10 leading Belgium companies in Brussels. The roundtable meeting was held to update both existing and new companies on the latest development and business opportunities available in Malaysia. As at June 2017, implemented Belgian investments was worth RM743.6 million making Belgium as one of the significant investors from the EU. These investments had created over 2,000 employment opportunities in key sectors such as non-metallic mineral products, chemical and electrical and electronics. Among major companies that had set their footprints in Malaysia include Lhoist Chemicals, Oleon and Melexis. Some of the Belgian companies which have existing operations in Malaysia are exploring into expansion of their production capacity to leverage on our country's strategic position as the gateway to ASEAN.

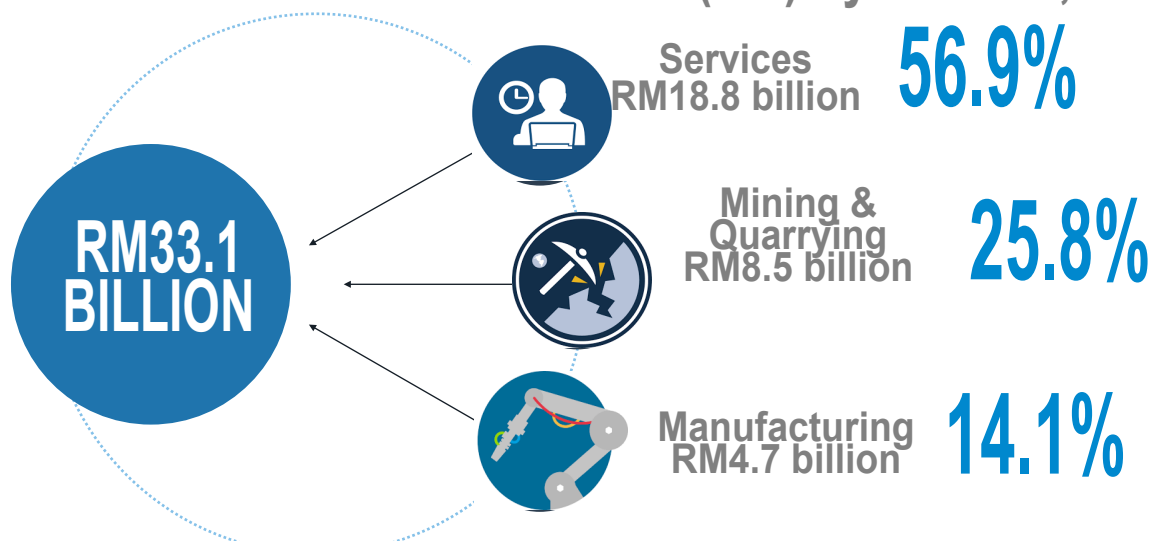
"It is important for Malaysia to be strongly on the radar screen of European multinationals and SMEs. To achieve this objective, we must enhance our visibility in the major trade and investment markets. For these major markets, we need to engage them at least once a year to update on our latest economic developments, business opportunities and attractiveness of Malaysia as a premier investment destination", said Dato' Sri Mustapa Ministry of International Trade and Industry

Source: Ministry of International Trade and Industry (MITI)

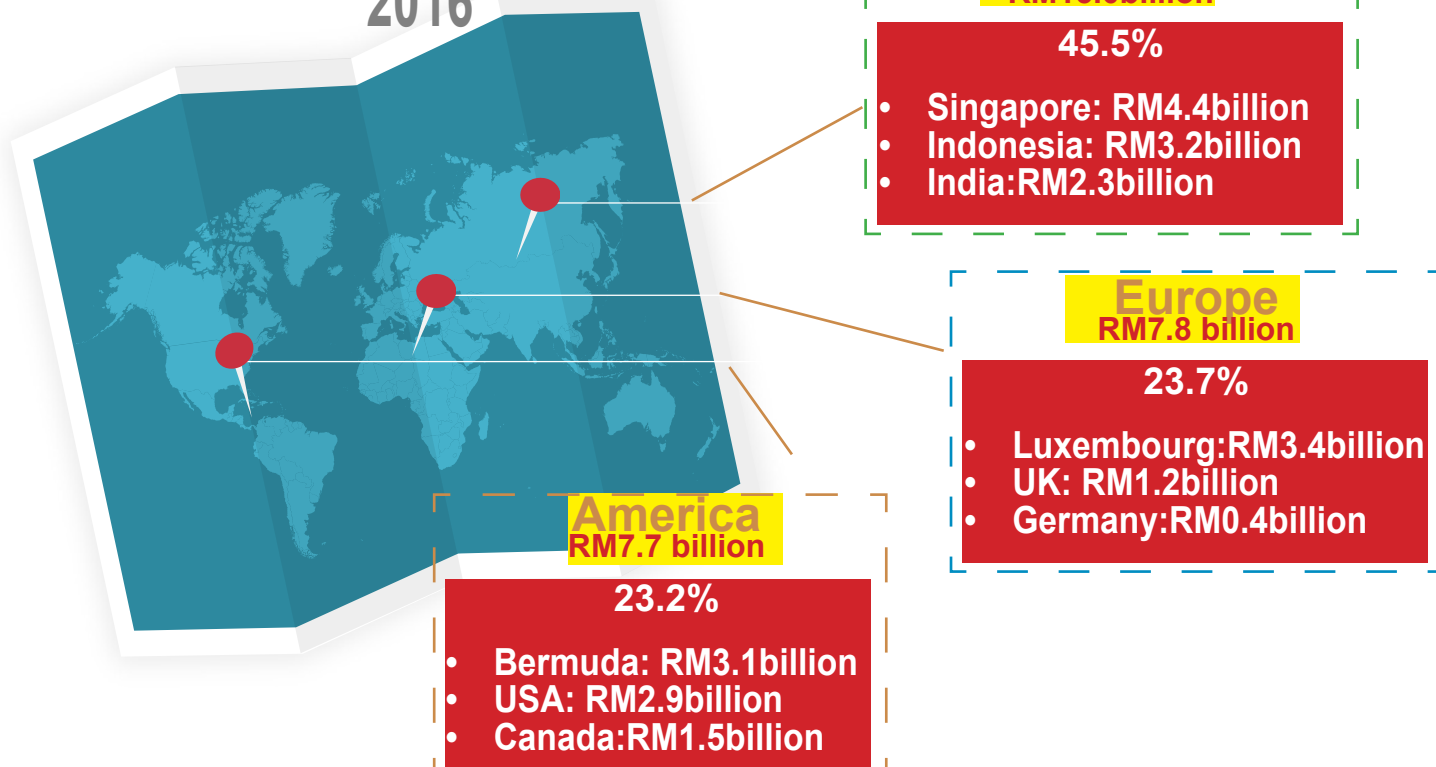
Malaysia's Direct Investment Abroad (DIA) Flows(net), 2010-2016



Main Contributors of DIA Flows (net) by Sectors, 2016



Top Destinations of DIA Flows(net) 2016



Note: DIA refers to investment in the form of financial instruments namely equity & investment fund shares, (include reinvestment of earnings) and debt instruments (inter-company loans, trade credit, advances, etc.) by Malaysian direct investors in direct investment enterprises abroad.
Source: Department of Statistics, Malaysia





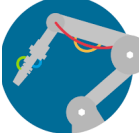



DIA Performance, 2016

RM Billion	2011	2012	2013	2014	2015	2016
Flows	46.7	53.0	44.5	53.6	41.2	33.1
Position	338.2	368.1	420.7	473.4	583.8	566.0
Income	28.8	16.2	22.3	24.3	18.4	20.8

Notes:

- DIA flows refers to acquisitions and disposals of financial assets and liabilities during a reference period. It comprises of transactions in the form of financial instruments namely equity & investment fund shares (include reinvestment of earnings) and debt instruments. Negative values (-) indicate an outflow or the increase in investment.
- DIA position refers to total stock of DIA as at end of reference period. The end position is derived from opening stock plus financial flows plus other changes (price changes, exchange rate changes and other changes).
- DIA investment income refers to repatriation of earnings from DIES abroad to their Malaysian direct investors. The income consists of distributed earnings (dividends and interests) and undistributed earnings (reinvested earnings).

