

MITI AIMS TO BE FULLY TRANSPARENT ON THE ISSUANCE OF OPEN APPROVED PERMITS (APS) FOR VEHICLES AND MOTORCYCLES

One of the main contentions about the implementation of the Approved Permit (AP) policy in the past has been allegations that these APs were given to a small number of well-connected individuals and companies which then quickly sold the APs to other parties for a quick profit. These allegations led many people to ask for the abolition of the AP policy.

Under Pakatan Harapan (PH), we are committed to ensuring that only genuine Bumiputera entrepreneurs are able to obtain these APs. In September 2018, our Prime Minister, Tun Dr. Mahathir, warned those who sell their APs for a quick profit will find their permits being cancelled.¹

MITI's statement on the 13th of March, 2019 outlined some of the stringent conditions by which existing AP holders as well as new applicants were evaluated before their APs were issued in 2019.²

These companies:

1) Must be 100% Bumiputera-owned companies based on their registration with the Companies Commission of Malaysia (CCM)

2) Must have paid up capital of at least RM1 million

3) Must have experience of at least 2 years in selling and distributing motor vehicles

4) Must not have directors / shareholders / management team with shares in other companies holding open APs

5) Must have a minimum of 5 full-time staff in management, marketing and the technical departments

6) Must have a suitable showroom and office

7) Must have the financial and managerial capabilities to operate a business to sell imported vehicles via Open APs

Once a company has been allocated Open APs, they must comply with the additional requirements:

1) Any change in the equity holdings and the

directors of any company must obtain the approval of MITI before this can be executed

2) No usage of middle-men or intermediary companies to sell these Open AP vehicles

3) Opening of new branches to sell vehicles obtained via the Open AP must have the approval of MITI

4) The vehicles must be displayed or stored in a MITI-approved premise

5) The documents for importation (Bill of Lading / Airway Bill) must not be more than 1 month from the date when the company submitted its AP application to MITI. The name of the company in these documents must be the same as the name of the company in the MITI application and approval forms.

6) The company must produce the imports and sales figures as well as the record of inventory to MITI before the 10^{th} of every month

7) The APs must be used in the year of approval which is before the 31st of December every year

8) The company must prepare a warranty of at least one year and have an agreement with the Original Equipment Manufacturer (OEM) to provide after sales services

As a result of these stringent application and approval conditions, only 164 out of 282 applications were approved by MITI. Out of these 164 approved applicants, 128 are existing companies and 36 are companies which previously did not receive any APs (termed as "new" companies). Out of 109 applications by new companies, only 36 were approved.

Although there are no longer hard caps on the number of APs which can be issued in one year, there are definitely hard caps on the maximum number of APs which a company can obtain. For companies which have not obtained APs in the past and which have a paid up capital of RM1 million, the maximum number of APs for passenger cars which can be obtained is 60 per company. For existing players with a paid up capital of RM2 million, RM3 million, and RM4 million, the maximum number of APs which can

1 https://paultan.org/2018/09/03/aps-sold-for-quick-profits-will-be-cancelled-tun-m/

2 https://www.miti.gov.my/miti/resources/Media%20Release/Media_Release_-_New_Open_AP_Policy_Implementation.pdf

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be obtained by these companies are 120, 180, and 240 respectively (See Table 1 below). The rationale of capping the number of APs for companies which have not received APs in the past is to ensure that these companies have the financial and sales capability to sell up to 60 vehicles first in their first year before they can increase their quota of APs in the future, based on their paid-up capital.

Table 1: Maximum	number o	f APs	(vehicles)	allocated	in	2019	by	company	
type									

Category	Paid-Up Capital	Max No of APs That Can Be Approved Per Company
Category 1 (Companies which have obtained APs in the past)	RM4 million	240
Category 2 (Companies which have obtained APs in the past)	RM3 million	180
Category 3 (Companies which have obtained APs in the past)	RM2 million	120
Category 4 (Companies which have NOT obtained APs in the past)	RM1 million	60

The total number of Open APs issued has not breached the 30,000 mark over the past 2 years. They represent only about 4.3% and 5.3% of total passenger car sales in 2017 and 2018 respectively (See Table 2 below).

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Table 2: Total Number of Open APs issued compared to Total Passenger Car Sales (2017 vs 2018)

Year	-	Total # of Open	•	
	Car Sales	APs Issued	Car Sales	
2017	514,697	21,947	4.3%	
2018	533,202	28,316	5.3%	

Open APs are issued mostly for the higher end of the consumer market segment. They have no effect on the car prices for the mass market. The volumes of the cars brought in via Open APs are very small when disaggregated into the various brands. The low volumes don't provide enough economies of scale for them to be assembled in Malaysia. In fact, the large majority of passenger cars on the road, including the foreign brands, are manufactured and/or assembled in Malaysia. Honda, for example, has a local plant in Pegoh, Melaka³; Toyota has a new manufacturing plant in Bukit

Raja, Klang⁴; Tan Chong Motors assembles the current Nissan models in its plant in Serendah, near Rawang.⁵ Even Mercedes-Benz has a local plant in Pekan, Pahang⁶ assembling plug-in hybrids while BMW has a local plant in Kulim, Kedah⁷.