DIA by Sector, 2016

Flows		Position	Income
<div><div>Services</div><div>56.9%</div></div>	<div><div>Services</div></div>	62.2%	53.8%
<div><div>Mining & Quarrying</div><div>25.8%</div></div>	<div><div>Mining & Quarrying</div></div>	21.3%	35.6%
<div><div>Manufacturing</div><div>14.1%</div></div>	<div><div>Agriculture</div></div>	8.3%	5.2%
<div><div>Others</div><div>3.2%</div></div>	<div><div>Others</div></div>	8.2%	5.4%

Note: % refer to shares of DIA

Source: Department of Statistics, Malaysia

International Report

USA GOODS AND SERVICES TRADE: August 2017



Top Five Trading Partners (Trade in Goods), August 2017

Total Trade
US\$323.3 billion

1

PRC

Total Trade: US\$56.7 bil.
17.1%*

2

Canada

Total Trade: US\$49.5 bil.
15.0%*

3

Mexico

Total Trade: US\$47.9 bil.
14.5%*

4

Japan

Total Trade: US\$17.4 bil.
5.2%*

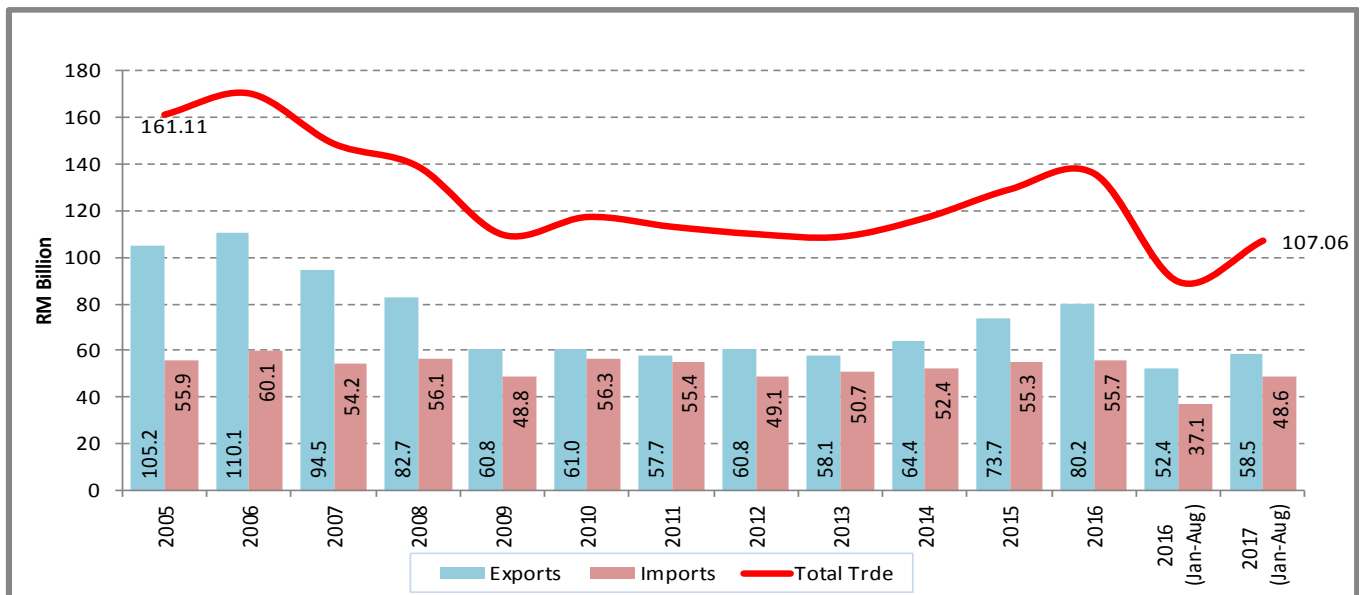
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Germany