With the localisation of the domestic passenger car market, APs are no longer as commercially lucrative as they once were. Car sales in Malaysia and globally have slowed down and the accumulation of the stock of imported luxury cars have dampened the local market conditions. With a RM10,000 price tag per AP plus the investment needed for showrooms and paid up capital, only genuine and competitive players can remain in the market.

MITI continues to push for greater transparency in our AP policy. The full list of ALL 164 AP holders has been published in <u>MITI's website</u>⁸. We encourage the public to report any information regarding AP holders who may be attempting to sell their APs to third parties to <u>ap@miti.gov.my</u> or to call the hotline (603) 6208 4970 or to write to "Director, Export and Import Control Section, MITI, Level 7, Menara MITI, No.7, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur, Malaysia".

Source: Media Statement by Dr. Ong Kian Ming Deputy Minister of International Trade and Industry (MITI)

 $[\]label{eq:statistical-definition} 3 \ https://www.honda.com.my/corporate/press_release_details/618/Honda-Malaysia-Celebrates-Historical-Double-Achievements-Of-600,000th-Unit-Production-And-100,000-Sa$

⁴ https://www.dsf.my/2019/01/all-new-toyota-vios-is-the-1st-model-from-toyotas-new-manufacturing-plant-in-malaysia/

⁵ http://www.auto.my/auto-news/top-8-automotive-manufacturing-plants-in-malaysia.html

⁶ https://www.motortrader.com.my/news/mercedes-benz-malaysia-takes-us-tour-around-assembly-plant-pekan/

https://www.motortrader.com.my/news/new-bmw-engine-assembly-facility-opened-in-kulim-kedah/

[°]<u>https://www.miti.gov.my/miti/resources/Approve%20Permit/AP%20Announcement/SENARAL_SYARIKAT_AP_TERBUKA_DL_BAWAH_DAS_AR_BAHARU_AP_TERBUKA_(BI)_WEB_MITI.pdf</u> as of 13th of March, 2019

NEW OPEN AP POLICY IMPLEMENTATION

The Ministry of International Trade and Industry (MITI) has implemented the New Open AP Policy beginning 1 January 2019. The implementation is in line with the Government's decision on 23th December 2015 to continue the policy with some improvements including providing the opportunity to new Bumiputera entrepreneurs to participate in the industry. The new policy which should be implemented beginning 1st January 2017 was postponed for almost 2 years due to uncertainties in the domestic automotive market.

Open AP is an import permit facility given by MITI to qualified Bumiputera companies to import reconditioned vehicles for sales in the domestic market. The companies are subjected to the conditions and rules imposed by MITI.

The objectives of this new policy are:

- i) to promote the development of the new Bumiputera entrepreneurs in the automotive industry;
- ii) to ensure the policy continues to contribute to the country's socio-economic goals; and
- iii) to create market competitiveness that will benefit the consumers especially in terms of the prices and services.

Nearly 300 applications were received by MITI when an offer for application to become an Open AP company was made from 23rd May 2016 to 21st June 2016. The offer which was made through a media statement dated 13th May 2016 was published in MITI's portal and the mass media.

After an evaluation process, including an audit by a qualified independent auditor, the number of companies that qualified is 164 companies, in which 128 are existing companies and 36 are new. The conditions that need to be fulfilled, among others are, the company must be 100 per cent owned by Bumiputera including the key management posts, has at least 2 years of experience in selling and distributing the motor vehicles, and a strong financial position. Under the new policy, there is no limit to the overall number of AP to be released throughout the year and companies may apply for additional AP based on their sales performance. At the moment, most of the new companies are not fully in operation yet as they are finalising the technical and operational matters.

MITI will continuously monitor and undertake scheduled and on-site audit exercises upon these Open AP companies. Under the new policy, if there is a breach of any of the conditions, MITI will take decisive measures including:

- i) withdrawing or suspending the allocated and approved AP;
 ii) blacklisting the companies (including every shareholder and
- ii) blacklisting the companies (including every shareholder and board member of the company) from submitting any future application on Open AP; and
- iii) taking a legal action against the company.

In 2018, MITI has blacklisted 9 existing companies for offenses - not complying with the conditions.