Total Trade: US\$14.5 bil.
4.4%*

Note: %* : Percent of U.S. total trade
Source: U.S. Bureau of Economic

Malaysia's Trade with USA, 2005 - August 2017



Major Exports, Jan - Aug 2017

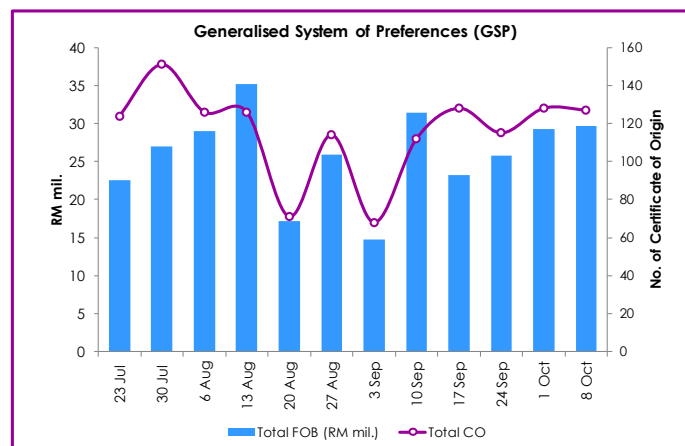
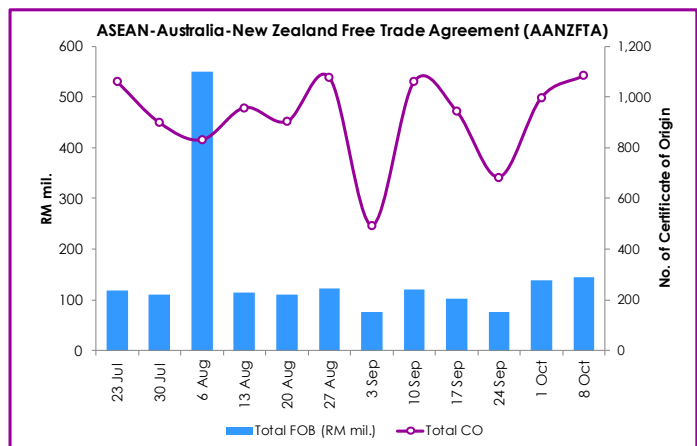
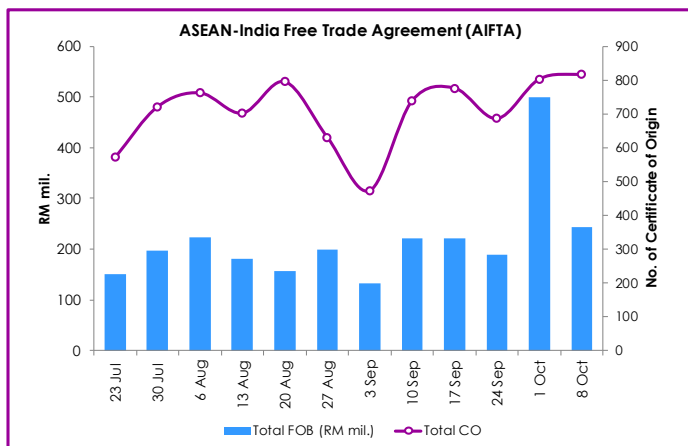
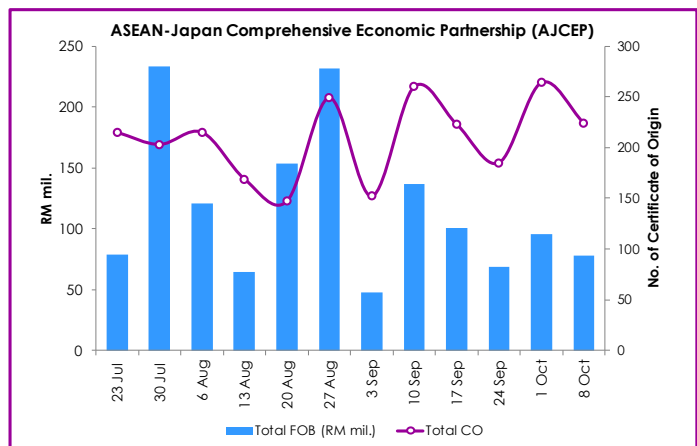
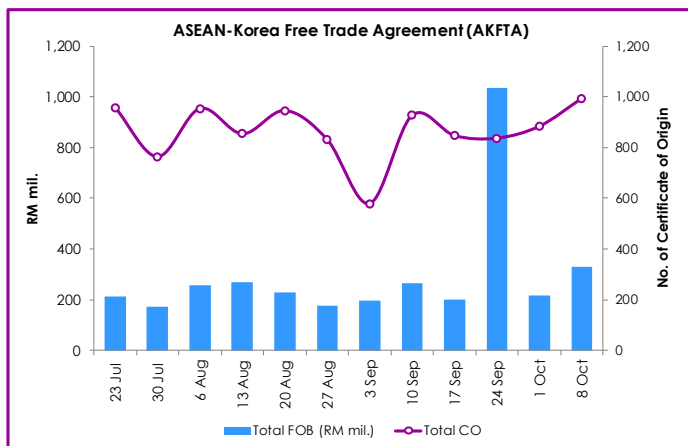
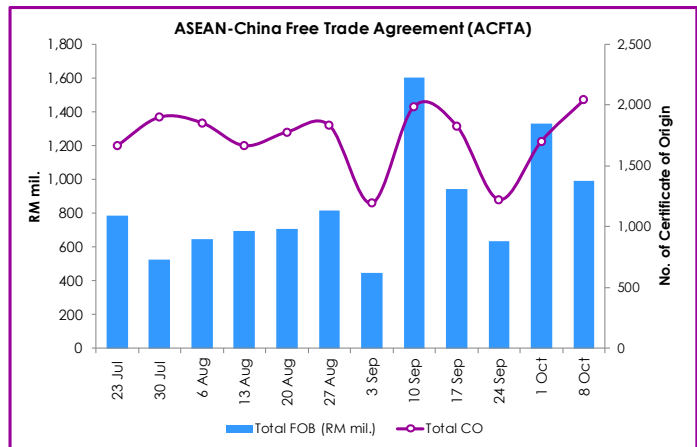
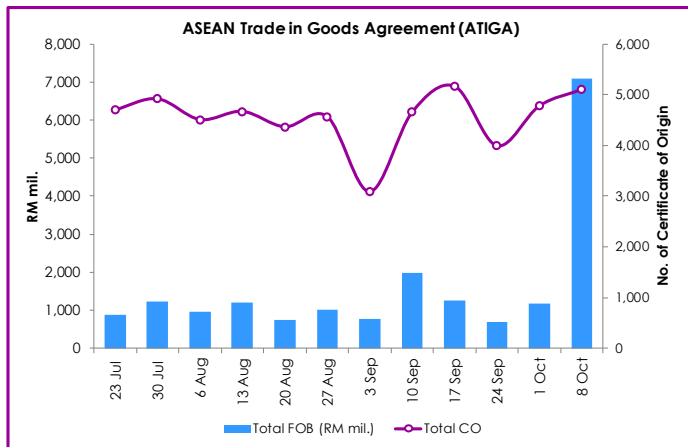
HS code	Product	2017	2016	Growth (%)
85	Electrical machinery and equipment	48.3	47.9	3.7
84	Machinery appliances	14.8	15.5	29.4
40	Rubber and articles thereof	6.5	6.5	24.7
90	Optical, photographic, precision, medical apparatus	7.1	7.2	8.7
94	Furniture and bedding; illuminated signs; prefabricated buildings	3.9	4.0	17.6

Major Imports, Jan - Aug 2017

HS code	Product	2017	2016	Growth (%)
85	Electrical machinery and equipment	20.0	16.4	21.7
84	Machinery appliances	6.5	4.3	50.8
88	Aircraft and spacecraft	3.4	2.7	25.7
90	Optical, photographic, precision, medical apparatus	3.1	3.0	2.3
89	Ships, boats and floating structures	2.8	0.02	12,418.30

Source: Department of Statistics, Malaysia

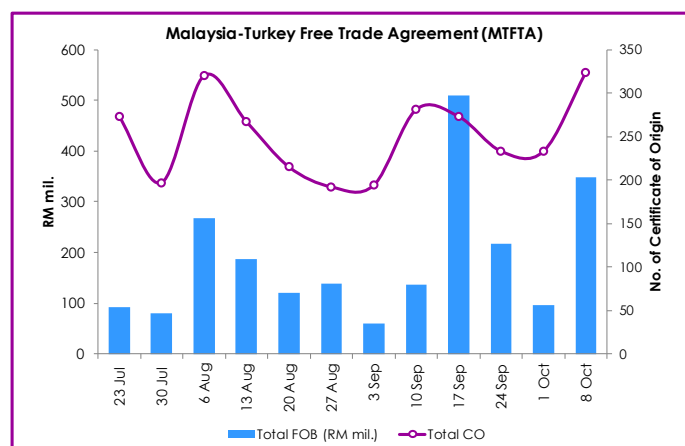
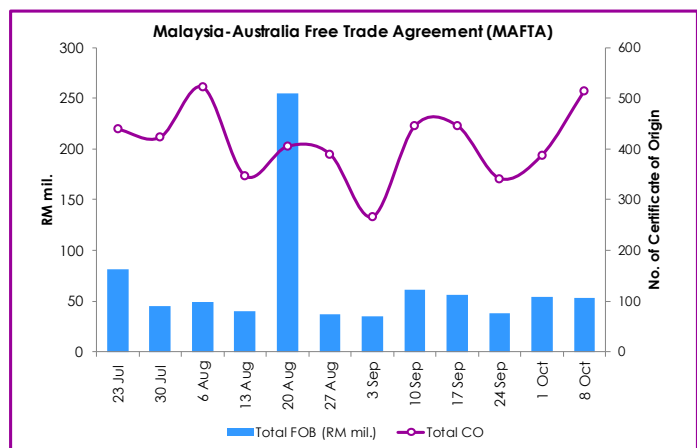
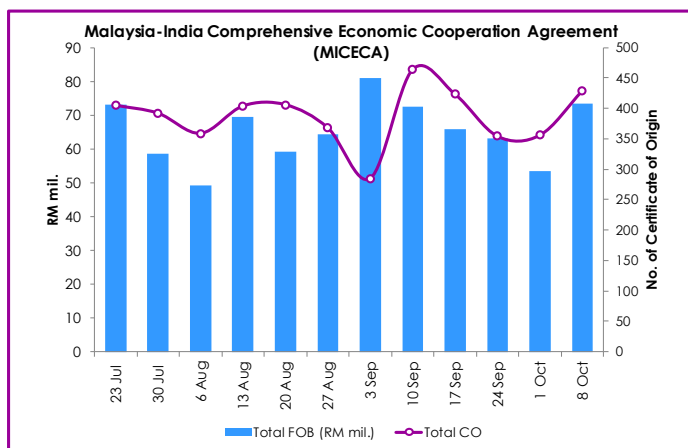
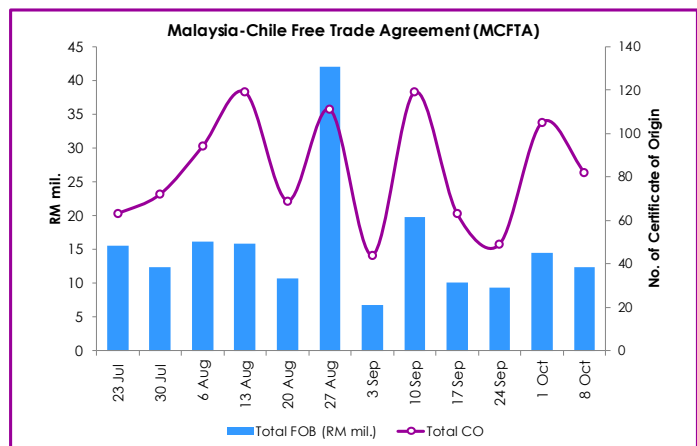
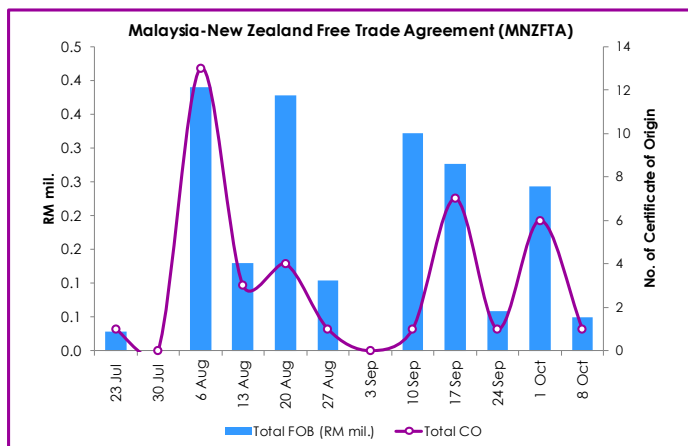
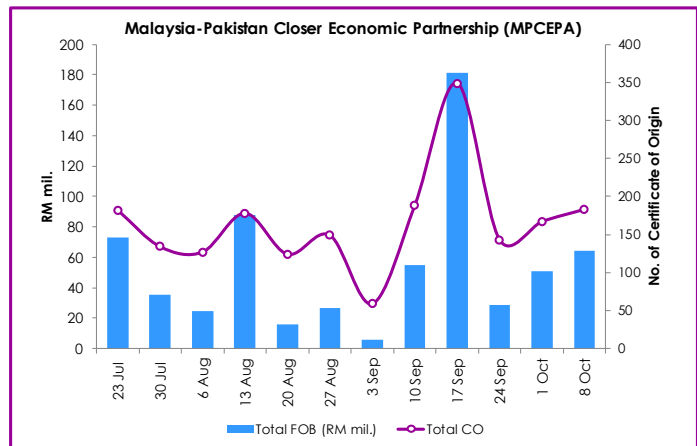
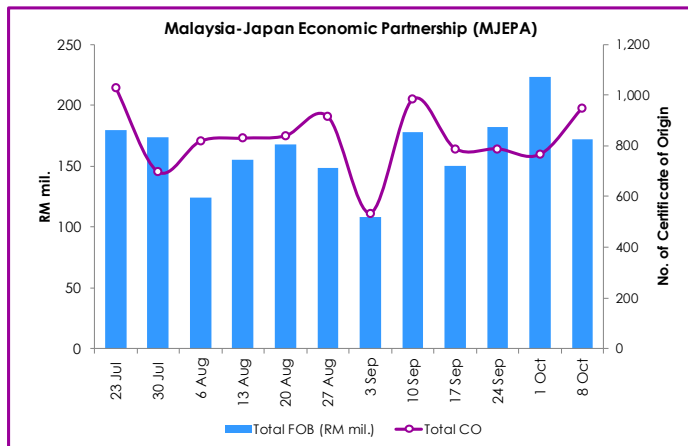
Number and Value of Preferential Certificates of Origin (PCOs)