The details on current qualification as an Open AP company and the latest list of Open AP companies have been published in MITI's portal, www.miti.gov.my. MITI welcomes complaint or feedback on issues related to the abuse of the AP facility. Complaint can be emailed to ap@ miti.gov.my and the identity of the complainant will be kept confidential.

For further enquiries you may contact: Director Export and Import Control Section Ministry of International Trade and Industry (MITI) Level 7, Menara MITI No. 7, Jalan Sultan Haji Ahmad Shah 50480 Kuala Lumpur MALAYSIA

Telephone Number: (603) 6208 4970 Facsimile Number : (603) 6206 2823 E-mail address : ap@miti.gov.my

2nd BILATERAL COORDINATING COMMITTEE OF THE LOOK EAST POLICY 2.0 BETWEEN MALAYSIA AND JAPAN 8 MARCH 2019



The Government of Japan and the Government of Malaysia held the 2nd Bilateral Coordinating Committee (BCC) Meeting of the Look East Policy 2.0 (LEP 2.0) on March 8, 2019 in Tokyo. The BCC was co-chaired by Mr. Shigeki Takizaki, Director General of the Southeast and Southwest Asian Affairs Department of the Ministry of Foreign Affairs of Japan, and Dato' Sri Norazman Ayob, Deputy

Secretary General (Trade) of the Ministry of International Trade and Industry of Malaysia, respectively. Officials from relevant government agencies from each side were also present at the meeting.

Both Governments hailed the efforts and contributions made by each Government since the 1st BCC meeting in 2016 and had successful discussions on the ongoing and future projects under the LEP 2.0 platform, namely the special preparatory program for Malaysian Government scholarship students, the LEP 2.0 training program, science and technology research partnership and bilateral cooperation projects.

Participants also welcomed the momentum for revitalising the Look East Policy following the appointment of Tun Dr. Mahathir bin Mohamad, who is the founding father of the Look East Policy that was first advocated in 1982, as the 7th Prime Minister of Malaysia in May 2018. These reform initiatives will provide opportunities for Japan and Malaysia to deepen bilateral engagement and promote further collaboration, especially in the areas under the Fourth Industrial Revolution.

Both countries acknowledged the need to incorporate new trends in the bilateral cooperation into the framework of LEP 2.0 so that LEP 2.0 reinforces its relevance as the platform for implementing the Look East Policy concept and projects. The two countries also agreed to hold the 3rd BCC meeting in Malaysia next year.

[Note]

The Look East Policy was originally formulated in 1982 by Tun Dr. Mahathir bin Mohamad, who was at that time, the 4th Prime Minister of Malaysia. The Look East Policy celebrated its 30th Anniversary in 2012 and both the Prime Ministers of Japan and Malaysia had agreed a year later to establish a framework of the LEP 2.0.

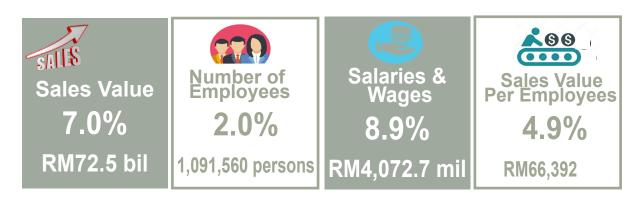
Since its inception in 1982 and most notably since the 1st BCC Meeting in 2016, the Look East Policy has contributed significantly to enhancing the overall bilateral cooperation between Malaysia and Japan in many areas such as education, human resource development as well as science and technology.

Ministry of International Trade and Industry 11th March 2019

Manufacturing Performance January 2019

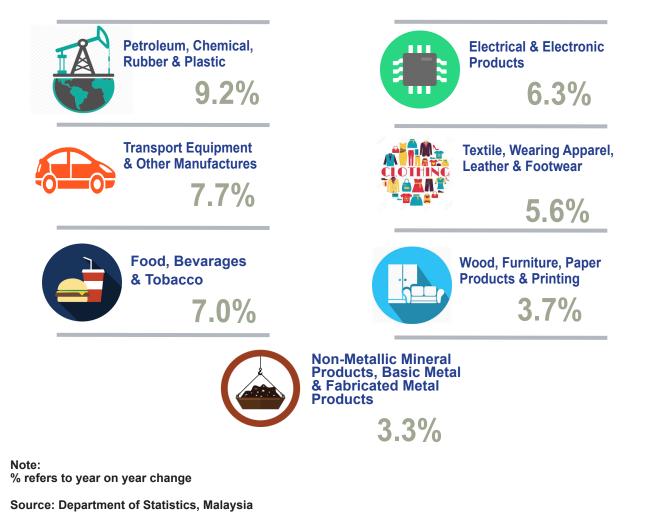
Malaysia's manufacturing sales grew 7.0% in January 2019 to RM72.5 billion

Manufacturing Indicators



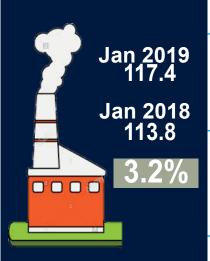
Perfomance of sales in manufacturing sector

January RM 72.5 billion 2019 7.0%



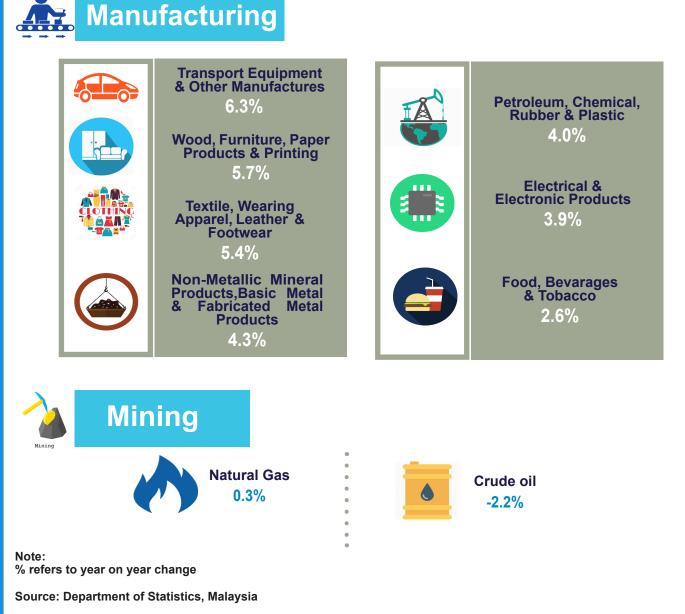
Industrial Production Index (IPI)

Malaysia's IPI increased by 3.2% in January 2019





Mining -0.9%



Sales Value of Wholesale & Retail Trade, January 2019

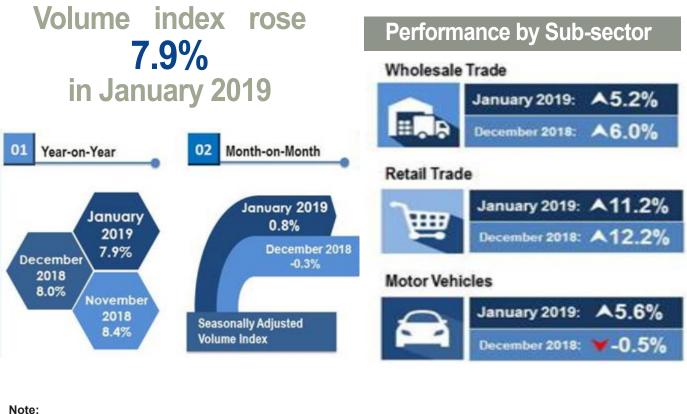
Wholesale stood at RM108.9 billion in January 2019