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

Note: *Provisional Data
Source: Ministry of International Trade and Industry, Malaysia

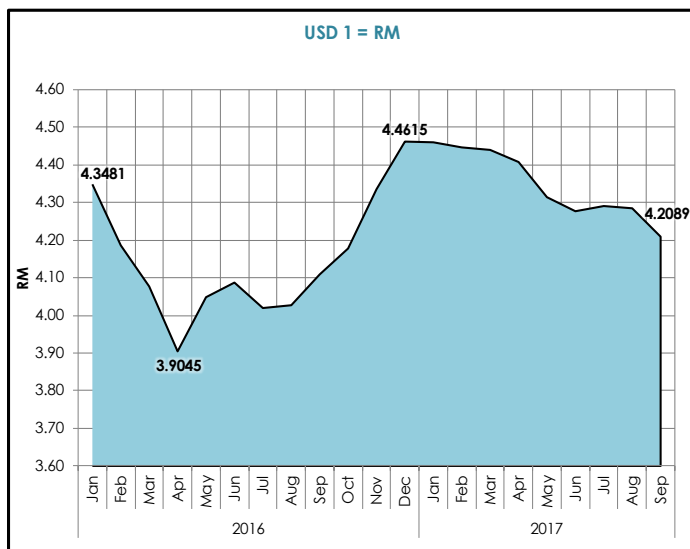
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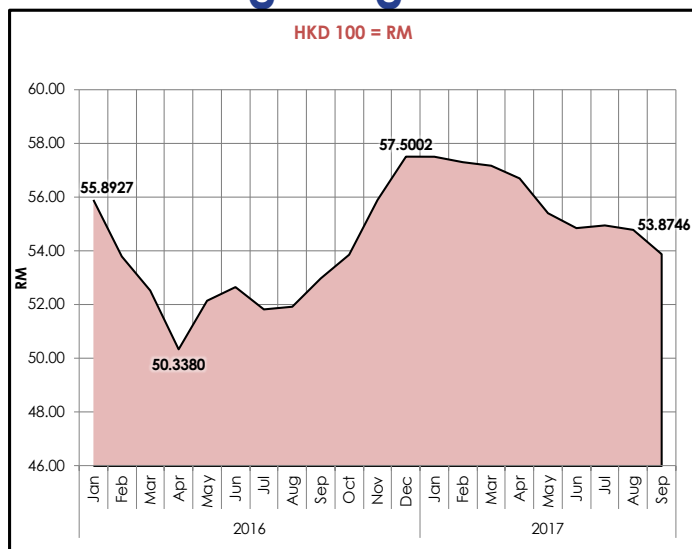
Note: *Provisional Data
Source: Ministry of International Trade and Industry, Malaysia

Malaysian Ringgit Exchange Rate with Selected Countries, January 2016 - September 2017

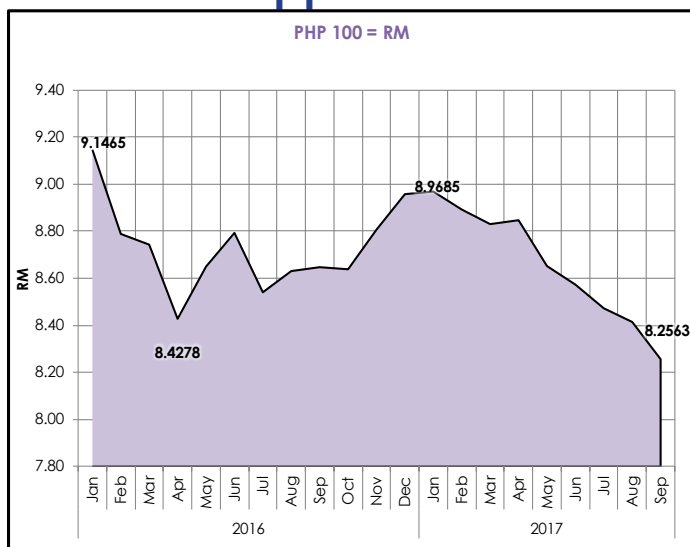
US Dollar



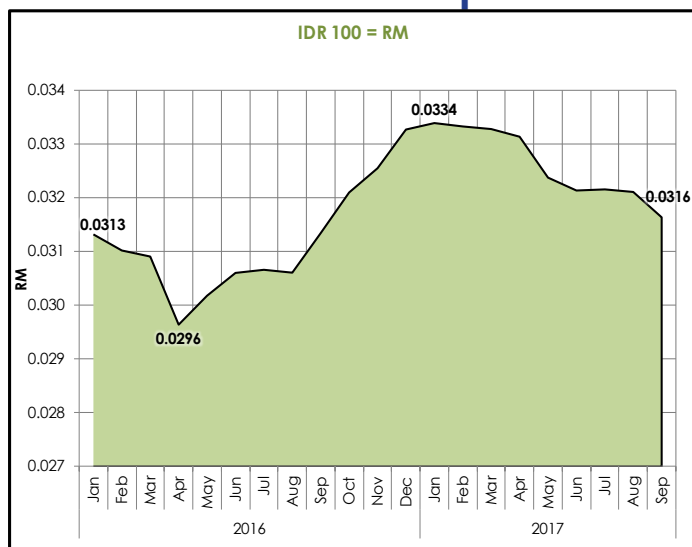
Hong Kong Dollar



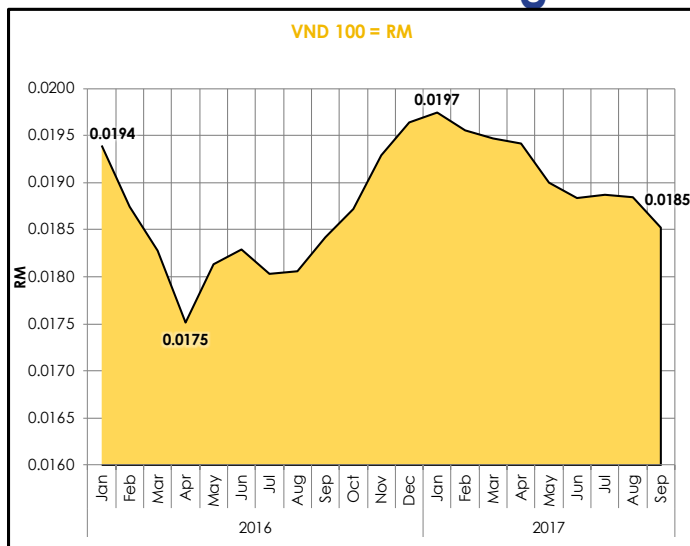
Philippine Peso



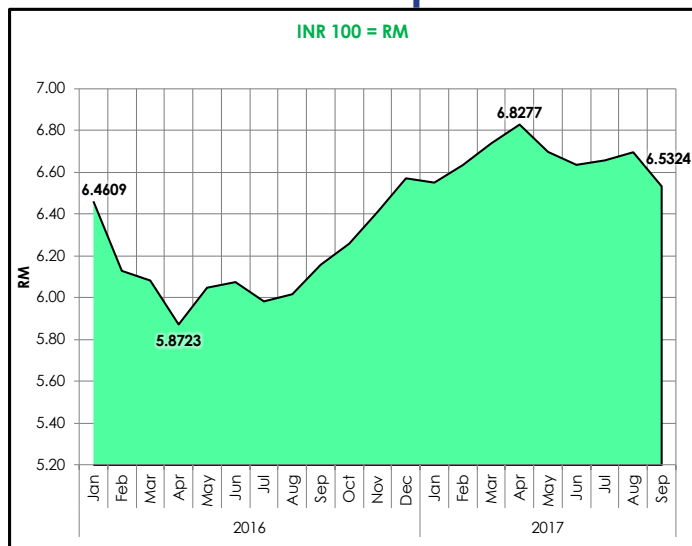
Indonesian Rupiah



Vietnamese Dong



Indian Rupee



Source : Bank Negara, Malaysia

Commodity Prices



CRUDE PETROLEUM (BRENT) -per bbl-

20 Oct 2017 : **US\$57.8**, ▲ 1.0%*
Average Priceⁱ: 2016: US\$45.3
2015: US\$53.6



CRUDE PALM OIL -per MT-

20 Oct 2017 : **US\$722.5**, ▲ 1.0%*
Average Priceⁱ: 2016: US\$702.2
2015: US\$616.9



SUGAR -per lbs-

20 Oct 2017 : **US¢ 14.0**, ▲ 2.8%*
Average Priceⁱ: 2016: US¢18.2
2015: US¢13.2



RUBBER SMR 20 -per MT-

20 Oct 2017 : **US\$1,430.0**, ▼ 0.7%*
Average Priceⁱ: 2016: US\$1,394.5
2015: US\$1,364.3



COCOA SMC 2 -per MT-

20 Oct 2017 : **US\$1,503.3**, ▲ 1.5%*
Average Priceⁱ: 2016: US\$1,609.8
2015: US\$2,077.0



COAL -per MT-

20 Oct 2017 : **US\$61.3**, ▲ 1.5%
Average Priceⁱ: 2016: US\$45.6
2015: US\$49.9



SCRAP IRON HMS -per MT-

20 Oct 2017 : **US\$350.0** (high), unchanged
US\$330.0 (low), unchanged
Average Priceⁱ: 2016: US\$243.2
2015: US\$239.6

HIGHEST and LOWEST 2016/2017