Malaysia Statistics

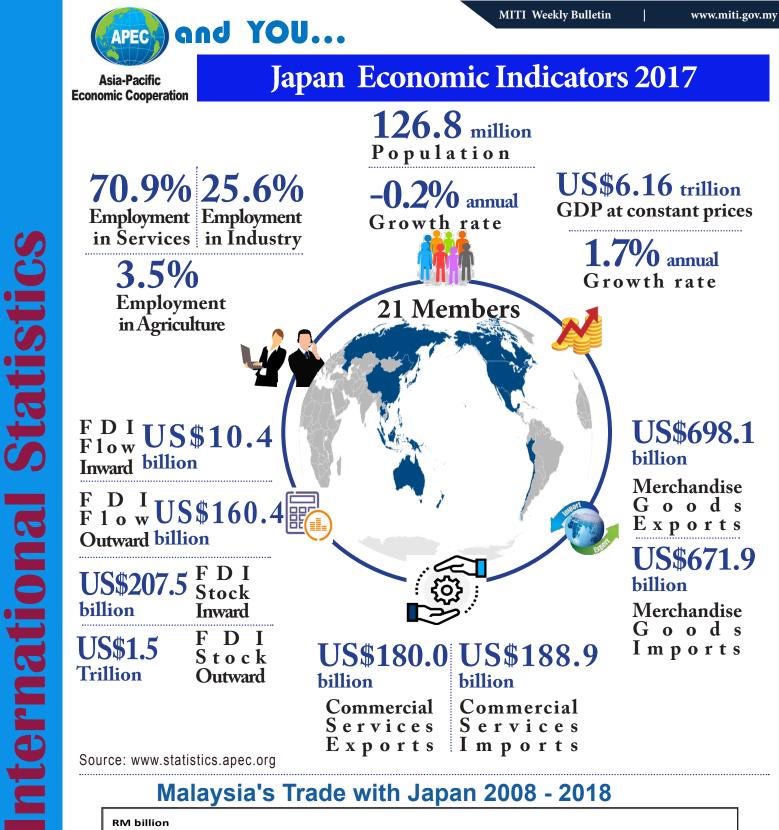


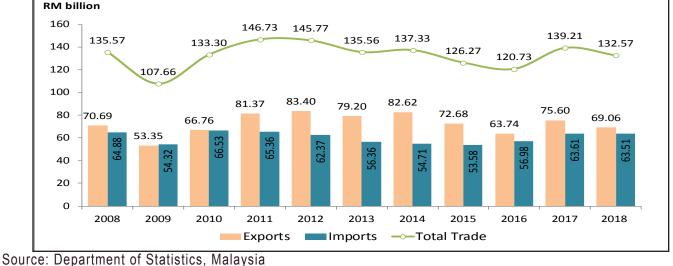
Volume Index of Wholesale & Retail Trade, January 2019



% refers to year on year change

Source: Department of Statistics, Malaysia

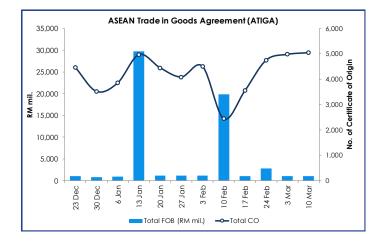


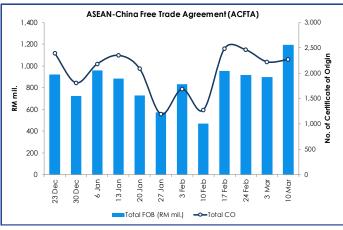


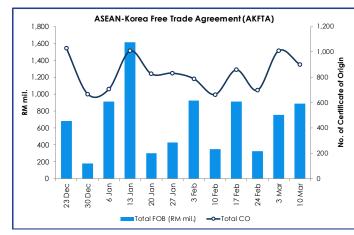
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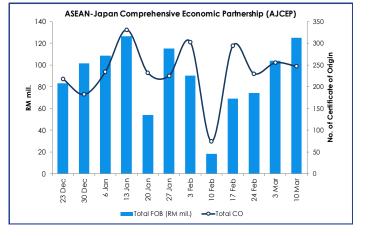
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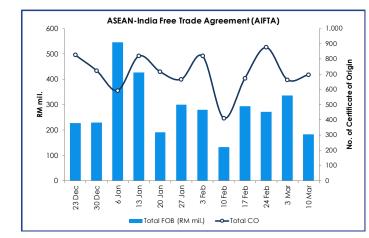
Number and Value of Preferential Certificates of Origin (PCOs)

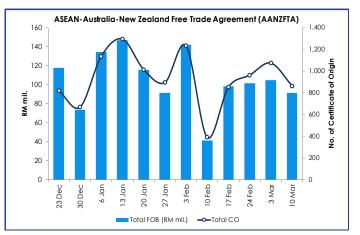


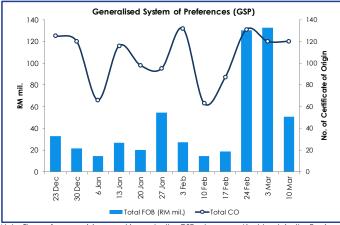












Note: The preference giving countries under the GSP scheme are Liechtenstein, the Russian Federation, Japan, Switzerland, Belarus, Kazakhstan and Norway.

Note: *Provisional Data

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Source: Ministry of International Trade and Industry, Malaysia

120

100

80

60

40

С

of Certificate of Origin

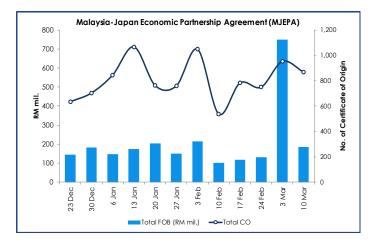
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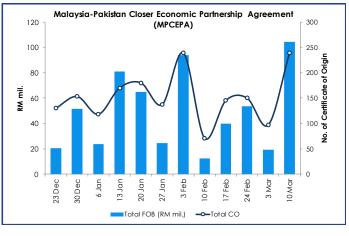
Number and Value of Preferential Certificates of Origin (PCOs)