Crude Petroleum (Brent) -per bbl-



Highest

20 Oct 2017 : **US\$57.8**
30 Dec 2016 : US\$56.8

Lowest

23 June 2017 : **US\$45.5**
15 Jan 2016 : US\$28.9

Crude Palm Oil -per MT-



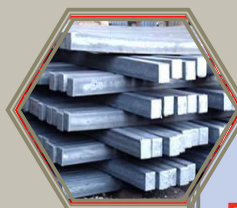
Highest

20 Jan 2017 : **US\$843.0**
30 Dec 2016 : US\$797.5

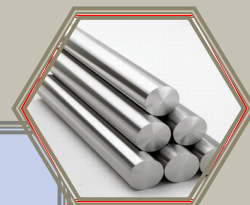
Lowest

30 June 2017 : **US\$650.0**
15 Jan 2016 : US\$545.5

Domestic Prices 20 Oct 2017



Billets
(per MT)
RM2,250 – RM2,300



Steel Bars
(per MT)
RM2,400 – RM2,550

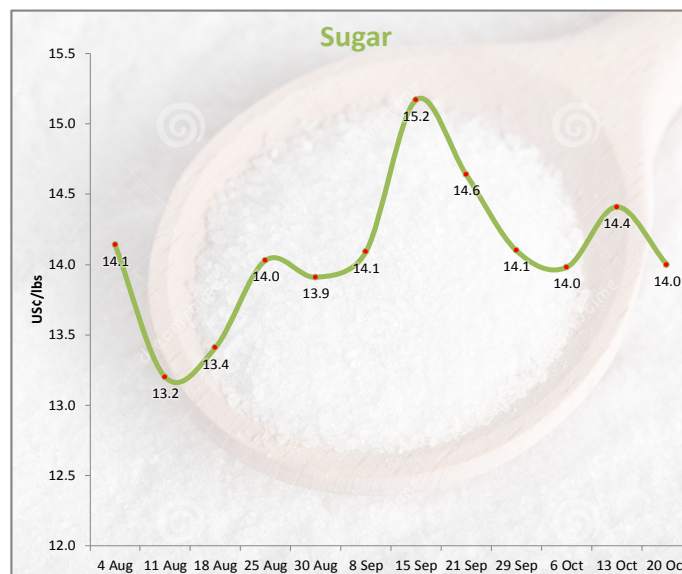
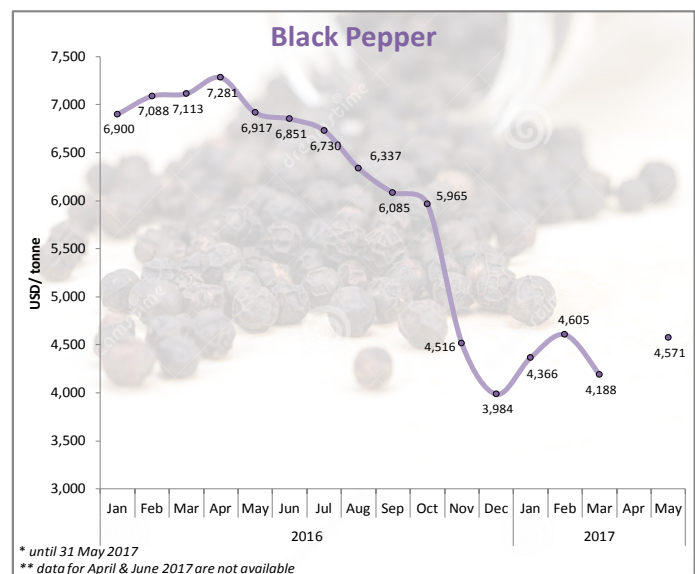
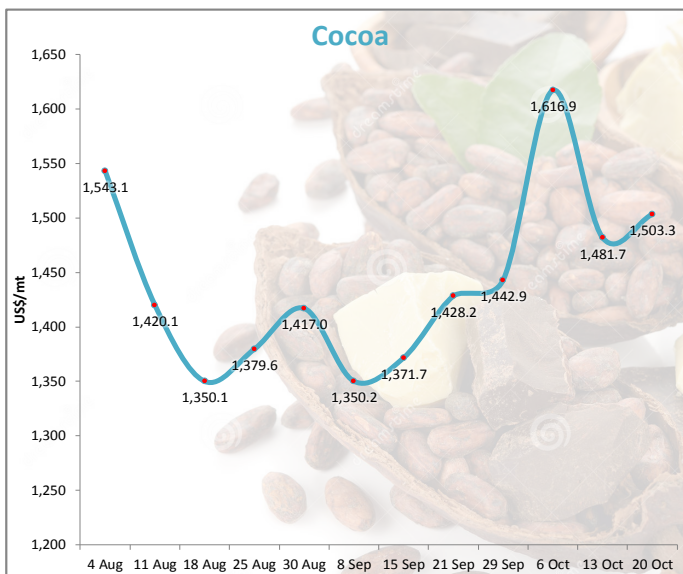
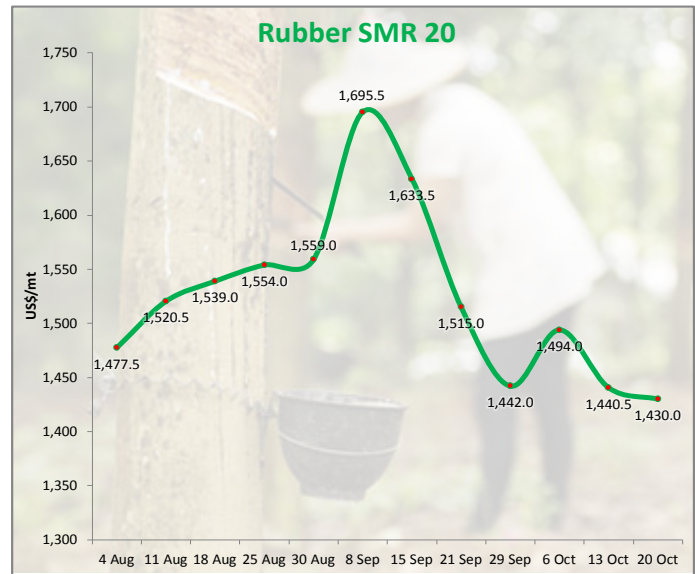
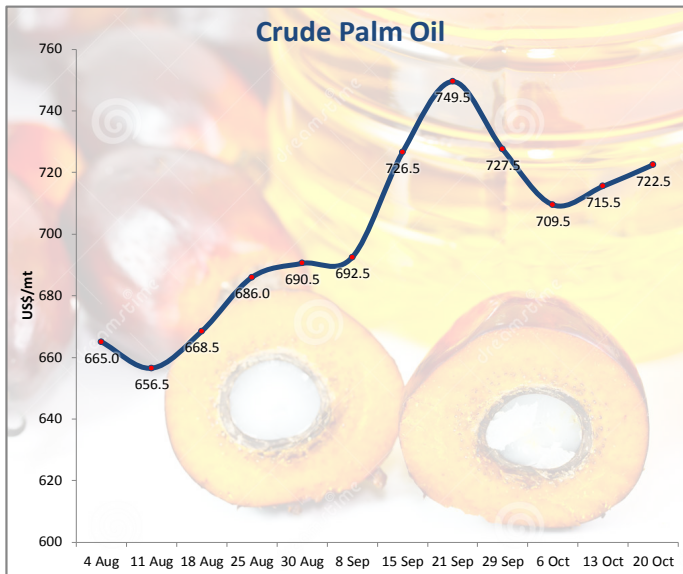
Notes: All figures have been rounded to the nearest decimal point

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

i Average price in the year except otherwise indicated

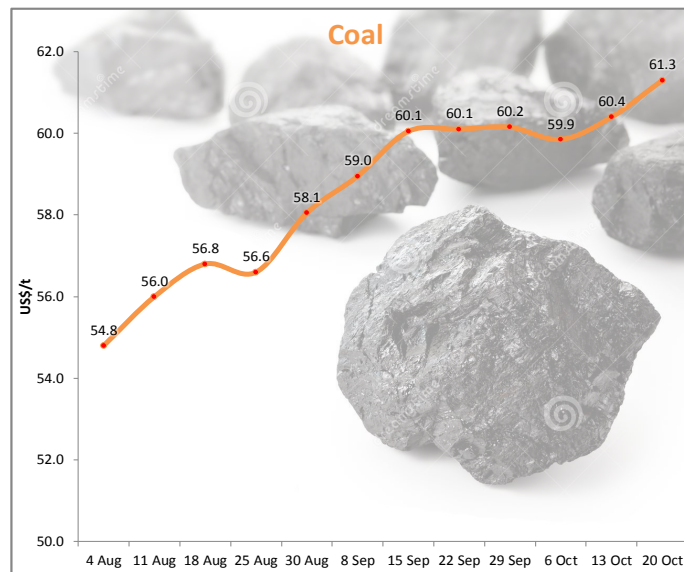
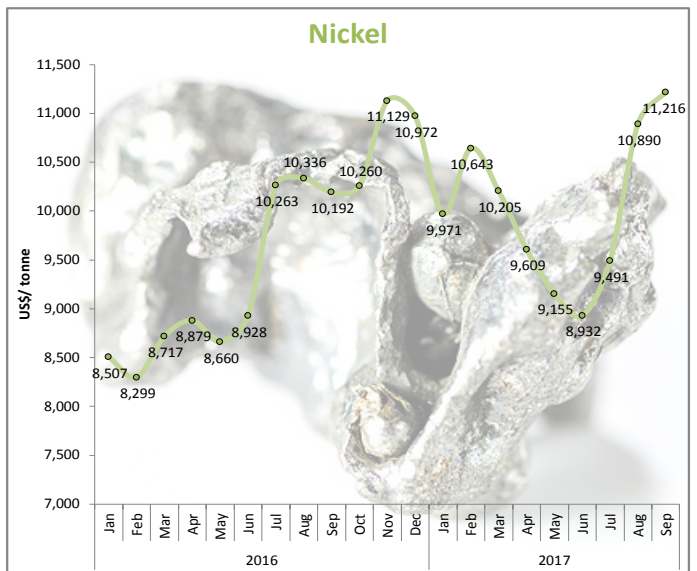
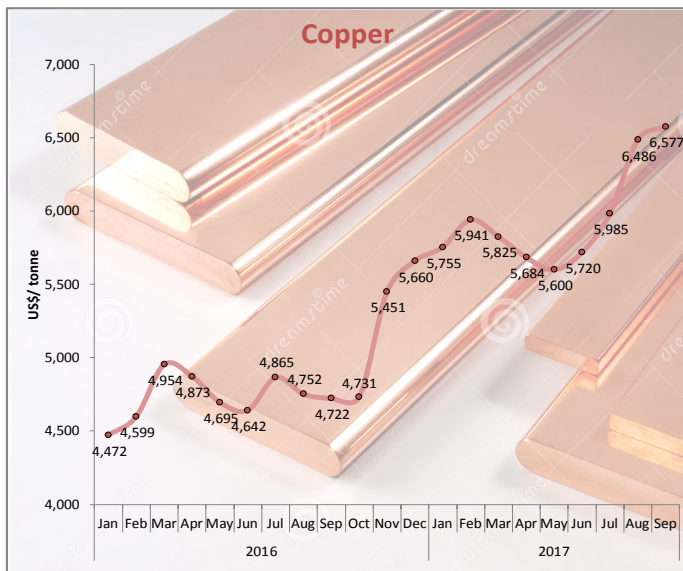
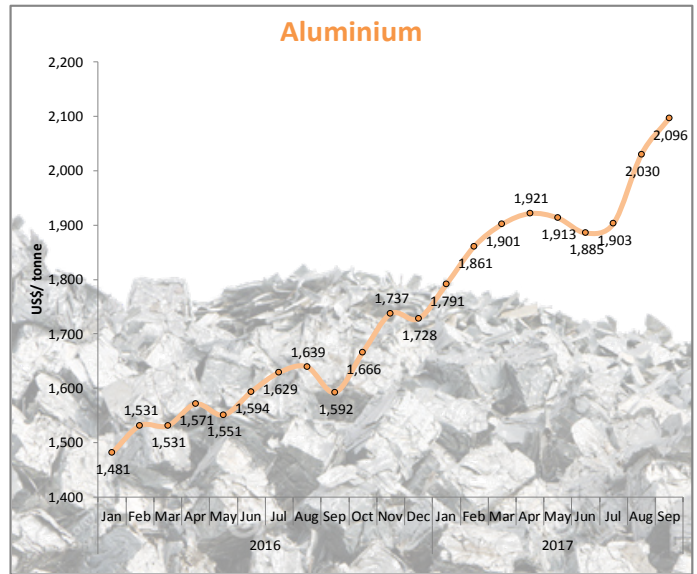
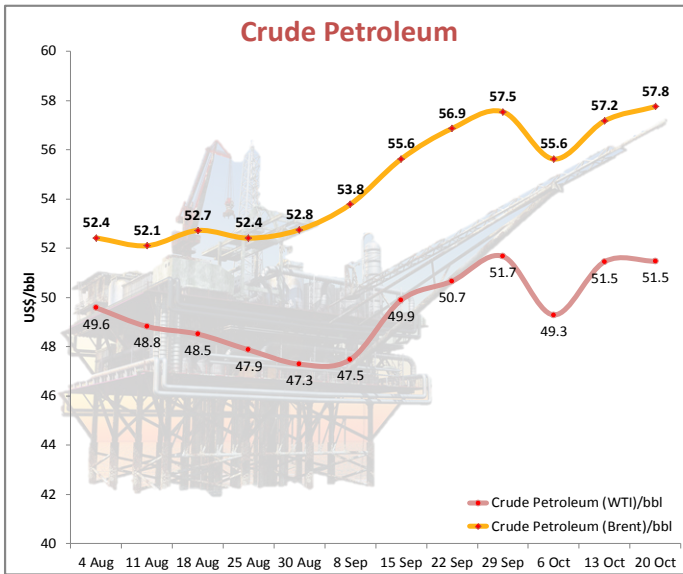
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, and Bloomberg.