1,400

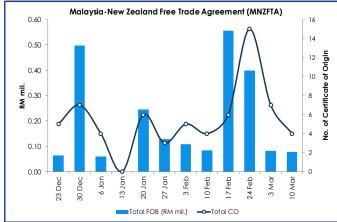
1,200

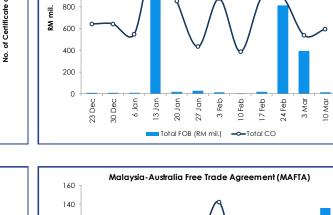
1,000

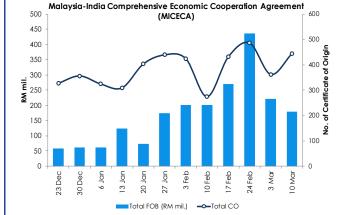


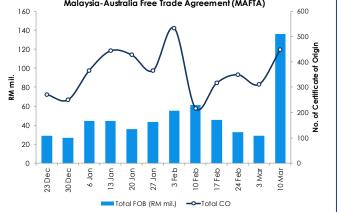


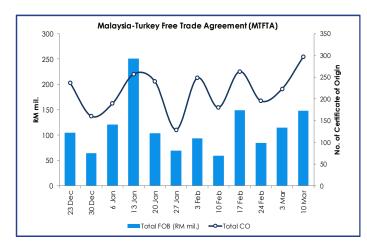
Malaysia-Chile Free Trade Agreement (MCFTA)



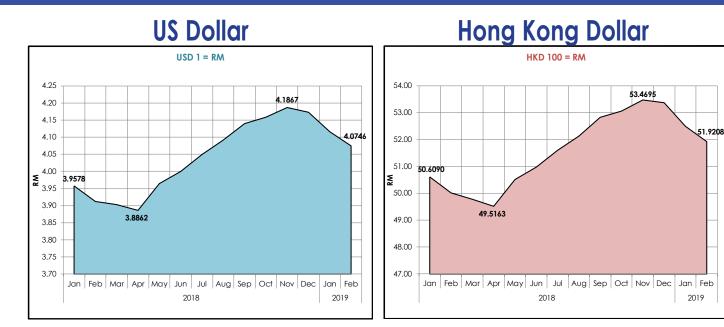








Malaysian Ringgit Exchange Rate with Selected Countries, January 2018 - February 2019

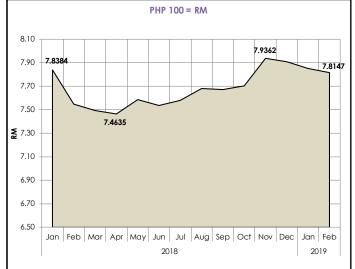


0.0175

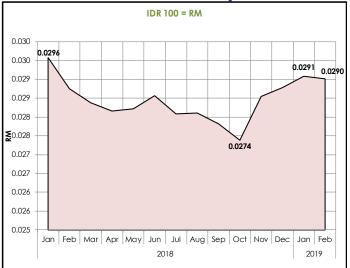
Jan Feb

2019

Philippine Peso



Indonesian Rupiah



Vietnamese Dong 0.0182 0.0180 0.0180 0.0178 0.0176 0.0174

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

2018

0.0171

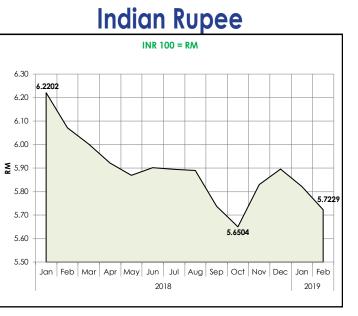
20.0174

0.0172

0.0170

0.0168

0.0166



Source : Bank Negara Malaysia

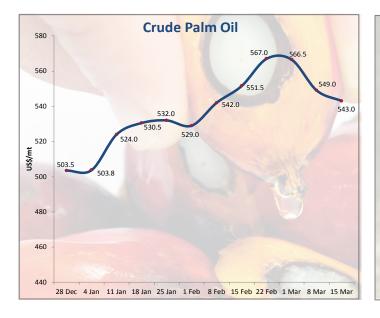
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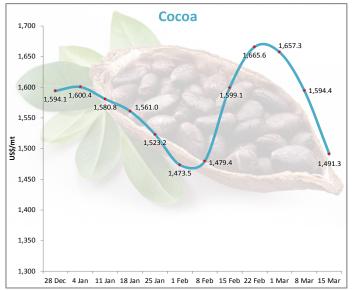
Commodity Prices

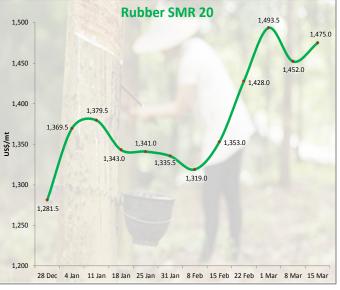


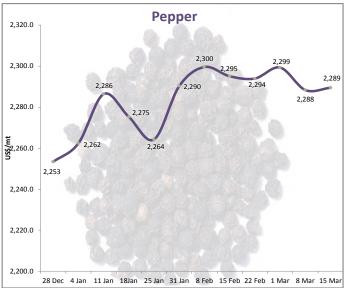
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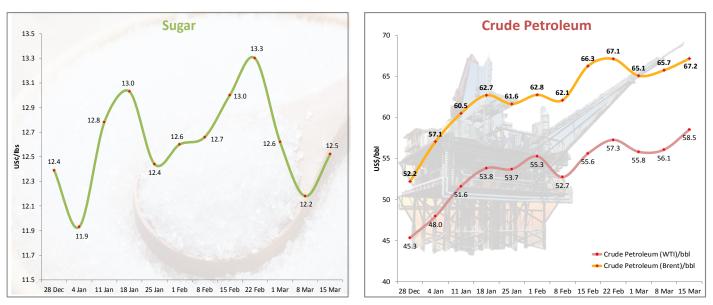
Commodity Price Trends





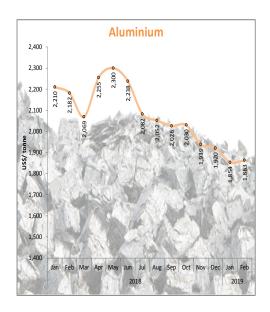


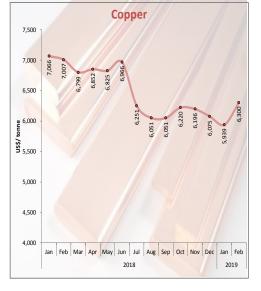


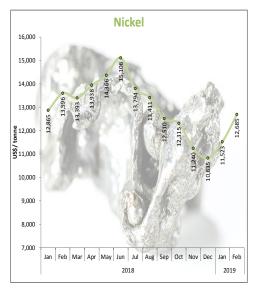


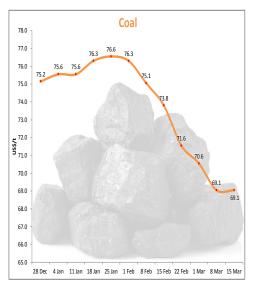
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

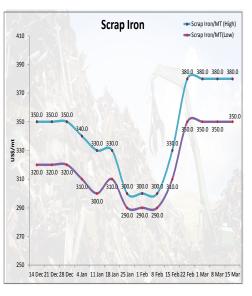
Commodity Price Trends

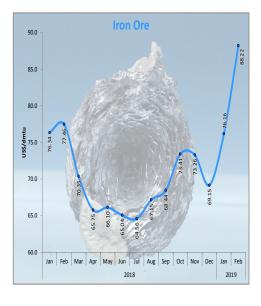


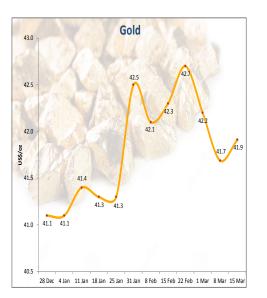


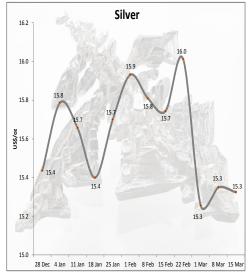


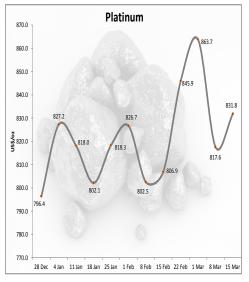












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Sources: Ministry of International Trade and Industry Malaysia, , Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

MITI Minister at the Malaysia Investment Performance Report 2018, 14 March 2019





MIDA

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORIT MEDIA EVENT



The International Engineering Sourcing Show (IESS) VIII in Chennai, India From 14 - 16 March 2019



A total of 100 Malaysian companies participated in this event

MITI Deputy Minister at the Investment Data Briefing Session 14 March 2019







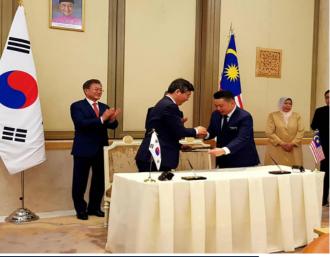
More than 50 Investment analysts attended the briefing

MITI Minister and Minister of Trade, Industry and Energy (MOTIE), ROK signed a Memorandum of Understanding (MOU) on industrial cooperation in pursuant to the Fourth Industrial Revolution (Industry4WRD), witnessed by the Honorable Prime Minister, Tun Dr. Mahathir Mohamad and South Korean President 13 March 2019











Education

(i) No formal education

Refers to persons who have never attended school in any of the educational institutions that provide formal education.