Commodity Price Trends



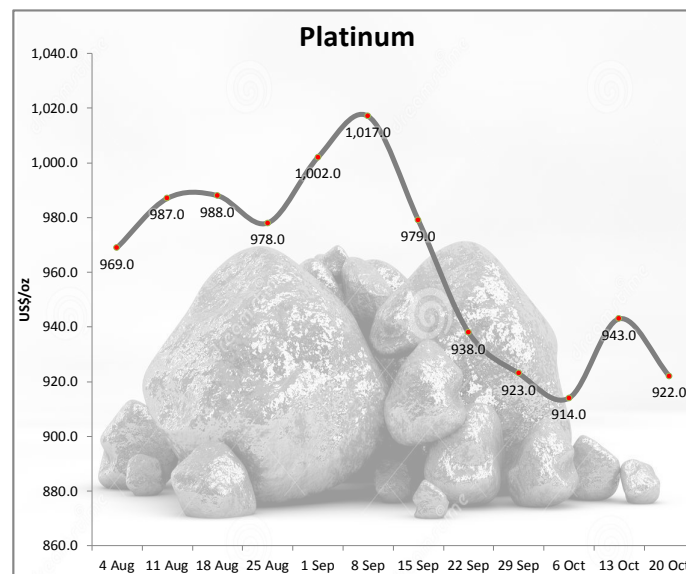
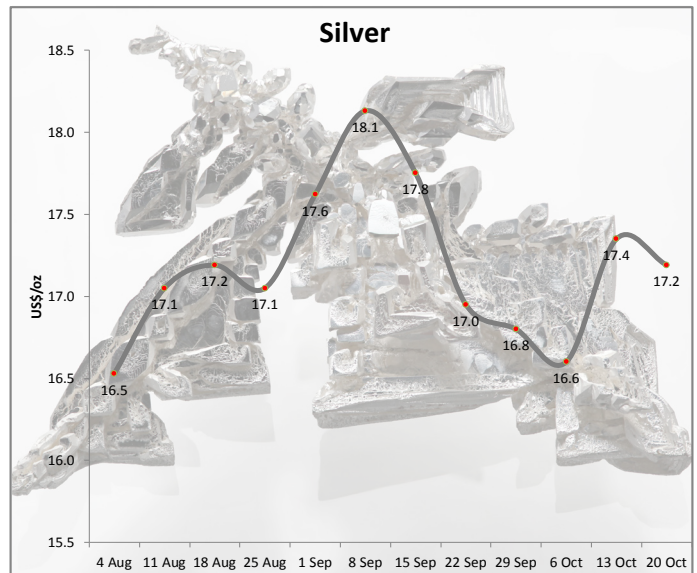
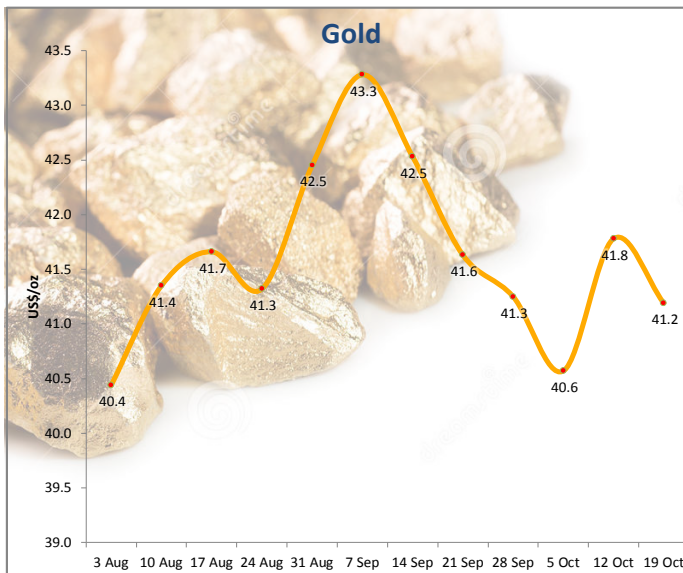
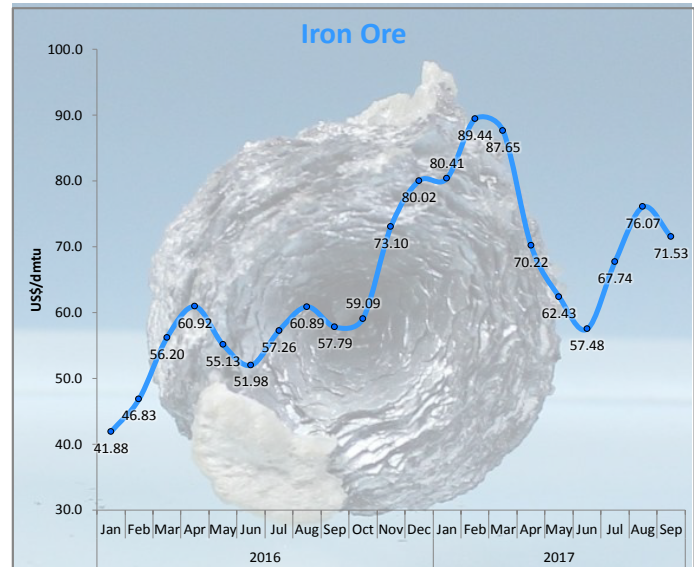
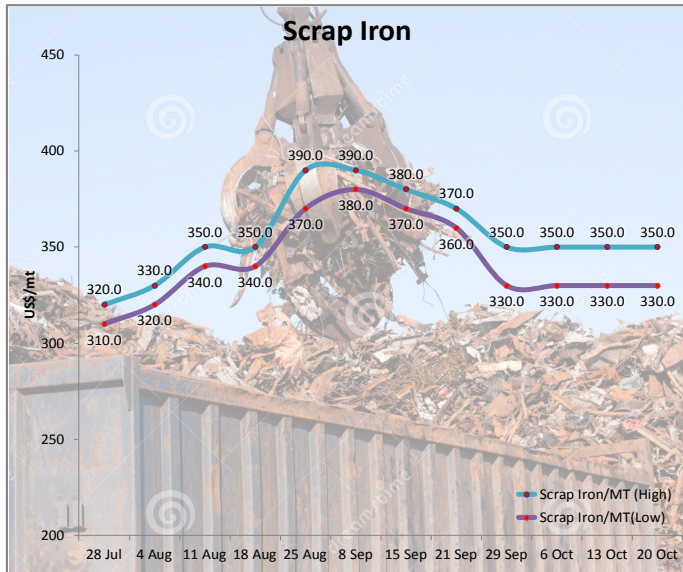
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

Commodity Price Trends



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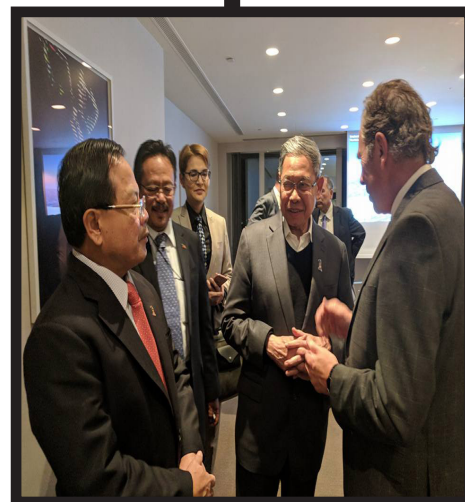
Commodity Price Trends



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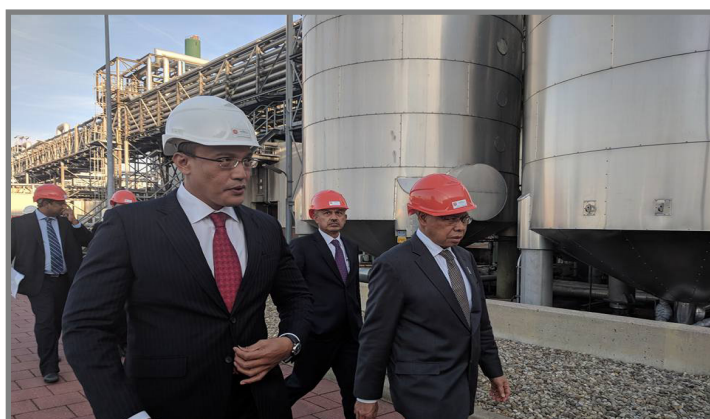
MITI PROGRAMME

Malaysia's Trade and Investment Mission to Europe 19-20 October 2017



MITI PROGRAMME

MITI Minister's Official Working Visit to Sime Darby Unimills, Rotterdam, Netherlands 20 October 2017



MITI PROGRAMME

Malaysia-Australia Business Council Annual Gala Dinner 20 October 2017





Glossary

of Technical Terms

Per capita GDP

A measure of the amount of money earned per person in a certain area. It can apply to the average per-person income for a city, region or country.

Used to ascertain an area's wealth or lack of wealth of the country and to evaluate the living conditions and quality of life in different areas.

PIS

Priority Integration Sectors - ASEAN identified 11 priority integration sectors which have roadmap, specific sector initiatives to mutually benefit ASEAN Member States. These sectors are agro-based products, air travel, automotive, e-ASEAN, electronics, fisheries, healthcare, rubber-based products, textiles and apparels, tourism, and wood-based products.

PL

Packing Loan - An exporter who receives an LC may need a temporary working capital for purchasing of raw materials, overhead expenses and other expenses. In order to meet these requirements, the exporter may apply for Packing Loan secured against the LC, generally based on a certain percentage of the value of the export. Upon realization of the proceeds of the export bill, the exporter would be able to repay this short term financing.

PPP

Public Private Partnership - PPP refers to describe collaboration between the Government and private sector in projects undertaken.

Pre-carriage: inland transportation on the seller's side

Pre-carriage: inland transportation on the seller's side

Domestic: from the place where the shipment starts to any subsequent transportation carriage

International: from the place where the shipment starts to the departure point on the seller's side

Preference Erosion

Countries which have been accorded preferential market access but loses this advantage as a result of overall tariff liberalization. For example African countries granted preferential tariff by EU for tropical fruits.

Preferential Tariff

Tariff set at certain percentage between two countries which is more favourable with other countries.

Source: <http://www.miti.gov.my/index.php/glossary>

TO BE
CONTINUED...

ANNOUNCEMENT

ANUGERAH KECEMERLANGAN INDUSTRI

INDUSTRY EXCELLENCE AWARD



AKI 2018 - Open to All companies
Closing Date: 31 January 2018



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3rd PUBLIC CONSULTATION ON REVIEW OF INDUSTRIAL CO-ORDINATION ACT 1975 [ACT 156]

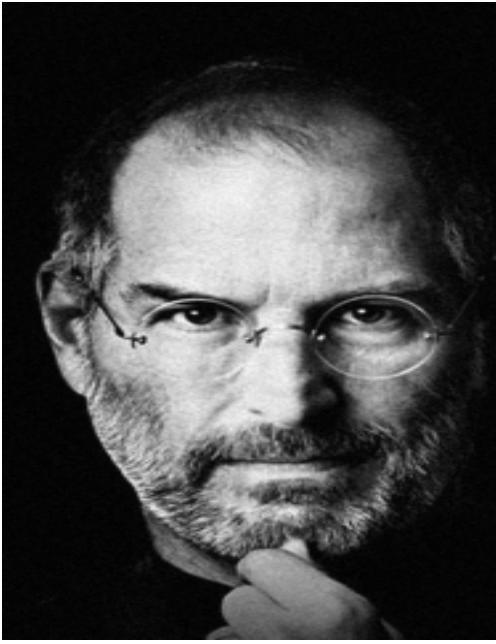
From 24 October to 11 November 2017



The Industrial Co-ordination Act 1975 ("ICA") is an Act to provide for the co-ordination and orderly development of manufacturing activities in Malaysia. The Ministry of International Trade and Industry is in the midst of reviewing the ICA with the objective to provide a more conducive environment for businesses.

Thus, all members of the public are invited to participate in this ICA online consultation process which will run from 24 October 2017 until 11 November 2017. Kindly click at http://grp.miti.gov.my/index.php/public_consultation/view/34 to provide feedback and suggestions.

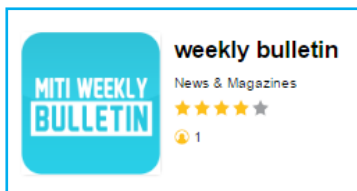
Quote of the day...



Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma-which is living with the results of other people's thinking. Don't let the noise of other's opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition. They somehow already know what you truly want to become. Everything else is secondary.

-Steve Jobs-

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