(ii) Primary

Refers to those whose highest level of education attained is from Standard 1 to 6 or equivalent.

(iii) Secondary

Refers to those whose highest level of education attained is from Form 1 to 5 (including remove class), General Certificate of Education (GCE) O Level or equivalent. This includes basic skill programmes in specific trades and technical skills institutions whereby the training period is at least six months, such as GIATMARA programmes.

(iv) Tertiary

Refers to those whose highest level of education is above Form 5.

Source : Labour Force and Social Statistics Source Detail : Labour Force and Social Statistics, DOSM

Emission

Discharge of pollutants into the atmosphere from stationary sources such as smokestacks, other vents, surface areas of commercial or industrial facilities and mobile sources for example, motor vehicles, locomotives and aircraft.

Source : Environment Source Detail : Compendium of Enviroment Statistics Malaysia, DOSM

Employed

All persons who, at any time during the reference week worked at least one hour for pay, profit or family gain (as an employer, employee, own-account worker or unpaid family worker).

They are also considered as employed if:

Did not work during the reference week because of illness, injury, disability, bad weather, leave, labour dispute and social or religous reasons but had a job, farm, enterprise or other family enterprise to return to.

Temporary laid-off with pay and would definitely be called back to work.

Employed less than 30 hours during the reference week because of the nature of their work or due to insufficient work and are able and willing to accept additional hours of work. This group is underemployed.

Source : Labour Force and Social Statistics Source Detail : Labour Force Survey Report, DOSM

FINANCE DIVISION



MITI Tower, No. 7, Jalan Sultan Haji Ahmad Shah, 50480 Kuala Lumpur, Malaysia



Early Bird Registration : 1st December 2018 - 31st May 2019

For more information, kindly visit http://www.isi2019.org/

ANNOUNCEMENTS



For more information, kindly click the following links: <u>http://www.miti.gov.my/index.php/pages/view/4761Vintage_English.pdf</u>



For more information, kindly click the following links: https://www.miti.gov.my/index.php/pages/view/industry4WRD



entativ	ve Sched	ule for	MITI	Pocket	Talks	2019

www.miti.gov.my

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<u>Tentative Schedule for MITT Pocket Talks 2019</u>					
NO	DATE	VENUE	TOPIC		
1	11 April (Thursday)	MITI HQ (SEMINAR 1)			
2	16 May (Thursday)	MITI JOHOR			
3	20 June (Thursday)	MITI HQ (SEMINAR 1)			
4	18 July (Thursday)	MITI PAHANG			
5	22 August (Thursday)	MITI HQ (SEMINAR 1)			
6	19 September (Thursday)	MITI PERAK			
7	17 October (Thursday)	MITI HQ (SEMINAR 1)			
8	14 November (Thursday)	MITI KELANTAN			

Please click <u>here</u> to register

NEW GUIDELINE ON APPLICATION FOR CLASSIC AND VINTAGE VEHICLES IMPORT LICENSE (AP)

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Please be informed effective 1 July 2018 (Sunday), a new guideline on application for classic and vintage vehicles Import License (AP) will be enforced. All application received by MITI on 1 July 2018 onward will be subjected to the terms and conditions under this new guideline.

For more information, kindly click the following links:

http://www.miti.gov.my/miti/resources/Approve%20Permit/AP%20Announcement/Lampiran GP Classic and Vintage English.pdf

NOTIFICATION ON NUMBER OF CHARACTERS ALLOWED FOR IMPORTING HS CODE UNDER ATIGA FOR ASEAN SINGLE WINDOW (ASW)

Kindly be informed effective 1 SEPTEMBER 2018, number of characters allowed in ePCO System for Importing HS Code under ATIGA is only up to 10 characters.

EXAMPLE: THE CORRECT DATA ENTRY FOR IMPORTING HS CODE: CT DATA ENTRY FOR IMPORTING HS CODE: THE THE INCORRECT DATA ENTRY FOR IMPORTING HS CODE. (10 DIGITS/10 CHARACTERS) (8 DIGITS/10 CHARACTERS

CLICK HERE FOR MORE INFORMATION

For more information, kindly click the following links:

https://www.miti.gov.my/miti/resources/Preferential%20Certificate%20of%20Origin/Announcement/LAMPIRAN-ASW NOTICE 082018 - Update on Number of Characters for Importing HS Code.pdf

MITI Weekly Bulletin (MWB) Mobile Apps



MITI MWB APPs is now available for IOS, Android and Windows platforms. MWB APPs can be download from **Gallery** of Malaysian Government Mobile APPs (GAMMA) at the link: <u>http://gamma.malaysia.gov.my/#/appDetails/85</u>

> Send us your suggestions

Dear Readers,

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